



ArcelorMittal



FINANCIAL STATEMENTS 2016

Jota Campelo



MESSAGE FROM THE BOARD

The world experiences a turning point, with situations of different natures leading to political and economic instability and ending up affecting the steel business. In Brazil, 2016 was, once again, marked by a very bad business environment. The main industrial segments demanding steel continued to show negative indicators. Annual GDP declined by 3.6%, and Industrial GDP shrank by 3.8%. Construction GDP declined 5.2% and Services GDP fell by 2.7%. Even Agribusiness, which was being the positive counterpoint, was negative (-6.6%). Gross Fixed Capital Formation (GFCF), an indicator that measures the level of investments, fell by 10.2% in 2016. Total production of cars and trucks decreased by 11.2% and 18.2%, respectively. And the production of capital goods declined 11.1%.

In addition to the contraction of the economic activity, public and household debts and unemployment rate increased. Household consumption reduced by 4.2%. And the country, unfortunately, was consolidated in the last positions of the Global Competitiveness Report (IMD/FDC). In the 57th position, Brazil remained in the bloc of the least competitive countries in the world, ahead of Croatia, Ukraine, Mongolia and Venezuela only. The best news was that economic indicators, although negative, stopped worsening, giving signs of slow and gradual resumption. Selic rate fell to 13.7% and IPCA was 6.29%.

In 2016, Brazilian crude steel production totaled 30.2 million tons, down 9.2% year-on-year. Rolled products output reached 20.9 million tons, representing a 7.7% reduction. Apparent steel consumption in Brazil reached 18.2 million tons, 14.4% less than 2015. Accumulated sales in the domestic market reached 16.5 million tons, corresponding to a 9.1% drop. The sectors responsible for 80% of steel consumption in Brazil registered a 10.7% decrease on average in 2016, as compared to 2015.

Imports totaled 1.9 million tons, equivalent to US\$ 1.7 billion. If compared to 2015, this result represents, respectively, a decrease of 41.4% in terms of volume and 45.2% in terms of value. Exports in 2016, 13.4 million tons and US\$ 5.6 billion, showed a reduction of 2.1% in volume and 15.2% in value, respectively. The world's steel production overcapacity of about 700 million tons, about 400 million from which are located in China, continues to put pressure on global market prices by means of unfair competition practices.

Despite this challenging scenario, we have made progress due to a combination of factors, the appreciation of the Brazilian Real (BRL) against the US Dollar, and the respective increase in sales to the foreign market at the beginning of

the implementation of the global long-term strategic plan, the Action 2020. Also deployed in Brazil, the actions already developed helped reverse the significant 2015 net loss to a positive result in 2016. Based on the group's challenging global goal to achieve an additional Ebitda of US\$ 3 billion by 2020, ArcelorMittal Brasil has been working with the commitment to increase it, regionally, by US\$ 500 million.

It is worth highlighting the way we continued facing the water crisis throughout 2016, performing the actions included in the Water Master Plans of all our industrial units, through the responsible use of this resource that is shared by all society. The continuous improvement actions implemented ranged from simple initiatives developed by the employees themselves to the BRL 23 million investments initiated in 2015 for the improvement of the water reuse station at Tubarão plant. In the same way, despite the crisis, we sold about BRL 116 million of byproducts, meaning that in addition to generating revenue, we also managed to correctly dispose waste from our operations.

Aiming to improve the environmental and atmospheric performance of Tubarão plant and positively contribute to air quality in the region of Greater Vitória, we continued with the US\$ 100 million investment plan, including the following concluded projects: revamping and expansion of the coke treatment dedusting; installation of a new loading car in the coke plant, and the automated application of polymers in the sprinkling of yards. One milestone of this investment plan was the signing, in February 2016, of a contract comprehending the supply and construction of a bag filter at the sinter plant, with operations expected to start in January 2018 - an investment of US\$ 25 million.

Notwithstanding the challenges, we maintained the same levels of social investments, reaffirming our commitment to contribute to the development of communities surrounding our operations. It is also worthy of mention the stronger focus on education, based on Science, Technology, Engineering and Mathematics (STEM), thus contributing to an education that fosters science skills such as innovation, reasoning and creativity.

Also in the area of innovation, another initiative that strengthened our actions was the consolidation of the 12th Research & Development Center of the group, which was installed in 2015 in Brazil to serve South America. In 2016, this R&D Center developed several projects jointly with production units and domestic partners, such as universities and research institutions. These projects focused on processes, for increasing

production and reducing costs, as well as on the development and application of new products, aiming to increase the contribution margin in the automotive, construction, energy, agricultural implements, household appliances markets. Moreover, the R&D Center has been working on projects that contribute to environmental preservation, reduction of waste generation and additional applications for the byproducts.

The achievement of these goals is based on continuous improvement, search for operational and logistics excellence, optimization of consumables and raw materials prices, and the development of higher value added products and solutions, further qualifying the portfolio of products available for the market. All of that was possible due to the compliance with our HR policies, even when facing the challenging 2016 scenario. Engaged and skilled employees are a priority for ArcelorMittal. Investments in leadership development were maintained, with focus on Communication, one of the most important skills now, especially direct and face-to-face communication with all employees. The technical and behavioral trainings considered as important were maintained in order to prepare the workforce for a challenging scenario, achieving higher productivity.

In parallel, we are developing programs to reduce internal bureaucracy, eliminating bottlenecks, simplifying processes and reducing costs in the value chain, which will make the company increasingly agile, productive and competitive.

As for people safety, much has also been done for the development of leaders heading processes in the industrial units. Focus was given to leading by example, in a consistent manner with the safety actions required, turning the "say and do" speech into a unique one. In the same way, we invested heavily in changing behavior of all employees. As a result, we had a 41.7% reduction in sick-leave due to accidents in 2016 as compared to 2015. We ensured zero fatality rate and reduced the frequency rate by 37%.

Regarding financial results, the consolidated operational result (Ebitda) of ArcelorMittal Brasil was BRL 2.39 billion, down 7.7% year-on-year. Consolidated net income reached BRL 17.24 billion, 22.5% less than 2015, due to the exchange rate in Venezuela, impacting the results of our subsidiary, Unicon.

Steel shipments achieved 9.7 million tons, a 1.7% reduction as compared to the previous year. From the total shipments, 52% were delivered to the foreign market and 48% to the domestic market. As for the foreign market, the Company exported BRL 6.4 billion, equivalent to 37% of total revenue, thus

becoming the 13th largest Brazilian exporter in 2016. Most of the exports were plates and finished products from Tubarão unit (Espírito Santo state), and plates were sent mainly to AM/NS Calvert rolling mill, in the USA.

Ebitda margin on consolidated net revenue reached 14%, a nominal growth of 2%. During the year, the Company had a consolidated net profit of BRL 803 million.

Unicon, largest steel pipes producer in Venezuela, had a negative Ebitda of BRL 1 million. The performance of the mining segment had a consolidated Ebitda of BRL 18 million, corresponding to the extraction of 2.6 million tons of iron ore. The mining segment include assets of ArcelorMittal Serra Azul, which has its performance consolidated in the Company's results since 2016, and Andrade Mine, both of them located in the state of Minas Gerais.

As figures show, ArcelorMittal Brasil achieved significant results despite the very adverse conjunctural and circumstantial issues. The year of 2016 was considered as one of the most challenging in history, and particularly in Brazil, it was worsened by the economic and political crisis that paralyzed the country, impacting the market and reflecting on the first quarter of this year.

Expectations for 2017 are, at least, of a less turbulent scenario, with less uncertain political directions and more stable governance of the country. Regardless of the prognosis for the current year, ArcelorMittal Brasil has a management uniqueness that allowed it to go through the 2016 crisis, exceeding expectations when compared to other companies of the same size in Brazil.

With inspiring leadership and synergetic teams, able to optimize resources and enhance opportunities with quality and innovation, going through those moments and facing the instability of scenarios become an additional source of motivation. A proof that human being will always be the main asset of ArcelorMittal Brasil and its most assertive bet. Furthermore, even though 2016 was an year of so much corruption being revealed in Brazil, our governance, as usual, was based on ethics and transparency, protected by a culture of integrity and firmly anchored to the 10 Sustainable Development Outcomes of the Group. Although we have to achieve medium-term performance targets, we also think beyond 2020 and we need to ensure that we are making the right decisions to secure our long-term future.

Belo Horizonte, March 7, 2017.

FINANCIAL STATEMENTS

BALANCE SHEET For the year ended December 31, 2016 (In thousands of Brazilian reais)

	Parent		Consolidated			
	2016	2015	01/01/2015	2016	2015	01/01/2015
Assets						
Current assets						<i>Restated</i>
Cash and cash equivalents (note 7)	156,442	187,758	217,766	297,471	907,218	881,073
Held-to-maturity investments	1,238	1,131	997	1,238	4,367	27,066
Trade receivables (note 8)	2,116,886	2,016,436	1,738,590	2,461,481	2,221,826	1,930,023
Inventories (note 9)	4,278,807	3,586,136	3,997,401	4,765,114	4,291,963	4,592,359
Recoverable taxes (note 10)	358,410	293,462	352,540	418,335	734,192	459,651
Dividends and interest on capital receivable	8,298	5,279	98	-	-	-
Derivative financial instruments (note 23)	19,167	75,574	5,803	19,167	75,574	5,803
Other receivables	184,241	319,185	252,423	188,651	374,821	251,639
Total current assets	7,123,489	6,484,961	6,565,618	8,151,457	8,609,961	8,147,614
Noncurrent assets						
Recoverable taxes (note 10)	634,279	583,686	568,167	651,058	672,413	751,940
Deferred income tax and social contribution (note 24)	-	-	-	21,989	25,504	18,336
Compulsory and escrow deposits (note 26a)	489,901	498,490	498,716	576,954	607,407	597,821
Derivative financial instruments (note 23)	-	-	-	7,132	-	-
Due from related parties (note 25)	292,299	498,746	292,299	292,299	513,338	468,676
Other receivables	131,565	118,943	114,637	235,500	206,609	194,121
Investments						
In subsidiaries and associates (note 11)	1,332,097	5,429,024	4,094,558	173,352	-	-
Other permanent investments	356	1,267	1,218	356	1,268	1,218
Property, plant and equipment (note 12)	12,504,327	11,202,145	11,043,612	13,520,409	16,652,357	13,790,773
Biological assets (note 13)	-	-	-	160,850	210,748	252,793
Intangible assets (note 14)	-	6,415,695	6,452,102	6,427,122	6,423,407	6,917,558
Total noncurrent assets	21,803,417	24,747,996	23,065,309	22,067,021	25,313,051	22,993,236
Total assets	28,926,906	31,232,957	29,630,927	30,218,478	33,923,012	31,140,850

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

	Parent		Consolidated			
	2016	2015	01/01/2015	2016	2015	01/01/2015
Liabilities and equity						
Current liabilities						
Trade payables (note 15)	2,550,202	2,350,471	2,507,595	2,710,281	2,628,346	2,671,649
Payroll and related taxes	380,801	297,767	353,651	462,823	420,669	480,819
Borrowings (note 16)	1,663,133	2,135,383	1,825,836	1,714,944	2,238,647	1,903,952
Debentures (note 17)	3,423	3,469	3,439	3,423	3,469	3,439
Taxes payable	86,769	52,800	83,248	121,697	101,925	125,358
Income tax and social contribution	-	-	-	213	498	20,497
Dividends and interest on capital	124,135	353	204,778	132,120	42,726	231,536
Provision for tax, civil and labor risks (note 26)	32,350	85,150	69,118	55,681	169,515	93,693
Derivative financial instruments (note 23)	86,470	186,737	113,668	93,211	186,737	113,668
Due to related parties (note 25)	628,326	728,538	424,230	666,367	878,575	491,915
Other payables		65,199	78,338	303,956	150,895	97,156
Total current liabilities	5,813,538	5,905,867	5,663,901	6,264,716	6,822,002	6,233,682
Noncurrent liabilities						
Borrowings (note 16)	6,100,530	5,765,002	6,151,565	6,102,453	5,767,255	6,156,666
Debentures (note 17)	4,414	8,235	12,979	4,416	8,349	12,979
Deferred income tax and social contribution (note 24)	1,564,008	1,231,930	966,939	1,634,838	2,155,700	1,152,138
Provision for tax, civil and labor risks (note 26)	531,624	529,837	477,934	613,213	731,250	604,890
Due to related parties (note 25)	730,957	797,617	542,570	863,591	922,275	637,870
Derivative financial instruments (note 23)	21,831	161,678	139,487	21,831	161,678	139,487
Post-employment benefits (note 29)	74,272	196,759	319,442	75,010	197,893	350,597
Other payables	69,770	257,641	164,112	112,187	267,363	181,536
Total noncurrent liabilities	9,097,406	8,948,699	8,775,028	9,427,539	10,211,763	9,236,163
Equity (note 18)						
Capital	11,671,885	11,671,885	11,671,885	11,671,885	11,671,885	11,671,885
Capital reserves	409,518	403,516	398,907	409,518	403,516	398,907
Earnings reserves	965,689	528,186	2,218,193	965,689	528,186	2,218,193
Other comprehensive income	968,870	3,774,804	903,013	968,870	3,774,804	903,013
Equity attributable to owners of the Company	14,015,962	16,378,391	15,191,998	14,015,962	16,378,391	15,191,998
Noncontrolling interests	-	-	-	510,261	510,856	479,007
Total equity	14,015,962	16,378,391	15,191,998	14,526,223	16,889,247	15,671,005
Total liabilities and equity	28,926,906	31,232,957	29,630,927	30,218,478	33,923,012	31,140,850

STATEMENT OF COMPREHENSIVE INCOME (LOSS) For the year ended December 31, 2016 (In thousands of Brazilian reais)

	Parent		Consolidated	
	2016	2015	2016	2015
Profit (loss) for the year	696,894	(1,882,502)	802,776	(1,786,277)
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss:				
Net changes in the fair value of available-for-sale financial assets		2,332	263	2,332
Translation adjustments for the period arising from investments (note 11c)	(2,808,091)	3,116,017	(2,808,091)	3,129,436
	(2,805,759)	3,116,280	(2,805,759)	3,129,699
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit obligation	43,686	(51,994)	43,841	(52,106)
	43,686	(51,994)	43,841	(52,106)
Total comprehensive income	(2,065,179)	1,181,784	(1,959,142)	1,291,316
Comprehensive income attributable to:				
Controlling shareholders			(2,065,179)	1,181,784
Noncontrolling shareholders			106,037	109,532
Total comprehensive income			(1,959,142)	1,291,316

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

STATEMENT OF PROFIT AND LOSS For the year ended December 31, 2016 (In thousands of Brazilian reais)

	Parent		Consolidated	
	2016	2015	2016	2015
Net sales (note 19)	15,428,411	15,682,086	17,243,746	22,241,573
Cost of sales (note 20)	(13,240,348)	(13,361,512)	(14,504,692)	(18,660,828)
Gross profit	2,188,063	2,320,574	2,739,054	3,580,745
Operating income (expenses)				
Selling (note 20)	(391,607)	(411,605)	(494,818)	(874,783)
General and administrative (note 20)	(292,312)	(302,109)	(343,722)	(682,791)
Share of profit (loss) of investees (note 11)	(88,027)	(834,762)	(15,071)	-
Goodwill impairment (note 11)	39	(489,395)	39	(489,395)
Negative goodwill on investment (note 11)	-	-	71,628	-
Other operating income (expenses), net (note 21)	72,648	(12,806)	(168,829)	(258,512)
Operating profit	1,488,804	269,897	1,788,281	1,275,264
Finance income (costs), net (note 22)	(500,050)	(1,917,350)	(592,287)	(2,706,509)
Income (loss) before income tax, social contribution and profit sharing	988,754	(1,647,453)	1,195,994	(1,431,245)
Income tax and social contribution (note 24a)	(288,660)	(232,580)	(389,449)	(352,080)
Profit sharing	(3,200)	(2,469)	(3,769)	(2,952)
Profit (loss)	696,894	(1,882,502)	802,776	(1,786,277)
Attributable to:				
Controlling shareholders			696,894	(1,882,502)
Noncontrolling shareholders			105,882	96,225
			802,776	(1,786,277)
Average number of shares	2,694,485	2,694,485		
Basic and diluted earnings (loss) per share - R\$	258.64	(698.65)		



STATEMENT OF CHANGES IN EQUITY
For the year ended December 31, 2016 (In thousands of Brazilian reais)

	Capital reserves			Earning reserves			Retained earnings (loss)	Valuation adjustments to equity	Currency translation adjustment	Equity (Parent)	Noncontrolling interests	Equity (Consolidated)
	Investment grants and other	Goodwill on issuance of shares	Stock options granted	Legal	Tax incentives	Statutory						
Balance as at 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)
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
Loss allocation	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to retained earnings	-	-	-	-	(97,440)	(1,592,567)	1,690,007	-	-	-	-	-
Dividends and interest on capital (note 18)	-	-	-	-	-	-	-	-	-	-	(77,683)	(77,683)
Balance as at 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
Split / Merger (i)	-	-	-	-	-	-	(178,529)	-	25,955	(152,574)	(234)	(152,808)
Options granted and others	-	-	-	6,002	-	-	-	(13,289)	-	(7,287)	(585)	(7,872)
Realization of deemed cost	-	-	-	-	-	-	-	42,920	(42,920)	-	-	-
Changes in interest in subsidiary	-	-	-	-	-	-	-	-	(11,275)	(11,275)	-	(11,275)
Tax incentives	-	-	-	-	-	40,100	-	(40,100)	-	-	-	-
Remeasurement of defined benefit obligation (note 29b)	-	-	-	-	-	-	-	-	43,686	43,686	155	43,841
Profit	-	-	-	-	-	-	-	696,894	-	696,894	105,882	802,776
Currency translation adjustment	-	-	-	-	-	-	-	-	(2,808,091)	(2,808,091)	(6,958)	(2,815,049)
Net income allocation	-	-	-	-	-	-	-	-	-	-	-	-
Absorption of reserves	-	-	-	-	-	-	-	(397,403)	-	-	-	-
Dividends and interest on capital	-	-	-	-	26,059	371,344	-	(123,782)	-	(123,782)	(98,855)	(222,637)
Balance as at December 31, 2016	11,671,885	301	292,741	116,476	554,245	40,100		(30,122)	998,992	14,015,962	510,261	14,526,223

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

STATEMENT OF CASH FLOWS
For the year ended December 31, 2016 (In thousands of Brazilian reais)

	Parent		Consolidated	
	2016	2015	2016	2015
Profit (loss)	696,894	(1,882,502)	802,776	(1,786,277)
Expenses (income) not affecting cash:				
Inflation adjustment and interest	710,062	1,535,552	7,703	1,687,575
Provision for losses/risks	(177,655)	155,029	(1,198,623)	1,002,340
Derivatives loss/(gain), net	(79,712)	81,850	(79,712)	81,856
Share of profit (loss) of investees	88,027	834,762	15,071	-
Negative goodwill on investment	-	-	(71,628)	-
Fair value of trade receivables	-	-	110,116	-
Depreciation, amortization and depletion	503,830	473,615	662,337	829,295
Impairment	(39)	489,395	(39)	499,514
Post-employment benefits	6,002	4,609	6,002	4,609
Stock options granted	(122,488)	(122,682)	(122,883)	(156,006)
Gain (loss) on sale of permanent assets, net	(10,927)	1,156	(11,428)	6,455
Adjustment to fair value of biological assets	-	-	52,724	44,348
Present value adjustments of trade payables	1,549	(1,937)	1,549	(1,937)
Deferred income tax and social contribution	325,802	230,746	393,528	212,719
	1,941,345	1,799,599	567,493	2,424,491
(Increase) decrease in assets:				
Trade receivables	(170,312)	(253,311)	(322,711)	(212,995)
Inventories	(589,392)	301,612	682,946	(424,314)
Dividends and interest on capital	126,774	143,114	-	-
Other assets	132,683	(67,504)	146,764	66,193
Tax assets	77,537	47,143	443,342	5,430
Increase (decrease) in liabilities:				
Trade payables	75,123	(357,625)	(68,407)	(341,916)
Other liabilities	(101,615)	46,662	(377,570)	(158,311)
Repayments of interest on borrowings and financing	(1,065,934)	(782,167)	(1,068,362)	(815,351)
Repayments of interest on intragroup loans	-	-	(3,710)	(3,449)
Income tax and social contribution paid	-	-	(39,776)	(51,714)
Tax liabilities	30,764	(30,449)	55,868	(50,217)
Cash flow from operating activities	456,973	847,074	15,877	437,847
Purchase of investments	(101,686)	42,441	(320)	(31)
Purchase of property, plant and equipment	(398,277)	(377,989)	(520,329)	(814,961)
Sale of assets	16,672	1,220	20,174	3,850
Cash flow from investing activities	(483,291)	(334,328)	(500,475)	(811,142)
Proceeds from borrowings	2,036,264	1,602,622	2,174,799	1,926,839
Repayments of principal of borrowings and financing	(1,991,614)	(1,879,380)	(2,137,373)	(2,192,124)
Settlement of borrowing derivatives	(103,995)	(56,368)	(103,995)	(56,368)
Intragroup loans	(718)	-	127,898	(53,331)
Repayments of principal of intragroup loans	-	-	(117,345)	28,041
Redemption of debentures	(1,272)	(5,203)	(1,272)	(5,214)
Payment of dividend/interest on capital	-	(204,425)	(112,543)	(290,596)
Cash flow from financing activities	(61,335)	(542,754)	(169,831)	(642,753)
Increase (decrease) in cash and cash equivalents	(87,653)	(30,008)	(654,429)	(1,016,048)
Cash and cash equivalents at beginning of year	187,758	217,766	907,218	881,073
Effect of currency inflation - Venezuelan bolivar fuerte (Unki)	-	-	45,629	1,042,193
Cash and cash equivalents of merged/spun-off companies	56,337	-	(947)	-
Total cash and cash equivalents at beginning of year	244,095	217,766	951,900	1,923,266
Cash and cash equivalents at end of year	156,442	187,758	297,471	907,218

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2016 (Amounts in thousands of Brazilian reais, unless otherwise indicated)

1. GENERAL INFORMATION AND CORPORATE ISSUES

ArcelorMittal Brasil S.A. ("Company" or "ArcelorMittal Brasil"), controlled by ArcelorMittal S.A. (headquartered in Luxembourg) is a private corporation headquartered in Belo Horizonte, State of Minas Gerais. The Company and its subsidiaries in Brazil and abroad ("Consolidated", "Group" or the "ArcelorMittal Brasil Group") are engaged in the implementation and operation of industries and businesses in the steel and metallurgy sectors as well as holding ownership interest in other companies engaged in the same or supplementary activities, including the production and sale of energy and other inputs from the steel and/or metallurgy industries. The 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 corporate name of Belgo, one of the most traditionally active producers of steel in Brazil since 1921. The segment, through the branches of ArcelorMittal Brasil and its subsidiaries produces and sells long steel and wire draw. Its units have installed capacity to produce 4.9 million tonnes of rolled steel per year in the plants in Monlevade, Juiz de Fora, Piracicaba, Cariacica, and Itaúna. The wire draw sector has production capacity of 1.6 million tonnes/year of long draw / wire products, of which 0.7 million tonnes in our own wire draw mills (São Paulo, Juiz de Fora and Sabará) and an additional 0.8 million tonnes from our subsidiary BBA - Belgo Bekaert Arames Ltda. The industrial activities in Brazil are concentrated in Minas Gerais, São Paulo, Espírito Santo and Bahia states. Its distribution and sales framework, operating throughout Brazil, is prepared to serve the significantly growing market demands. The segment provides the market with steel products and solutions for numerous applications, and it also offers the most complete product line for the Civil Construction industry. It is a leading company in South America in terms of wire production for the manufacturing and 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 1963 by Pujol Group and, since 2008, 100% of its shares are held by ArcelorMittal Group, of which 50% is held by ArcelorMittal Brasil S.A. Its production capacity is 320 thousand tonnes/year of long steel for civil construction, industry and cattle raising activities, including busbars, structural shapes and wires.

ArcelorMittal BioFlorestas Ltda.

ArcelorMittal BioFlorestas Ltda. is a company controlled by ArcelorMittal Brasil S.A., headquartered in Belo Horizonte, State of Minas Gerais. 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 their 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 Metropolitan Region of Vitória, Espírito do Santo state. The Company produces and sells semi-finished rolled, whose main product lines are steel slabs and hot rolled coils. Its privileged location and logistics infrastructure contributes to the availability of inputs and raw materials, as well as products transportation to domestic and foreign markets. Inaugurated in 1983, ArcelorMittal Tubarão former corporate name of CST - Companhia Siderúrgica de Tubarão, and throughout its history, has invested heavily to expand its installed production capacity and, concurrently, modernize its processes and equipment. It currently has an installed capacity of 7.5 million tonnes of steel slab per year, of which 4 million are internally transformed in hot-rolled coils.

ArcelorMittal Vega

Located in Francisco do Sul, State of Santa Catarina, it is one of the most modern flat steel processing plants in the world. Operating with modern 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, civil construction, household appliances, pipe, and shape industries. The unit in Santa Catarina is strategically located close to automotive industries in the Brazilian South and Southeast regions and other Mercosur countries, and is also close to ports, railways, and highways. With a continuing investment cycle, in 2010 the Company started up a new line, Chrome Plating 2, thus expanding production capacity to 1.4 million tonnes/year. In 2015, ArcelorMittal Vega consolidated major production and portfolio expansion projects. Through an investment of US\$17 million, this unit increased 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.

COKE PLANT

Sol Coqueria Tubarão S.A., merged into ArcelorMittal Brasil on December 1, 2016, headquartered in the State of Espírito Santo, Brazil, was established in 2004 and is engaged in the production of metallurgical coke and co-generation of electric power; it has four batteries with 80 ovens each, with a capacity of 1.5 million tonnes of metallurgical coke per year. On the other hand, the thermal power plant has generation capacity of 175 MW of electric power per year.

STATEMENT OF VALUE ADDED
For the year ended December 31, 2016 (In thousands of Brazilian reais)

	Parent		Consolidated	
	2016	2015	2016	2015
Revenues				
Sale of products	19,379,847	19,755,759	21,754,240	27,079,475
Discounts, losses and recovery of provisions	11,767	(51,791)	(7,609)	(52,963)
Revenues from the construction of own assets	700,635	924,644	739,282	969,381
Other operating revenues	418,274	484,180	465,537	462,034
	20,510,523	21,112,792	22,951,450	28,457,927
Inputs purchased from third parties				
Raw materials consumed	(12,298,413)	(12,330,719)	(14,508,202)	(17,405,525)
Electric power, services and other operating expenses	(3,504,142)	(4,063,587)	(2,584,771)	(4,267,140)
Recovery (loss) in the realization of assets	97,508	(109,724)	97,508	(124,157)
	(15,705,047)	(16,504,030)	(16,995,465)	(21,796,822)
Depreciation, amortization and depletion	(503,830)	(473,615)	(662,337)	(829,295)
Goodwill impairment	39	(489,395)	39	(489,395)
Net added value created by the Company	4,301,685	3,645,752	5,293,687	5,342,415
Added value received in transfer				
Share of profit (loss) of investees	(88,027)	(834,762)	(15,071)	-
Negative goodwill on investment	-	-	71,628	-
Dividends and interest on capital from investments	86	70	87	72
Other finance income and rentals	11,623	11,972	12,318	12,263
Finance income and exchange gains	379,852	414,912	418,356	583,043
	303,534	(407,808)	487,318	595,378
Total added value	4,605,219	3,237,944	5,781,005	5,937,793
Added value distributed				
Employees				
Payroll and related taxes	1,271,529	1,193,932	1,673,877	2,192,373
Management compensation (note 25a)	28,426	23,668	34,228	36,489
Profit sharing	194,768	92,770	232,846	129,801
Retirement and pension plan	37,164	36,169	45,335	51,236
	1,531,887	1,346,539	1,986,286	2,409,899
Taxes				
Federal	760,493	639,506	1,164,014	1,163,542
Income taxes	288,660	232,580	389,449	352,080
Other taxes	471,833	406,926	774,565	811,462
State	390,700	413,947	461,332	461,727
Municipal	20,529	18,104	26,572	24,052
	1,171,722	1,071,557	1,651,918	1,649,321
Lenders and lessors				
Interest and exchange losses	852,499	2,324,019	982,062	3,278,640
Capitalized finance charges	42,159	49,594	42,159	49,594
Lease and rentals	310,058	328,737	315,804	336,616
	1,204,716	2,702,350	1,340,025	3,664,850
Shareholders				
Interest on capital and dividends	123,781	-	193,593	87,332
Retained earnings (accumulated loss)	573,113	(1,882,502)	609,183	(1,873,609)
	696,894	(1,882,502)	802,776	(1,786,277)
	4,605,219	3,237,944	5,781,005	5,937,793



the accounting practices adopted in Brazil and IFRSs and subsequently translated into the reporting currency, as described below.

ArcelorMittal Brasil Group comprises individual entities that adopt different functional currencies; therefore, the consolidated financial statements are presented using the same currency for all entities, in accordance with accounting practices adopted in Brazil and the International Financial Reporting Standards, and the Group determined the Brazilian real ("R\$") as the reporting currency.

The reporting currency of the individual and consolidated financial 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 exchange rate at the balance sheet date; and (ii) revenue and expenses and changes in 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 equity line, called "Cumulative Translation Adjustments".

For subsidiary Unki de Venezuela S/A, located in Venezuela, which is a hyperinflationary economy, the results of operations and financial conditions 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.

d. Non-derivative financial instruments

Non-derivative financial instruments include short-term investments, investments in debt and equity instruments, trade receivables, other receivables, cash and cash equivalents, financing, as well as trade 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. After 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 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 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 it is 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 and risk management strategy 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 at their fair value and their fluctuations are recognized in profit or loss.

(iii) Held-to-maturity investments

If the Group has the positive intention and ability to hold its financial instruments to maturity, result in the classification 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 purchase date, 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 lower of their carrying amounts and fair values, less cost to sell, and is classified as held for sale if their carrying amount is recovered principally through a sales transaction rather than through continuing use. Such condition is met only when the sale is highly probable and the asset or disposal group is available for immediate sale "as is".

e. Inventories

They are measured at average acquisition or production cost, which is lower than the net realizable value, corresponding to the estimated selling price of inventories, less all estimated costs of completion and costs necessary to 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.

f. Impairment of financial assets

Financial assets, except those measured at fair value through profit or loss, are assessed 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.

g. 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 land 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, 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 statement of profit and loss 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.

If the recoverable value of an asset (or cash-generating unit) is lower than its carrying amount, then the carrying amount of the asset (or cash-generating unit) is written down to its recoverable amount. The impairment loss is immediately recognized in profit or loss.

The Group determined as cash-generating unit ("CGU") of property, plant and equipment: flat steel CGU, long steel CGU in operation, long steel CGU under construction, tube CGU (Unki), mining CGU (Mina Serra Azul), and others.

h. Biological assets

Biological assets are measured at its fair value less cost to sell, except for bearer plants, which are measured at the historical cost, less accumulated depreciation and accumulated impairment losses, when necessary.

Biological assets are assessed on a quarterly basis by the Company, and the corresponding gains or losses on the changes in fair value of biological assets are recognized in the statement of profit and loss 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 forest reserves depletion is calculated based on the volume of lumber compared to the existing potential volume.

i. 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: measured at their total cost of acquisition, less impairment losses.
- Internally generated intangible assets: recognized as assets only in their development phase provided that the following aspects can be evidenced:
 - Technical feasibility to complete the intangible asset in such a way that it is available for use or sale;
 - Intention to complete the intangible asset and to use or sell it;
 - Capacity to use or sell the intangible asset;
 - Evidence of 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 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 indefinite 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.

j. 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.

k. 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% for social contribution, and take into consideration the offset of tax loss carryforwards, 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 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 income 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 income 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 tax 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 it is legally enforceable 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 income 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).

l. 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. After initial recognition, derivatives are measured at fair value and changes are recorded in profit or loss.

m. Provisões

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.

n. Provision for mine restoration

The Company has obligations related to the removal of assets originating from regulatory requirements for the recognition of certain write-offs upon the expiration of exploration rights. The obligation was initially measured at fair value based on the technical report and subsequently adjusted to present value, as prescribed in IAS 37/ CPC25.

The Company adopts the acquisition cost model and estimated cost and discount rate reviews are simultaneously recorded as intangible assets and liabilities. The effect of time lapse, that is, on the liability recognized is recorded as finance costs by the Company. The procedure adopted is in line with IFRIC 1 - Changes in Existing Decommissioning, Restoration and Similar Liabilities.

o. Employee benefits

ArcelorMittal Brasil Group is the sponsor of pension plans for its employees. The costs on plan sponsorship and possible deficits (surpluses) are recorded in accordance with 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.

In relation to the contribution defined, the Group has no 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.

	01/01/2015 (transition date)		31/12/2015 (transition date)		Consolidated	
	Previous balance	IAS 41/CPC 29 effect	Adjusted balance	Previous balance	IAS 41/CPC 29 effect	Adjusted balance
	Assets					
Current						
Total current assets	8,147,614	-	8,147,614	8,609,961	-	8,609,961
Noncurrent						
Property, plant and equipment	13,703,214	87,559	13,790,773	16,549,192	103,165	16,652,357
Biological assets	340,352	(87,559)	252,793	313,913	(103,165)	210,748
Total noncurrent assets	22,993,236	-	22,993,236	25,313,051	-	25,313,051
Total assets	31,140,850	-	31,140,850	33,923,012	-	33,923,012
Liabilities						
Current liabilities	6,233,682	-	6,233,682	6,822,002	-	6,822,002
Noncurrent liabilities	9,236,163	-	9,236,163	10,211,763	-	10,211,763
Equity	15,671,005	-	15,671,005	16,889,247	-	16,889,247
Total liabilities and equity	31,140,850	-	31,140,850	33,923,012	-	33,923,012

The other financial statements were not impacted.

b. New pronouncements issued and amendments to standards not yet effective on December 31, 2016, and not yet adopted:

Effective beginning January 1, 2017:

- Amendments to IAS 12 – Income taxes;
- Amendments to IAS 7 – Statements of cash flows;
- IFRS 9 – Financial Instruments;

The Company is assessing the impacts from the pronouncements above, however, Management does not expect any significant impacts on the Group's financial statements.

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 IFRS 16, the Company's management estimates that its adoption will materially impact 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.

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:	Country	% interest	
		2016	2015
Acindar do Brasil Ltda.	Brasil	100.00	100.00
Armar Com. Imp. Export. Ltda.	Brasil	100.00	100.00
Tuper S.A. (note 11c)	Brasil	40.00	-
BMB - Belgo-Mineira Bekaert Artefatos de Arame Ltda.	Brasil	55.50	55.50
Belgo Bekaert Arames Ltda.	Brasil	55.00	55.00
ArcelorMittal Sistemas S.A.	Brasil	100.00	100.00
Belgo-Mineira Comercial Exportadora S.A.	Brasil	100.00	100.00
PBM - Picchioni Belgo-Mineira DTVM S.A. (i)	Brasil	74.50	74.50
ArcelorMittal BioFlorestas Ltda.	Brasil	100.00	100.00
ArcelorMittal Comercializadora de Energia Ltda.	Brasil	100.00	100.00
CST Comércio Exterior S.A.	Brasil	100.00	100.00
Sol Coqueria Tubarão S.A. (ii)	Brasil	-	100.00
ArcelorMittal Costa Rica S.A.	Costa Rica	50.00	50.00
Unki de Venezuela S.A.	Venezuela	100.00	100.00
Industrias Unicon C.A.	Venezuela	100.00	100.00
Industria Improcon C.A.	Venezuela	100.00	100.00
Siderurgica Occidental C.A. (iii)	Venezuela	99.33	99.33
Vendedora de Materiales Siderurgicos del Occidente, C.A. (iii)	Venezuela	100.00	100.00
Servicios Siderurgicos del Occidente, C.A. (iii)	Venezuela	100.00	100.00
Seguridad Compania Anonima SCA (iii)	Venezuela	100.00	100.00
Grupo Siderpro, C.A. (iii)	Venezuela	50.00	50.00
Productos y Servicios Industriales C.A. (iii)	Venezuela	99.54	99.54
C.A. Venezolana Procesadora de Acero (iii)	Venezuela	99.98	99.98
Grupo Siderpro, C.A. (iii)	Venezuela	50.00	50.00

(i) Non-consolidated company (ii) Merged company (iii) Liquidated company

The merges during 2016 below were performed at carrying amount as they refer to entities under common control.



a. ArcelorMittal Mineração Serra Azul S.A.

On April 1, 2016, ArcelorMittal Mineração Serra Azul was merged into ArcelorMittal Brasil S.A.

Balance sheet	04/01/2016
Assets	
Current assets	41,222
Noncurrent assets	157,350
Total assets	198,572
Liabilities	
Current liabilities	356,699
Noncurrent liabilities	20,030
Equity	(178,157)
Total liabilities and equity	198,572

b. ArcelorMittal Internacional Brasil S.A.

On May 1, 2016, ArcelorMittal Intenacional S.A. was merged into ArcelorMittal Brasil S.A.

Balance sheet	05/01/2016
Assets	
Current assets	14
Noncurrent assets	23
Total assets	37
Liabilities	
Current liabilities	408
Noncurrent liabilities	-
Equity	(371)
Total liabilities and equity	37

c. Sol Coqueria Tubarão S.A.

On December 1, 2016, Sol Coqueria Tubarão S.A. was merged into ArcelorMittal Brasil S.A.

Balance sheet	12/01/2016
Assets	
Current assets	108,641
Noncurrent assets	1,322,635
Total assets	1,431,276
Liabilities	
Current liabilities	4,992
Noncurrent liabilities	125,359
Equity	1,300,925
Total liabilities and equity	1,431,276

7. CASH AND CASH EQUIVALENTS

	Parent		Consolidated	
	2016	2015	2016	2015
Cash and cash equivalents				
Cash and demand deposits				
.. Brazilian reais	16	20	443	8,447
.. US dollar	-	-	6,114	3,744
.. Venezuelan strong bolivar	-	-	10,737	607,260
	16	20	17,294	619,451
Short-term investments				
.. Brazilian reais	115,376	143,832	239,128	243,862
.. US dollar	41,050	43,906	41,049	43,905
	156,426	187,738	280,177	287,767
Total current	156,442	187,758	297,471	907,218

Short-term investments included in cash and cash equivalents refer to Bank Certificates of Deposit (CDB) and time deposits, highly liquid, subject to an insignificant risk of change in value.

Deposits yield interest between 50% and 100.20% of the Interbank Deposit Certificate (CDI) rate.

In the foreign market, the Company invests in Sweep and Time Deposit products that are likely to follow the fluctuations in the US interest rate. The average term in 2016 for Sweep is immediate and for Time Deposit is no more than five days.

8. TRADE RECEIVABLES

	Parent		Consolidated	
	2016	2015	2016	2015
Domestic market				
.. Group companies	543,843	354,221	489,679	274,757
.. Third parties	933,692	891,979	1,281,549	1,195,819
Subtotal domestic market	1,477,535	1,246,200	1,771,228	1,470,576
Foreign market				
.. Group companies	391,076	351,846	392,235	277,376
.. Third parties	254,923	423,856	328,406	488,749
Subtotal foreign market	645,999	775,702	720,641	766,125
Subtotal	2,123,534	2,021,902	2,491,869	2,236,701
.. Allowance for doubtful debts	(6,648)	(5,466)	(30,388)	(14,875)
Total	2,116,886	2,016,436	2,461,481	2,221,826

The accounts receivables with Tuper was measured at the fair value of R\$18,884 with a decrease of R\$110,116 (note 11c).

The balance of trade receivables from third parties and intragroup receivables is as follows:

	Company		Consolidated	
	2016	2015	2016	2015
Current	1,880,847	1,531,034	2,215,333	1,794,318
01 to 30 days	86,395	183,790	94,737	203,270
31 to 90 days	54,159	83,051	55,283	87,615
91 to 180 days	6,848	120,203	8,053	124,327
Over 181 days	95,285	103,824	118,463	27,171
Total Portfolio	2,123,534	2,021,902	2,491,869	2,236,701

Variation in the allowance for doubtful debts:

	Company		Consolidated	
	2016	2015	2016	2015
Balance at beginning of year	(5,466)	(4,566)	(14,875)	(10,696)
.. Net Additions/(Write off)	(3,797)	(4,184)	(21,994)	(7,644)
.. Reversal of provision	2,615	3,284	3,824	4,369
.. Losses reversed	-	-	676	1,293
.. Earnings/losses due cambial variation	-	-	1,981	(2,197)
Balance at end of year	(6,648)	(5,466)	(30,388)	(14,875)

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

ArcelorMittal Brasil Group recognizes an allowance for doubtful debts in connection with receivables past due over 180 days for third-party customers identified in the domestic and foreign market, based on the portfolio risk rating and the related collateral instruments. There is no change in the criterion used to recognize the allowance for doubtful debts in 2016 and 2015.

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

9. INVENTORIES

	Parent		Consolidated	
	2016	2015	2016	2015
.. Finished products	1,869,024	1,740,661	2,042,235	1,962,338
.. Work in process	165,213	189,804	255,942	312,244
.. Raw materials and consumables	895,253	851,188	1,062,786	1,131,855
.. Spare parts and sundry materials	502,715	500,734	572,184	1,514,114
.. Imports in transit	726,564	399,737	736,581	407,661
.. Advances to suppliers	204,936	35,981	241,226	112,282
.. (-) Allowance for losses	(84,898)	(131,969)	(145,840)	(1,148,531)
Total	4,278,807	3,586,136	4,765,114	4,291,963

In 2016 ArcelorMittal Brasil Group recorded in the statement of profit and loss directly, in cost of sales, an idle production capacity cost of R\$67,348 (R\$37,514 in 2015) in the Parent, and R\$78,496 (R\$43,192 in 2015), in the Consolidated.

The cost of inventories recognized as expense includes a reduction of the allowance for inventory losses, in the Parent, of R\$84,898 as at December 31, 2016 (R\$131,969 in 2015) and R\$145,840 (R\$1,148,531 in 2015) in the Consolidated.

The carrying amount of the Company's raw material inventories is net of finance charges on the purchase of iron ore through the extension of maturity dates, which was calculated based on an average rate of 15.45% in 2016 (13.75% in 2015), with a charge against "Prepaid interest" in "Other receivables" in current assets.

There are no pledged inventories.

10. RECOVERABLE TAXES

	Parent		Consolidated	
	2016	2015	2016	2015
.. State VAT (ICMS)	725,641	710,573	767,743	765,995
.. Tax on Revenue (COFINS)	104,997	100,673	110,734	176,777
.. Income Tax and Social Contribution	72,804	12,786	94,397	42,918
.. Tax on Revenue (PIS)	22,987	21,131	24,301	37,965
.. Federal VAT (IPI)	33,030	24,557	33,358	26,146
.. Withholding Income Tax (IRRF)	5,475	-	5,475	41,133
.. Recoverable VAT of foreign investees	-	-	5,313	304,216
.. Other	41,094	48,348	41,411	52,375
.. Allowance for losses	(13,339)	(40,920)	(13,339)	(40,920)
Total	992,689	877,148	1,069,393	1,406,605
.. Current	358,410	293,462	418,335	734,192
.. Noncurrent	634,279	583,686	651,058	672,413
Total	992,689	877,148	1,069,393	1,406,605

ICMS tax credits recorded in the consolidated arising from property, plant and equipment acquisition, in the total amount of R\$57,335 in 2016 (R\$62,387 in 2015) in the Parent, and R\$64,323 (R\$71,738 in 2015) in the Consolidated, are offset over 48 months from recognition date.

The Company has a balance of recoverable ICMS arising from deemed credit tax benefits claimed on freight amounting to R\$608,286 as at December 31, 2016 (R\$565,358 in 2015), of which R\$68,743 is classified in current assets and R\$539,543 is classified in non-current assets based on the recovery period. The Company adopt measures necessary to recover the credits belonging to the unit in Vega do Sul (SC), and during 2013, ArcelorMittal Brasil has held meetings with the Santa Catarina State Government resulting in the preparation of the Protocol of Intent for new Company's investments in the state and which will also allow us to gradually use the accumulated ICMS credit balance.

Additionally, the State of Santa Catarina issued in December 2013 a decree that limits 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 assesses 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\$88,027 in 2016 (loss of R\$834,762 in 2015) as share of profit (loss) of investees, and recognized dividends in the amount of R\$129,796 in 2016 (R\$148,392 in 2015) 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 variations in investments in subsidiaries.

a. Information on direct subsidiaries

	% - interest							Profit (loss) for the year	Share of profit (loss) of investees
	Number of shares held	Voting capital	Total capital	Total asstes	Total liabilities	Equity			
Sol Coqueria Tubarão S.A. (i)									
12/31/2016	-			-	-	-	11,390	11,390	
12/31/2015	549,669,635	100.00	100.00	1,398,075	112,385	1,285,690	40,839	40,839	
Unki de Venezuela S.A.									
12/31/2016	963,000	100.00	100.00	204,293	118,280	86,013	(124,743)	(124,743)	
12/31/2015	963,000	100.00	100.00	4,570,709	1,559,191	3,011,518	(976,759)	(976,759)	
Belgo Bekaert Arames Ltda.									
12/31/2016	1,355,596	55.00	55.00	1,229,791	281,715	948,076	195,556	134,795	
12/31/2015	1,355,596	55.00	55.00	1,232,482	295,413	937,069	201,215	119,411	
ArcelorMittal BioFlorestas Ltda.									
12/31/2016	564,605,867	100.00	100.00	588,478	73,892	514,586	(41,130)	(41,468)	
12/31/2015	526,605,867	100.00	100.00	608,162	90,445	517,717	(29,403)	(29,403)	
BMB - Belgo-Mineira Bekaert Artefatos de Arame Ltda.									
12/31/2016	366,433	55.50	55.50	268,776	139,978	128,798	50,120	31,688	
12/31/2015	366,433	55.50	55.50	269,729	155,875	113,854	27,753	17,071	
ArcelorMittal Costa Rica S.A.									
12/31/2016	11,497,455	50.00	50.00	177,864	125,088	52,776	(8,831)	(4,416)	
12/31/2015	11,497,455	50.00	50.00	203,249	127,725	75,524	(12,898)	(6,448)	
ArcelorMittal Sistemas S.A.									
12/31/2016	1,879,952	100.00	100.00	54,877	30,145	24,732	752	752	
12/31/2015	1,879,952	100.00	100.00	47,281	23,122	24,159	3,731	3,731	
CST - Comércio Exterior S.A.									
12/31/2016	553,000	100.00	100.00	18,995	11,106	7,889	622	622	
12/31/2015	553,000	100.00	100.00	19,753	12,330	7,423	1,251	1,251	
ArcelorMittal Comercializadora de Energia Ltda.									
12/31/2016	63,999,999	100.00	100.00	64,225	50,457	13,768	(52,655)	(52,655)	
12/31/2015	999,999	100.00	100.00	84,151	80,728	3,423	(313)	(313)	
Belgo-Mineira Comercial Exportadora S.A.									
12/31/2016	1,717,353	100.00	100.00	2,096	2,347	(251)	(653)	(653)	
12/31/2015	904,200	100.00	100.00	2,002	2,286	(284)	(3,361)	(3,361)	
Armar Com. Imp. Export. Ltda.									
12/31/2016	155,659,999	100.00	100.00	180,118	93,512	86,606	(42,587)	(42,587)	
12/31/2015	26,659,999	100.00	100.00	238	44	194	(364)	(364)	
Acindar do Brasil Ltda.									
12/31/2016	10,711,784	100.00	100.00	4,571	5,111	(540)	(752)	(752)	
12/31/2015	10,711,784	100.00	100.00	5,153	4,941	212	(417)	(417)	

(i) Company merged on 12/01/2016



b. Variations in investments in direct subsidiaries and associates

	2014					2015					2016		Parent
	2014	Additions/ write-off	Currency translation adjustment	Valuation adjustments to equity	Equity	2015	Additions/ write-off	Currency translation adjustment	Valuation adjustments to equity	Equity	Dividends and Interest on capital	2016	
Sol Coqueria Tubarão S.A. (ii)	1,584,538	(300,000)	-	-	40,839	(39,687)	1,285,690	(1,300,925)	-	11,390	3,845	-	
Unki de Venezuela S.A.	977,342	-	3,042,476	(31,541)	(976,759)	-	3,011,518	-	(2,801,133)	369	(124,743)	86,011	
ArcelorMittal BioFlorestas Ltda.	497,520	49,600	-	-	(29,403)	-	517,717	38,000	-	-	(41,468)	514,249	
Belgo Bekaert Arames Ltda.	455,940	-	-	(158)	119,411	(96,889)	478,304	-	-	189	134,795	(110,314)	
BMB - Belgo-Mineira Bekaert Artefatos de Arame Ltda.	53,853	-	-	23	17,071	(11,205)	59,742	-	-	-	31,688	(22,992)	
ArcelorMittal Costa Rica S.A.	30,791	-	13,419	-	(6,448)	-	37,762	-	(6,958)	-	(4,416)	26,388	
ArcelorMittal Sistemas S.A.	20,818	-	-	-	3,731	(390)	24,159	-	-	-	752	(179)	
CST Comércio Exterior S.A.	6,393	-	-	-	1,251	(221)	7,423	-	-	-	622	(156)	
ArcelorMittal Comercializadora de Energia Ltda.	3,736	-	-	-	(313)	-	3,423	63,000	-	-	(52,655)	13,768	
Belgo-Mineira Comercial Exportadora S.A.	2,344	1,017	-	-	(3,361)	-	-	653	-	-	(653)	-	
Armar Com. Imp. Export. Ltda.	58	500	-	-	(364)	-	194	129,000	-	-	(42,587)	86,607	
Acindar do Brasil Ltda.	-	620	-	-	(417)	-	212	540	-	-	(752)	-	
Subtotal	3.633.333	(248.254)	3.055.895	(31.676)	(834.762)	(148.392)	5.426.144	(1.069.732)	(2.808.091)	558	(88.027)	(129.796)	1.331.056

Goodwill/(Negative Goodwill)

	2014	Additions/ negative goodwill	Currency translation adjustment	Valuation adjustments to equity	Equity	Dividends and Interest on own capital	2015	Additions/ negative goodwill	Currency translation adjustment	Valuation adjustments to equity	Equity	Dividends and Interest on own capital	2016	Consolidate
Belgo Bekaert Arames Ltda.	(7,503)	-	-	-	-	-	(7,503)	-	(1,877)	-	-	-	(9,380)	
Unki de Venezuela S.A.	458,348	(458,345)	-	-	-	-	-	-	-	-	-	-	-	
ArcelorMittal Costa Rica S.A.	10,276	-	-	-	-	-	10,276	-	-	-	-	-	10,276	
Outras	107	-	-	-	-	-	107	-	38	-	-	-	145	
Total	4.094.558	(706.599)	3.055.895	(31.676)	(834.762)	(148.392)	5.429.024	(1.069.732)	(2.809.930)	558	(88.027)	(129.796)	1.332.097	

	2014	Additions/ negative goodwill	Currency translation adjustment	Valuation adjustments to equity	Equity	Dividends and Interest on own capital	2015	Additions/ negative goodwill	Currency translation adjustment	Valuation adjustments to equity	Equity	Dividends and Interest on own capital	2016
PBM - Picchioni Belgo-Mineira DTVM S.A. (i)	-	-	-	-	-	-	-	1,003	-	-	(587)	-	416
Tuper S.A.	-	-	-	-	-	-	-	96,226	-	-	(14,484)	-	81,742
Subtotal	-	-	-	-	-	-	-	97.229	-	-	(15.071)	-	82.158

Surplus of assets

Tuper S.A.	-	-	-	-	-	-	-	91,194	-	-	-	-	91,194
Total	-	-	-	-	-	-	-	188.423	-	-	(15.071)	-	173.352

(i) Deconsolidated Company (i) Company merged on 12/01/2016

c. Acquisition of Tuper S.A.

On October 6, 2016, the acquisition of 40% stake in Tuper S.A. by subsidiary Armar Com. Imp. Export. Ltda. was concluded, as CADE's approval. Based on the management terms and conditions of Tuper S.A. set forth in the Shareholders' Agreement, the investment will be recognized by Armar Com.Imp. Export. Ltda. as Joint Venture, as prescribed by CPC 19 and IFRS 11.

The subscription of Tuper S.A. shares was paid by the subsidiary Armar through the capital contribution of the accounts receivable assets into equity interest, in the amount of R\$ 129,000 which was measured at fair value at the acquisition date in the amount of R\$18,883 (note 8).

Tuper S.A. is located in São Bento do Sul, in the State of Santa Catarina, owns three plants and operates in four big production lines: Tubular Solutions, Automotive Solutions, Construction Systems and Oil & Gas. Its main consumption markets are agribusiness, energy, industrial, construction and retail.

The Company assessed the business combination on the acquisition date to measure and recognize the allocation of the purchase price, based on the fair value of identifiable assets acquired and liabilities assumed. Moreover, the call and put options set forth in the Shareholders' Agreement entered into among Tuper Participações S.A. (majority shareholder) and subsidiary Armar Comércio Importação e Exportação were measured at their fair values.

Negative goodwill was recognized on the aforementioned business combination, as follows:

	10/06/2016
Consideration transferred	18,883
Contingent consideration	66,295
Total	85.178

Assets acquired and liabilities assumed:

Derivatives	
Armar	7,132
Gonvarri	(6,741)
Carrying amount of Tuper's equity	96,227
Surplus of assets	
Fixed assets	57,184
Trademark	31,465
Customer portfolio	2,544
Deferred income tax	(31,006)
Total assets acquired, liabilities assumed and derivatives	156.805
Negative goodwill	(71.628)

The Company hired market specialists to assess and measure the assets acquired and liabilities assumed at fair value, as prescribed by CPC 15 (R1) / IFRS 3 – Business Combination. The Company's management had not yet completed the review of the measurement made by the specialists hired through the end of the reporting period. Pursuant to CPC 15 (R1) / IFRS 3, the measurement period is subsequent to the acquisition date, during which period the buyer can adjust the amounts recognized by a business combination. Accordingly, the Company recognized the provisional amounts of the balances calculated in a business combination which, according to the initial allocations identified by the specialists, were divided into: negative goodwill, surplus of fixed assets, trademarks and customer portfolio.

Profit or loss for the year includes share of loss of investees in the amount of R\$14,484. There are no impacts on the statements of cash flows, as mentioned in Note 27.

d. Impairment test - goodwill

ArcelorMittal Brasil annually tests the carrying amount 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 to sell 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.

In the year of 2015, 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, performed its annual review of the recoverable amount of goodwill and, 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 other investment goodwill to exceed its recoverable amount as of December 31, 2016.

12. PROPERTY, PLANT AND EQUIPMENT

	Administrative and industrial buildings			Industrial facilities and equipment			Other (furniture, vehicles, etc.) (i)			Construction in progress		Advances to suppliers		Impairment		Total	
	Land	Construction in progress	Advances to suppliers	Impairment	Total	Land	Construction in progress	Advances to suppliers	Impairment	Total	Land	Construction in progress	Advances to suppliers	Impairment	Total		
Parent:																	
Total cost as at 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	1,194,444	17,145	-	(1,660,693)	-	-	(16,219)									
Total cost as at 12/31/2015	2,839,883	18,719,624	408,202	227,150	1,706,455	21,891	(9,927)	23,913,278									
. Additions	-	-	-	-	548,684	16,135	39	564,858									
. Write-offs	(66)	(16,269)	(2,036)	(51)	(1,053)	-	-	(19,475)									
. Merger (iii)	234,152	1,697,072	24,162	9,676	76	-	(178,733)	1,786,405									
. Translation adjustment	-	-	-	-	-	(2,437)	-	(2,437)									
. Transfers	12,541	461,555	14,963	-	(502,348)	-	-	(13,289)									
Total cost as at 12/31/2016	3,086,510	20,861,982	445,291	236,775	1,751,814	35,589	(188,621)	26,229,340									
Total depreciation as at 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 at 12/31/2015	(1,460,836)	(10,907,336)	(342,961)	-	-	-	-	(12,711,133)									
. Additions	(37,063)	(427,081)	(23,050)	-	-	-	-	(487,194)									
. Write-offs	17	13,795	1,883	-	-	-	-	15,695									
. Merger (iii)	(59,872)	(472,899)	(9,546)	-	-	-	-	(542,317)									
. Transfers	(64)	65	(65)	-	-	-	-	(64)									
Total depreciation as at 12/31/2016	(1,557,818)	(11,793,456)	(373,739)	-	-	-	-	(13,725,013)									
Net as at 12/31/2015	1,379,047	7,812,288	65,241	227,150	1,706,455	21,891	(9,927)	11,202,145									
Net as at 12/31/2016	1,528,692	9,068,526	71,552	236,775	1,751,814	35,589	(188,621)	12,504,327									
Useful life as at 12/31/2015	50 years	32 years	10 years														
Useful life as at 12/31/2016	50 years	32 years	10 years														

(i) Includes finance lease in the amount of R\$6,194 (R\$13,626 in 2015) (ii) Refers to the transfer of R\$13,353 to intangible assets (iii) Refers mainly to the merger of assets of Sol Coqueria.

	Administrative and industrial buildings			Industrial facilities and equipment			Other (furniture, vehicles, etc.)(i)			Construction in progress		Advances to suppliers		Impairment		Total	
	Land	Construction in progress	Advances to suppliers	Impairment	Total	Land	Construction in progress	Advances to suppliers	Impairment	Total	Land	Construction in progress	Advances to suppliers	Impairment	Total		
Consolidated																	
Total cost as at 12/31/2014 (restated)	3,351,036	21,592,556	692,030	379,518	2,845,650	68,565	9,139	28,938,494									
. Additions	-	-	15,734	-	1,075,856	(50,679)	(10,119)	1,030,792									
. 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 at 12/31/2015 (restated)	5,176,622	25,090,929	1,008,588	920,162	2,128,018	21,652	(80,928)	34,265,043									
. Additions	-	-	15,494	-	613,998	37,484	39	667,015									
. Write-offs	(66)	(22,652)	(6,139)	(51)	(1,053)	-	-	(29,961)									
. Merger	24,699	173,227	24,129	9,676	76	(870)	(178,733)	52,204									
. Translation adjustment	(1,682,139)	(3,058,167)	(348,761)	(567,623)	(297,090)	(2,437)	68,875	(5,887,342)									
. Transfers	33,055	512,325	18,604	-	(584,781)	-	-	(20,797)									
Total cost as at 12/31/2016	3,552,171	22,695,662	711,915	362,164	1,859,168	55,829	(190,747)	29,046,162									
Total depreciation as at 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 at 12/31/2015	(2,599,266)	(14,351,645)	(656,468)	-	-	-	(5,307)	(17,612,686)									
. Additions	(55,529)	(534,709)	(36,254)	-	-	-	-	(626,492)									
. Write-offs	17	19,998	3,165	-	-	-	-	23,180									



13. BIOLOGICAL ASSETS

Consolidated:	Adjustment to		Total
	Forest reserve	Fair value	
Total cost as at 12/31/2014 (restated)	293,524	95,072	388,596
. Additions	24,189	-	24,189
. Fair value	(2,492)	(44,348)	(44,348)
Total cost as at 12/31/2015 (restated)	317,713	50,724	368,437
. Additions	19,895	-	19,895
. Fair value	-	(52,724)	(52,724)
Total cost as at 12/31/2016	337,608	(2,000)	335,608
Total depletion as at 12/31/2014	(135,803)	-	(135,803)
. Additions	(21,886)	-	(21,886)
Total depletion as at 12/31/2015	(157,689)	-	(157,689)
. Additions	(17,069)	-	(17,069)
Total depletion as at 12/31/2016	(174,758)	-	(174,758)
Net as at 12/31/2015	160,024	50,724	210,748
Net as at 12/31/2016	162,850	(2,000)	160,850

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 at December 31, 2016, the Company had 57,675 hectares (63,211 in 2015) of planted forests that are not pledged as collaterals.

14. INTANGIBLE ASSETS

	Parent			Consolidated				
	Goodwill on investments	Software	Other	Total	Goodwill on investments	Software	Other	Total
Total cost as at 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 at 12/31/2015	10,525,437	285,241	72,586	10,883,264	10,525,876	317,111	72,788	10,915,775
. Additions	-	-	4,223	4,223	-	-	4,223	4,223
. Merger	156,221	3,125	26,407	185,753	156,221	3,125	26,407	185,753
. Translation adjustment and currency fluctuation	1,839	-	-	1,839	-	-	-	-
. Transfers	-	13,290	-	13,290	-	20,798	-	20,798
Total cost as at 12/31/2016	10,683,497	301,656	103,216	11,088,369	10,682,097	341,034	103,418	11,126,549
Total amortization as at 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 at 12/31/2015	(4,207,083)	(248,009)	(12,477)	(4,467,569)	(4,205,333)	(275,167)	(11,868)	(4,492,368)
. Additions	-	(15,367)	(1,269)	(16,636)	-	(17,507)	(1,269)	(18,776)
. Merger	(156,221)	(3,064)	(26,349)	(185,634)	(156,221)	(3,064)	(26,349)	(185,634)
. Transfers	-	63	-	63	-	(2,649)	-	(2,649)
Total amortization as at 12/31/2016	(4,363,304)	(266,377)	(40,095)	(4,669,776)	(4,361,554)	(298,387)	(39,486)	(4,699,427)
Net as at 12/31/2015	6,318,354	37,232	60,109	6,415,695	6,320,543	41,944	60,920	6,423,407
Net as at 12/31/2016	6,320,193	35,279	63,121	6,418,593	6,320,543	42,647	63,932	6,427,122
Useful life as at 12/31/2015		05 years	05 years		05 years	05 years	05 years	
Useful life as at 12/31/2016		05 years	05 years		05 years	05 years	05 years	

(i) Refers to the transfer of R\$13,353 (Parent) and R\$18,149 (Consolidated) from property, plant and equipment.

a. Goodwill impairment test

ArcelorMittal Brasil annually reviews the carrying amount of its tangible and intangible assets (excluding goodwill, which is tested for impairment when changes in circumstances indicate that its carrying amount might not be recoverable), which correspond to operating segments (Long, Flat and Mining) representing the lowest level in which goodwill is monitored for internal management purposes, 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 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.

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 by reflecting the market conditions for similar risk investments.

The growth rates are based on 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 11.03% (9.38% in 2015).

The Company did not identify any indicators that as at December 31, 2016 and 2015 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.

On April 1, 2016, the Company has merged ArcelorMittal Mineração Serra Azul S.A. (Note 1), which property, plant and equipment, as at that date, recognized allowance for impairment losses of R\$149,983.

15. TRADE PAYABLES

	Parent		Consolidated	
	2016	2015	2016	2015
. Domestic market				
.. Group companies	39,832	60,970	5,931	12,278
.. Third parties (i)	2,227,885	2,113,543	2,370,980	2,256,110
. Total domestic market	2,267,717	2,174,513	2,376,911	2,268,388
. Foreign market				
.. Group companies	203,197	31,118	211,466	42,942
.. Third parties	79,288	144,840	121,904	317,016
. Total foreign market	282,485	175,958	333,370	359,958
Total	2,550,202	2,350,471	2,710,281	2,628,346

(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. BORROWINGS

	Final maturity	Average annual finance charge - 2016	Parent		Consolidated	
			2016	2015	2016	2015
In Brazilian reais						
. Working capital						
.. Bradesco S.A.	2018	TJLP	2,302	3,310	2,302	3,310
.. Banco do Estado do Espírito Santo	2017	1.00%	-	-	1,081	1,448
.. DESENBAHIA			-	-	-	30
			2,302	3,310	3,383	4,788
. Investments						
.. Leasing	2017	INPC	-	-	238	2,770
.. Banco Itaú S.A.	2023	3.50%	-	-	2,253	2,587
.. BNDES System	2018	TJLP + 2.20%	276,312	551,934	276,347	552,057
.. Prepayments and advance of export contracts (i)	2025	11.48%	7,367,272	7,082,453	7,367,272	7,082,453
.. Others investments	2024	5.69%	22,940	23,507	22,940	23,507
			7,666,524	7,657,894	7,669,050	7,663,374
Subtotal in Brazilian reais			7,668,826	7,661,204	7,672,433	7,668,162
In US dollars						
. Working capital:						
.. Banco Itaú S.A.	2017	4.20%	-	-	6,721	33,799
.. Bradesco S.A.	2017	4.00%	-	-	8,186	8,613
.. Caixa Econômica Federal S.A.	2017	4.00%	-	-	12,515	-
.. Other - working capital	2018	7.50%	-	-	22,705	56,147
			-	-	50,127	98,559
. Investments:						
.. Leasing	2017	15.00%	23,548	58,006	23,548	58,006
.. BNDES	2018	UMBNDDES + 1.88%	71,289	181,175	71,289	181,175
			94,837	239,181	94,837	239,181
Subtotal in US dollars			94,837	239,181	144,964	337,740
Total			7,763,663	7,900,385	7,817,397	8,005,902

(i) Refers to the debt with ArcelorMittal Group Companies

. Current	1,663,133	2,135,383	1,714,944	2,238,647
. Noncurrent	6,100,530	5,765,002	6,102,453	5,767,255
Total	7,763,663	7,900,385	7,817,397	8,005,902

LONG-TERM PORTIONS MATURE AS FOLLOWS:

2018	1,041,747	1,042,077
2019	518,129	518,459
2020	1,212,477	1,212,807
2021	979,471	979,801
2022 thereafter	2,348,706	2,349,309
	6,100,530	6,102,453

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

The Company recognizes its biological assets at fair value, determined 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), which is equivalent to 26.96 m³/ha/year by the end of 2016 (27.31 m³/ha/year in 2015).

The average net sales price of eucalyptus was projected based on the domestic market, through a market study and real transaction survey, adjusted to reflect the price of trees by region. As at December 31, 2016, the average net sales price was equivalent to R\$37.00 by m³ (R\$39.00 m³ in 2015). 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 11.28% (14.98% in 2015).

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:

	Increase of 10%	Decrease of 10%
Annual average growth	21,379	(21,379)
Average net sales price	21,379	(21,379)
Discount rate	(4,798)	5,076

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 climate 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 of forest health and plant disease and pest analyses.

	Parent			Consolidated		
	2016	2015	2014	2016	2015	2014
Balance at the beginning of the year	7,900,385	7,977,401	8,005,902	8,060,618	8,005,902	8,060,618
Funding	2,036,264	1,602,622	2,174,799	1,926,839	2,174,799	1,926,839
Currency fluctuation	(27,197)	97,918	(71,695)	139,016	(71,695)	139,016
Interest	903,497	883,991	905,864	886,904	905,864	886,904
Principal payment	(1,991,614)	(1,879,380)	(2,137,373)	(2,192,124)	(1,879,380)	(2,192,124)
Interest payment	(1,063,199)	(782,167)	(1,065,627)	(815,351)	(782,167)	(815,351)
Merger	5,527	-	5,527	-	5,527	-
Balance at the end of the year	7,763,663	7,900,385	7,817,397	8,005,902	7,900,385	8,005,902
Debt indexes						
. TJLP – Long-term interest rate, fixed quarterly, at 7.50% p.a. in 2016 (7.00% p.a. in 2015).						
. Libor – London Interbank Offered Rate - the weighted average Libor rate on the Company's financing agreements was 1.3177% p.a. in 2016 (0.8334% p.a. in 2015).						
. UMBNDES – Monetary Unit of the National Bank for Economic and Social Development (currency basket) – Reflects the weighted average of currency fluctuations relating to the basket currencies – 6.361% in 2016 (7.618% in 2015).						
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. Accordingly, there is no other financing subject to covenants as at December 31, 2015 and 2016.						
b. Collaterals						
Investment debts are collateralized by the financed asset, as well as bank guarantees and/or guarantees from the Group's controlling shareholders.						
17. DEBENTURES						
Simple, non-convertible debentures						
Debentures are 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, subject to the IGP-M rate, 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, subject to the IGP-M rate.						
18. EQUITY						
a. Capital						
The Company's fully subscribed and paid-in capital is R\$11,671,885 (R\$11,671,885 in 2015), represented by 2,694,485 common shares (2,694,485 in 2015). The Company's bylaws limit authorized capital to 5,000,000 common shares.						



Sensitivity analysis for currency risk

The sensitivity analysis to foreign exchange rate as at December 31, 2016 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 2015.

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 2016. The Company considered the baseline scenario as at December 31, 2016 as the probable scenario:

	Asset			Liability		
	Probable scenario	Scenario 1 (+25%)	Scenario 2 (+50%)	Probable scenario	Scenario 1 (+25%)	Scenario 2 (+50%)
R\$	2,690,320	2,690,320	2,690,320	10,392,012	10,392,012	10,392,012
Profitor loss	-	-	-	-	-	-
Equity	-	-	-	-	-	-
US\$	726,107	907,634	1,089,161	1,875,689	2,344,611	2,813,534
Profitor loss	-	181,527	363,054	-	468,922	937,845
Equity	-	-	-	-	-	-
Euro	10,372	12,965	15,558	41,889	52,361	62,834
Profitor loss	-	2,593	5,186	-	10,472	20,945
Equity	-	-	-	-	-	-
Pounds sterling	1,361	1,701	2,042	40,355	50,444	60,533
Profitor loss	-	340	681	-	10,089	20,178
Equity	-	-	-	-	-	-
Japanese yen	-	-	-	1,253	1,566	1,880
Profitor loss	-	-	-	-	313	627
Equity	-	-	-	-	-	-
Venezuelan Strong bolivar	15,681	19,601	23,522	6,570	8,213	9,855
Profitor loss	-	-	-	-	-	-
Equity	-	3,920	7,841	-	1,643	3,285
Canadian Dollar	1,158	1,448	1,737	31	39	47
Profitor loss	-	290	579	-	8	16
Equity	-	-	-	-	-	-
Swedish Krona	-	-	-	5	6	8
Profitor loss	-	-	-	-	1	3
Equity	-	-	-	-	-	-
Colon (functional currency US\$)	3,289	4,111	4,934	7,405	9,256	11,108
Profitor loss	-	-	-	-	-	-
Equity	-	822	1,645	-	1,851	3,703
Euro (functional currency Euro)	-	-	-	171	214	257
Profitor loss	-	-	-	-	43	86
Equity	-	-	-	-	-	-
US\$ (functional currency US\$)	28,352	28,352	28,352	116,238	116,238	116,238
Profitor loss	-	-	-	-	-	-
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 local interest curve adjustments, thus mitigating any mismatches between an asset's return and the SELIC rate. Most of the liabilities subject to fixed or floating rates of ArcelorMittal Brasil Group has been raised with ArcelorMittal Group. As at December 31, 2016 and 2015, the profile of the interest-yielding financial instruments was as follows:

(i) Currency and interest rate swaps

The Company's derivative transactions are described below:

Counterparty	Maturity	Rates		Assets	Liability
		Asset position	Liability position		
HSBC/Bradesco/BTG Pactual and Others	01/2017 to 05/2018	Average rate of 7.9% p.a.	US Dollar exchange + 1.48% p.a.		
Bradesco/ Itaú BBA/ HSBC	01/2017 to 01/2017	Average rate of 15.63% p.a.	US Dollar exchange + average rate of 4.62% p.a.		
Total					

(ii) Currency Hedge

In 2016, ArcelorMittal Brasil has contracted derivative transactions relating to the extended maturity dates for payment of trade payables, also translating Brazilian reais into US Dollars, using the NDF (Non Deliverable Forwards), as shown below:

Counterparty	Maturity	Assets	Liability	Notional amount		Fair value (market)		Gain/(loss) in profit or loss for the period	
				Rates		2016		2015	
				Asset position	Liability position	Asset position	Liability position	Asset position	Liability position
Standard Chartered	04/2015 02/2017	BRL	USD	-	-	-	-	-	(68)
J.P Morgan/Standard Chartered	a 03/2017	BRL	USD	266,533	250,433	-	-	256,707	243,507
Total				266,533	250,433	-	-	256,707	243,507

f. Financial instruments in agreements

Within the context of acquisition of 40% stake in Tuper S.A., carried out by subsidiary Armar Com. Imp. Export. Ltda. on October 6, 2016, derivatives characterized by put and call options involving shareholders Tuper Participações S.A. and Armar Com. Imp. Export. Ltda. and, a call option with Gonvarri Group were identified.

Under the call option, Tuper Participações S.A. has granted to Armar Com. Imp. Exp. Ltda. an irrevocable, irreversible call option for all shares of Tuper S.A., which will be exercised at any time five years from the signature of the Shareholders' Agreement.

On the contrary, Armar Com. Imp. e Export. Ltda. has granted to Tuper Participações S.A. irrevocable, irreversible put options for all shares of Tuper S.A., three years after the signature of the Shareholders' Agreement and, thereafter, five years after the signature of said agreement.

Finally, a call option was agreed among ArcelorMittal Group, represented by subsidiaries ArcelorMittal Basque Holding, SL and ArcelorMittal Spain Holding, SL, and Gonvarri Group, represented by Gonvarri Corporacion Financiera S.L., in which ArcelorMittal Gonvarri Brasil Produtos Siderurgicos S.A. holds the irrevocable, irreversible right to acquire all shares of Armar Com. Imp. Exp. Ltda. within a period of six months from the signature of the shareholders' agreement for acquisition of Tuper S.A.

The fair value of options was calculated based on the Monte Carlo method to project the future price of the underlying asset, identified by the 40% stake in Tuper S.A.

As at December 31, 2016, the fair value of the call option granted by Tuper Participações S.A. to Armar Com. Imp. Exp. Ltda. was R\$45,868 and of the put option was R\$53,000. The fair value of the call option between Gonvarri Group and ArcelorMittal Group was R\$6,741 as at December 31, 2016. The net effect of the variation of these financial instruments recorded in profit or loss for the year was a revenue of R\$391.

g. 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 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 to be paid through 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 at December 31, 2016	Consolidated				
	Held-to-maturity	Loans and receivables	Other financial liabilities at amortized cost	Total carrying amount	Fair value
Cash and cash equivalents	-	297,471	-	297,471	297,471
Held-to-maturity investments	1,238	-	-	1,238	1,238
Trade receivables	-	2,461,481	-	2,461,481	2,461,481
Due from related parties	-	524,829	-	524,829	524,829
Other financial assets	-	191,621	-	191,621	191,621
	1,238	3,475,402	-	3,476,640	3,476,640
Trade payables	-	-	2,710,281	2,710,281	2,710,281
Financing	-	-	7,817,397	7,817,397	7,830,572
Debentures	-	-	7,839	7,839	7,919
Due to related parties	-	-	1,529,958	1,529,958	1,529,958
Other financial liabilities	-	-	491,153	491,153	491,153
	-	-	12,556,628	12,556,628	12,569,883

As at December 31, 2015	Consolidated				
	Held-to-maturity	Loans and receivables	Other financial liabilities at 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 receivables	-	2,221,826	-	2,221,826	2,221,826
Due from related parties	-	691,608	-	691,608	691,608
Other financial assets	-	403,160	-	403,160	403,160
	4,367	4,223,812	-	4,228,179	4,228,179
Trade payables	-	-	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
Due to related parties	-	-	1,800,850	1,800,850	1,800,850
Other financial liabilities	-	-	616,152	616,152	616,152
	-	-	13,063,068	13,063,068	12,906,543

	Consolidated	
	2016	2015
Fixed-rate instruments		
Financial assets	109,974	741,858
Financial liabilities	7,529,517	7,280,646
Variable-rate instruments		
Financial assets	188,735	376,175
Financial liabilities	1,539,887	2,049,048

Sensitivity analysis of cash flow for the fixed interest rate risk

A change in the scenarios of interest rates as at December 31, 2016 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 2016. The ArcelorMittal Brasil Group considered the levels as at December 31, 2016 as the probable scenario.

As at December 31, 2016	Income statement		
	Probable scenario	Scenario 1	Scenario 2
Variable-rate instruments	(145,882)	(182,353)	(218,823)

(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 Brazilian government in telephone companies in the amount of R\$2,663 as at December 31, 2016 (R\$3,383 in 2015).

Counterparty	Maturities	Asset	Liability	Rates		
				Recorded Fair value (market)	Appreciation (10%) Fair value (market)	Depreciation (10%) Fair value (market)
				2016	2015	2015
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.	(108,249)	(129,759)	(80,617)
Bradesco/ Itaú BBA/ HSBC	01/2017 to 01/2017	BRL	USD	(5,915)	(12,749)	24,684
Bradesco/ Itaú BBA/ HSBC	02/2017 to 03/2017	BRL	USD	13,200	(11,151)	37,551
Armar e Tuper Participações S.A. (option agreement)	10/06/2021	SELIC + 2% p.a. or 6.4 x EBTIDA TUPER (-) net debt of TUPER		7,132	7,845	6,410
ArcelorMittal Gonvarri do Brasil (option agreement)	04/06/2017	SELIC + 2% p.a. or 6.4 x EBTIDA TUPER (-) net debt of TUPER		(6,741)	(7,415)	(6,067)

Counterparty	Maturity	Assets	Liability	Notional amount		Fair value (market)		Gain/(loss) in profit or loss for the period					
				Rates		2016		2015					
				Asset position	Liability position	Asset position	Liability position	Asset position	Liability position				
HSBC/Bradesco/BTG Pactual and Others	01/2017 to 05/2018	Average rate of 7.9% p.a.	US Dollar exchange + 1.48% p.a.	142,831	247,471	275,683	573,745	140,523	248,772	258,129	568,347	(24,940)	(167,456)
Bradesco/ Itaú BBA/ HSBC	01/2017 to 01/2017	Average rate of 15.63% p.a.	US Dollar exchange + average rate of 4.62% p.a.	182,785	184,769	950,236	993,834	193,135	187,220	986,186	1,022,290	304,262	(273,558)
Total				325,616	432,240	1,225,919	1,567,579	333,658	435,992	1,244,315	1,590,637	279,322	(441,014)

h. 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

d. Capital structure risk

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

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

	Consolidated	
	2016	2015
Loans	7,817,397	8,005,902
Debentures	7,839	11,818
Total debts	7,825,236	8,017,720
less: cash and cash equivalents	297,471	907,218
Net debt	7,527,765	7,110,502
Equity	14,526,223	16,889,247
Debt-to-capital ratio	52%	42%

e. Derivative assets and liabilities risk

Based on the internal policy governing such transactions, the use of derivatives is restricted to hedge against potential exposures to which ArcelorMittal Brasil Group is subject given the nature of its business. Derivative instruments must seek to reduce the volatility of cash flows and hedge financial liabilities so that finance income/costs derive from the generation of cash from the business rather than from gains in the financial market.

Derivative transactions include interest rate swaps, currency swaps, and currency futures.

In 2011, ArcelorMittal Brasil entered into derivative transactions that translated part of its real denominated long-term debt to BNDES into US dollars, as well includes interest rates swap, and conducted some transactions to extend the supplier payment periods also by translating reais into US dollar and interest rate swap.

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

Counterparty	Maturities	Asset	Liability	Rates		
				Recorded Fair value (market)	Appreciation (10%) Fair value (market)	Depreciation (10%) Fair value (market)
				2016	2015	2015
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.	(108,249)	(129,759)	(80,617)
Bradesco/ Itaú BBA/ HSBC	01/2017 to 01/2017	BRL	USD	(5,915)	(12,749)	24,684
Bradesco/ Itaú BBA/ HSBC	02/2017 to 03/2017	BRL	USD	13,200	(11,151)	37,551
Armar e Tuper Participações S.A. (option agreement)	10/06/2021	SELIC + 2% p.a. or 6.4 x EBTIDA TUPER (-) net debt of TUPER		7,132	7,845	6,410
ArcelorMittal Gonvarri do Brasil (option agreement)	04/06/2017	SELIC + 2% p.a. or 6.4 x EBTIDA TUPER (-) net debt of TUPER		(6,741)	(7,415)	(6,067)

Counterparty	Maturity	Assets	Liability	Notional amount		Fair value (market)		Gain/(loss) in profit or loss for the period	
				Rates		2016		2015	
				Asset position	Liability position	Asset position	Liability position	Asset position	Liability position
Standard Chartered									



b. Deferred income tax and social contribution

	Parent					Consolidated					
	Balances as at 12/31/2015	Recognition in profit or loss	Merger	Additions / write-offs	Balances as at 12/31/2016	Balances as at 12/31/2015	Recognition in profit or loss	Merger	Additions / write-offs	Recognition in comprehensive income	Balances as at 12/31/2016
Noncurrent assets											
Tax loss carryforwards	1,549,021	165,146	-	(318)	1,713,849	1,627,826	113,338	-	(2,713)	-	1,738,451
Temporary differences	531,258	(193,708)	53,046	(3,464)	387,132	611,162	(204,597)	48,421	(34,469)	-	420,517
Effects of Law 11638 - functional currency	-	-	-	-	-	10,481	(205)	-	-	-	10,276
Profits abroad	208,087	-	-	-	208,087	208,904	-	-	(814)	-	208,090
Plano Verão ("Summer Plan") and others	24,653	(751)	-	-	23,902	24,650	(751)	-	-	-	23,899
Others Effects of Law 11638	73,365	(3,052)	69,282	(22,218)	117,377	75,468	(3,053)	69,283	(22,218)	(178)	119,302
Total noncurrent assets	2,386,384	(32,365)	122,328	(26,000)	2,450,347	2,558,491	(95,268)	117,704	(60,214)	(178)	2,520,535
Noncurrent liabilities											
Temporary differences	39,071	(6,818)	-	-	32,253	978,368	(8,433)	-	(853,527)	-	116,408
Unrealized profits on inventories	-	-	-	-	-	(1,138)	9,624	-	-	-	8,486
Effects of Law 11638 - functional currency	570,642	(8,624)	(9,110)	-	552,908	570,645	(8,624)	-	-	-	562,021
Effects of Law 11638 - goodwill amortization	1,656,583	156,733	-	-	1,813,316	1,655,839	156,733	-	-	-	1,812,572
Effects of Law 11638 - others (*)	1,352,018	152,146	111,750	(36)	1,615,878	1,484,973	148,960	-	(36)	-	1,633,897
Total noncurrent liabilities	3,618,314	293,437	102,640	(36)	4,014,355	4,688,687	298,260	-	(853,563)	-	4,133,384
Effect on profit or loss		(325,802)					(393,528)				
Total noncurrent asset							25,504				21,989
Total noncurrent liability	1,231,930				1,564,008		2,155,700				1,835,639

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

The Company, based on the expected generation of future taxable income, determined in a technical study approved by Management, recognized as at December 31, 2016, as reversal of tax credits on tax loss carryforwards of R\$1,713,849 (Parent) and R\$1,738,451 (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, 2016 and 2015, are summarized as follows:

Parent	Balances								Transactions					
	Current assets		Noncurrent assets		Current assets		Noncurrent assets		Sales		Purchases		Other income (expenses)	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Acindar Industria Argentina	1,471	11,095	-	-	3,557	4,555	-	-	7,066	30,829	33,684	56,315	-	-
Arcelor International Singapore Private	53,402	-	-	-	-	-	-	-	84,467	33,188	-	-	(15)	-
ArcelorMittal Atlantique et Lorraine	-	56	-	-	168	-	-	-	45,979	121,420	-	-	(170)	51
ArcelorMittal Basque Holding S.L.	-	-	-	-	552,557	526,176	730,957	797,617	(i)	-	-	-	(45,631)	(35,946)
ArcelorMittal Belgium	-	-	-	-	127	19	-	-	134,609	316,296	-	-	-	-
ArcelorMittal BioFlorestas	506	1,303	-	-	4,605	2,559	-	-	153	735	166,351	167,193	449	11
ArcelorMittal Bremen GmbH	49,891	-	-	-	-	64	-	-	169,030	138,230	-	-	-	34
ArcelorMittal Calvert LLC	-	66,167	-	-	-	-	-	-	931,779	507,468	-	-	-	-
ArcelorMittal Centre de Services	-	-	-	-	-	-	-	-	308,576	-	-	-	-	-
ArcelorMittal Comercializadora de Energia Ltda.	2,036	32,011	-	-	10,929	28,274	-	-	-	-	255,904	270,997	908	59,830
ArcelorMittal Commercial RPS SarL	-	34	-	-	176	(9)	-	-	-	-	11,306	23,863	-	-
ArcelorMittal Contagem S.A.	398,840	293,238	-	-	906	1,112	-	-	801,318	632,270	76,887	93,110	(2,171)	(3,782)
ArcelorMittal Distribution Services France	-	19,498	-	-	-	-	-	-	-	152,738	-	-	-	-
ArcelorMittal Dofasco	-	-	-	-	-	-	-	-	263,627	233,943	-	-	-	-
ArcelorMittal España	24,936	-	-	-	-	-	-	-	271,643	-	-	-	-	-
ArcelorMittal Europe	-	-	-	-	12,427	14,307	-	-	-	-	-	-	(12,695)	(14,334)
ArcelorMittal Flat Carbon Europe	10	25,711	-	-	2,644	2,691	-	-	-	-	18,314	63,194	-	-
ArcelorMittal Gonvarri Brasil Produtos Siderúrgicos S.A.	26,001	23,103	-	-	2,055	1,378	-	-	274,745	225,507	17,350	18,487	-	-
ArcelorMittal International Luxembourg S.A.	106,731	83,976	-	-	984	2,649	-	-	615,214	733,815	3,316	-	(4,142)	(5,713)
ArcelorMittal Logistics Belgium	-	68	-	-	9,189	9,155	-	-	-	-	62,611	28,719	(1,597)	1,007
ArcelorMittal Mediterranee	24,945	-	-	-	-	-	-	-	92,439	38,082	-	-	-	-
ArcelorMittal Mineração Serra Azul S.A.	-	618	-	206,447	-	1,359	-	-	-	1	2,518	18,391	6,712	744
ArcelorMittal Poland (Consolidated)	-	-	-	-	-	-	-	-	-	74,007	-	-	-	-
ArcelorMittal RZK Celik Servis	-	43,475	-	-	-	-	-	-	107,366	67,755	-	-	-	-
ArcelorMittal S.A.	20,575	7,922	-	-	1,143,695	1,783,739	(ii)	5,565,405	4,668,937	(ii)	-	-	(823,198)	(804,841)
ArcelorMittal Sagunto SI	-	-	-	-	-	-	-	-	-	88,007	-	-	-	-
ArcelorMittal Sistemas S.A.	591	611	2,133	1,262	5,385	3,775	-	-	-	-	47,500	47,502	40	(69)
ArcelorMittal Sourcing	195,545	48,692	-	-	188,289	13,834	-	-	-	-	2,452,266	2,115,021	2	1,167
ArcelorMittal Spain Holding S.A.	2,072	2,483	292,299	292,299	(iii)	74,460	-	-	-	-	-	-	-	-
ArcelorMittal Treasury Financial Services S.à r.l. - Bekaert Costa Rica S.A	-	-	-	-	245,595	2,419	(ii)	485,867	728,800	(ii)	-	-	(88,543)	(88,301)
Belgo Bekaert Arames Ltda.	8,404	3,302	-	-	-	47	-	-	23,370	5,828	-	-	-	-
BMB Belgo-Mineira Bekaert	47,891	71,732	-	-	12,744	11,500	-	-	953,150	1,008,454	124,709	133,427	37,383	(1)
Grupo Aperam	17,942	16,201	-	-	40	90	-	-	99,950	97,099	452	660	4,488	281
Industrias Unicon CA	1,074	6,726	-	-	1,668	10,724	-	-	5,349	11,789	13,580	69,802	(153)	(45)
Macsteel International FAR EAS	73,765	88,374	-	-	1,840	2,204	-	-	-	-	-	-	-	-
Paul Wurth S.A.	48,993	40,052	-	-	-	1	-	-	614,332	572,485	-	-	-	-
Perfilor S.A. Construções Indústria e Comércio	-	-	-	-	-	61,701	-	-	-	-	-	-	-	-
Sol Coqueria Tubarão	19,506	15,757	56	-	363	917	-	-	32,870	30,527	2,118	2,086	-	-
Tuper S.A.	-	53	-	-	-	-	-	-	-	-	107,924	87,610	(394)	(449)
Others	107,833	22,686	-	-	302	20,102	-	-	43,994	-	1,355	-	-	-
	19,608	-	-	-	36,431	-	-	-	58,184	-	3,337	12,442	1,362	9,498
Total	1,252,568	924,944	294,488	500,008	2,311,136	2,505,342	6,782,229	6,195,354	5,939,210	5,120,473	3,401,482	3,208,819	(927,365)	(880,858)

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

Consolidated	Balances								Transactions					
	Current assets		Noncurrent assets		Current assets		Noncurrent assets		Sales		Purchases		Other income (expenses)	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Acindar Industria Argentina	2,353	19,280	-	-	3,630	4,599	-	-	14,624	49,499	33,684	56,315	(461)	(412)
Arcelor International Singapore Private	53,402	-	-	-	-	-	-	-	84,467	33,188	-	-	(15)	-
ArcelorMittal Atlantique et Lorraine	-	56	-	-	168	-	-	-	45,979	121,420	-	-	(170)	51
ArcelorMittal Basque Holding S.L.	-	-	-	-	552,557	526,176	(i)	730,957	797,617	(i)	-	-	(45,631)	(35,946)
ArcelorMittal Belgium	-	-	-	-	127	19	-	-	134,609	316,296	-	-	-	-
ArcelorMittal Bremen GmbH	49,891	-	-	-	-	64	-	-	169,030	138,230	-	-	-	34
ArcelorMittal Calvert LLC	-	66,167	-	-	-	-	-	-	931,779	507,468	-	-	-	-
ArcelorMittal Centre de Services	-	-	-	-	-	-	-	-	308,576	-	-	-	-	-
ArcelorMittal Contagem S.A.	399,076	293,344	-	14,592	1,077	1,449	-	-	803,084	633,354	80,519	97,016	(2,146)	(3,628)
ArcelorMittal Distribution Services France	-	19,498	-	-	-	-	-	-	-	152,738	-	-	-	-
ArcelorMittal Dofasco	234	234	-	-	-	-	-	-	265,929	237,184	-	-	-	-
ArcelorMittal Duisburg (Consolidated)	-	-	-	-	-	6,448	-	-	-	-	11,727	44,692	-	-
ArcelorMittal España	24,936	-	-	-	-	-	-	-	271,643	-	-	-	-	-
ArcelorMittal Europe	-	-	-	-	14,655	18,069	-	-	-	-	-	-	(14,952)	(17,290)
ArcelorMittal Flat Carbon Europe	10	25,711	-	-	2,644	2,691	-	-	-	-	18,314	63,194	-	-
ArcelorMittal Gonvarri Brasil Produtos Siderúrgicos S.A.	26,001	23,103	-	-	2,055	1,378	-	-	274,745	225,507	17,350	18,487	-	-
ArcelorMittal International Luxembourg S.A.	106,731	85,007	-	-	984	33,203	812	-	617,615	735,327	97,165	48,740	(4,142)	(5,713)
ArcelorMittal Mediterranee	24,945	-	-	-	-	-	-	-	92,439	38,082	-	-	-	-
ArcelorMittal Mineração Serra Azul S.A.	-	680	-	206,447	-	1,359	-	-	122	639	2,518	18,391	6,712	24,827
ArcelorMittal Netherlands Bv	-	-	-	-	-									



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

The option exercise expectation is estimated based on the observation of the behavior of the holder relatively to the term 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 of the Company's Parent, as well as on historical volatility standards.

• Acquisition of Tuper S.A. by Armar in the amount of R\$156,805.

• Finance lease of subsidiary ArcelorMittal BioFlorestas in 2015 amounting to R\$128.

• The borrowing costs capitalized in the period amount to R\$42,040 in 2016 (R\$49,513 in 2015).

28. COMMITMENTS

ArcelorMittal Brasil assumed several commitments with suppliers deriving from the normal course of the Company's activities in the amount of R\$6,085,262. These commitments, directly impacting ArcelorMittal Brasil Group's liquidity and funds available, are expected to be met beginning 2017, as shown below:

26. PROVISION FOR TAX, CIVIL AND LABOR RISKS AND ESCROW DEPOSITS

Known risks, originated over the normal course of business, are reviewed by the Company's management. They are supported by an opinion from its legal counsel, and the Company assesses the likelihood of losses adjusting the provision for risks as applicable. The variation in the provision for the year is as follows:

Parent	Tax		Civil	Labor	Environmental	TOTAL
	Income tax and social contribution	Other taxes				
Balance as at 12/31/2015	76,767	278,519	94,707	164,728	266	614,987
Addition	-	13,618	4,898	50,299	-	68,815
Write-off/payments	(8,535)	(37,898)	(14,103)	(132,413)	-	(192,949)
Inflation adjustment	5,676	17,444	8,789	25,750	-	57,659
Merger	-	13,777	-	1,685	-	15,462
Balance as at 12/31/2016	73,908	285,460	94,291	110,049	266	563,974
Current	-	-	-	32,084	266	32,350
Noncurrent	73,908	285,460	94,291	77,965	-	531,624
Balance as at 12/31/2016	73,908	285,460	94,291	110,049	266	563,974

Consolidated	Tax		Civil	Labor	Environmental	TOTAL
	Income tax and social contribution	Other taxes				
Balance as at 12/31/2015	79,554	377,258	116,115	327,572	266	900,765
Addition	-	14,492	5,543	57,912	-	77,947
Write-off/payments	(8,559)	(59,148)	(21,297)	(159,070)	-	(248,074)
Inflation adjustment	5,288	23,308	(1,845)	(77,172)	-	(50,421)
Merger	-	(13,008)	-	1,685	-	(11,323)
Balance as at 12/31/2016	76,283	342,902	98,516	150,927	266	668,894
Current	-	-	854	54,561	266	55,681
Noncurrent	76,283	342,902	97,662	96,366	-	613,213
Balance as at 12/31/2016	76,283	342,902	98,516	150,927	266	668,894

a. Probable risks

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

• PIS/COFINS (Taxes on Revenue) - R\$178,459 as at December 31, 2016 (R\$167,066 as at December 31, 2015). The challenges involve mainly the inclusion of state VAT (ICMS) in tax base of these taxes. The Group consolidated amount totals R\$217,075 as at December 31, 2016 (R\$226,425 as at December 31, 2015);

• IRPJ/CSLL (Corporate Income Tax/Social Contribution) - Amount of R\$74,051 as at December 31, 2016 (R\$76,904 as at December 31, 2015). Challenges involve mainly a discussion on the offsets of CSLL tax loss carryforwards. The Group consolidated amount is R\$76,426 as at December 31, 2016 (R\$92,684 as at December 31, 2015);

• ICMS (State VAT) - Amount of R\$8,886 as at December 31, 2016 (R\$13,664 as at December 31, 2015). Challenges involve mainly discussions on the ICMS credit on inputs used in the Company's production process. The Group consolidated amount is R\$14,097 as at December 31, 2016 (R\$16,600 as at December 31, 2015);

• ISSQN (Service Tax) - Amount of R\$13,825 as at December 31, 2016 (R\$3,656 as at December 31, 2015). The challenges arise mainly from differences about the nature of the services engaged, as well as about application of the agreement entered into among the municipalities of Serra and Vitória and Companhia Siderúrgica Tubarão in 2004, so as to define the competent taxing municipality, since the Company is geographically located in both municipalities. The Group consolidated amount is R\$13,825 as at December 31, 2016 (R\$16,946 as at December 31, 2015);

• SOCIAL SECURITY LAWSUITS - Amount of R\$8,539 as at December 31, 2016 (R\$8,813 as at December 31, 2015). The challenges involve mainly the levy of social security contributions on payments made to self-employed workers. The Group consolidated amount totals R\$10,347 as at December 31, 2016 (R\$10,536 as at December 31, 2015);

• ELETROBRÁS - R\$37,499 as at December 31, 2016 (R\$53,373 as at December 31, 2015). 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 to various labor claims, both individually and collectively, including, without limitation, pain and suffering and property damages, overtime, additional sums and severance pay. The provision is recognized considering the likelihood of loss, based on the Company's outside legal counsel.

Escrow deposits recorded in the Company's long-term assets total R\$498,901 as at December 31, 2016 and R\$489,901 as at December 31, 2015 (R\$576,954 and R\$607,424 in the consolidated, respectively) are related to civil, labor and tax lawsuits.

b. Possible risks

The Company and its subsidiaries are also parties to various ongoing civil, labor and tax lawsuits which, based on the current likelihood of favorable outcome and legal aspects, do not require a provision for risks. As at December 31, 2016, these lawsuits amounted to approximately R\$8,002,021 (R\$6,477,252 as at December 31, 2015).

The main lawsuits with possible likelihood of loss are:

• CADE: In September 2000, two civil constructions 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, CADE issued a final decision against ArcelorMittal Brasil and the other defendants and imposed a penalty equivalent to 7% of the gross revenue of each defendant for the year ended 1999. ArcelorMittal Brasil filed a lawsuit to reverse this decision with the 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. The Lawsuit amount as at December 31, 2016: R\$178,355 (R\$150,232 in 2015).

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, 2016: R\$206,585 (R\$186,837 in 2015).

In October 2008, four units of the Union of the Civil Construction Industry Workers ("SINDUSCON") and civil construction industry organizations filed a lawsuit against ArcelorMittal Brasil and two other steel mills with the federal courts in Brasília, alleging losses based on an alleged rebar market cartel, as investigated by the CADE, and requesting the courts to assert the defendants' obligation to compensate the construction companies affected by the cartel's economic violations 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 and contributions to the Worker Support Service (SAT) in the estimated amount of R\$361,638 as at December 31, 2016

(R\$307,430 as at December 31, 2015).

• PIS and COFINS - Refer mainly to discussions on PIS and COFINS credits used upon the acquisition of inputs, in the estimated amount of R\$440,422 as at December 31, 2016 (R\$258,923 as at December 31, 2015).

• II/PI/PIS/COFINS - Amount of R\$131,388 as at December 31, 2016 (R\$175,527 as at December 31, 2015). Discussion on the payment of II/PI/PI and COFINS as the tax authorities have ruled out the Drawback Regime obtained by the Company's suppliers, under the allegation that it would be noncompliant with said regime.

• IRPJ and CSLL - Amount of R\$3,297,044 as at December 31, 2016 (R\$3,226,782 as at December 31, 2015). Amount of R\$3,297,044 as at December 31, 2016 (R\$3,226,782 as at December 31, 2015). Contingency related mainly to the tax assessment notices that challenge the amortization of goodwill generated on the acquisition of business, in particular the going private transaction of Arcelor Brasil, in the estimated amount of R\$2,831,000.

• ISS - R\$99,054 as at December 31, 2016 (R\$95,933 as at December 31, 2015). 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\$2,676,669 in December 2016 (R\$1,622,202 in December 2015). Discussions refer mainly to the disallowance of deemed ICMS credits allegedly used in an amount above the limit established, alleged noncompliance with the ICMS prepayment obligation and ICMS payment on transactions involving the purchase and sale of electric power.

• AFRMM - Additional Freight Amount for Renewal of Merchant Marine - Amount of R\$114,962 in December 2016 (R\$85,515 in December 2015). Discussion on the breakdown of the AFRMM tax base.

• CDE - Energy Development Account - Amount of R\$88,186 in December 2016. Refers to lawsuits discussing the apportionment criterion established by ANEEL for collection of the energy charge in 2015 and 2016.

• CIVIL LAWSUITS - Not accrued, whose likelihood of loss is assessed as possible, in the amount of R\$258,475 as at December 31, 2016 (R\$194,650 as at December 31, 2015). 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\$94,697 as at December 31, 2016 (R\$108,256 as at December 31, 2015), concerning various labor claims, i.e., property damages and pain and suffering, overtime, additional sums, and severance pay.

c. Federal Amnesty

On October 28, 2015, the Company joined the Litigation Reduction Program (PRORELIT), as provided for by Articles 1-7 of Law 13202/2015, thus ending 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 paid as follows: 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 balance payable as at December 31, 2015. In 2016 there was no federal amnesty program launched.

d. State Amnesty

On August 11, 2015, the Minas Gerais State Government published Decree 46817/2015, which provides for the "Regularize" Program, which establishes procedures for the tax-advantaged payment of tax debts. The Company joined the "Regularize" Program in 2015 and, upon such adhesion, the total debt of R\$97,582 was reduced to R\$58,599. Of this amount, the Company has paid in cash the amount of R\$20,099 and the remaining amount (R\$38,500) was paid through ICMS credit acquisition, with negative goodwill of 35%, totaling R\$13,475.

27. NON-CASH TRANSACTIONS

During 2016 and 2015, 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 Mina do Andrade and Serra Azul in the amount of R\$16,910 in 2016 pursuant to the Technical Appraisal Report issued by the Technical area (R\$3,724 in 2015).

• The balance of property, plant and equipment payable as at December 31, 2016 was R\$114,055 (R\$200,501 in 2015).

• Capital decrease of subsidiary Sol Coqueria in the amount of R\$205,859, through the transfer of trade receivables in 2015.

• 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 in 2015.

• Capital increase in subsidiary Armar in the amount of R\$129,000, through the balance of trade receivables of Tuper.S.A.

	Parent				
	TOTAL	< 1 YEAR	1-3 YEARS	3-5 YEARS	> 5 YEARS
Commitments to suppliers	3,533,871	897,074	1,085,920	611,963	938,914
Bank guarantees, promissory notes and others	2,140,409	261,828	388,873	954,232	535,476
Commitments to acquire property, plant and equipment items	165,542	165,542	-	-	-
Operating leases	245,440	100,297	110,311	32,638	2,194
Total	6,085,262	1,424,741	1,585,104	1,598,833	1,476,584

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, 2016, the Group had commitments to acquire property, plant and equipment in the amount of R\$165,242, 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

(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 was at the time 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.

	Parent		Consolidated	
	2016	2015	2016	2015
Present value of actuarial obligations	(2,294,426)	(1,933,431)	(2,295,164)	(1,934,565)
Fair value of plan assets	2,228,319	1,945,354	2,228,319	1,945,354
Net present value of assets (liabilities)	(66,107)	11,923	(66,845)	10,789
Asset ceiling	(8,165)	(208,682)	(8,165)	(208,682)
Total net actuarial asset (liability)	(74,272)	(196,759)	(75,010)	(197,893)

The variation 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\$43,386.

	Parent		Consolidated	
	2016	2015	2016	2015
Change in plan liabilities				
Obligation at beginning of year	(1,933,431)	(1,948,088)	(1,934,565)	(1,948,680)
Service cost	(7,813)	(5,215)	(7,849)	(5,264)
Actuarial interest	(231,410)	(218,989)	(231,500)	(219,106)
Participant contributions	(2,575)	(3,417)	(2,575)	(3,417)
Actuarial (gains)/losses	(266,750)	115,971	(266,228)	115,595
Benefits paid	147,553	126,307	147,553	126,307
Obligation at end of year	(2,294,426)	(1,933,431)	(2,295,164)	(1,934,565)

	Parent		Consolidated	
	2016	2015	2016	2015
Change in plan assets				
Fair value opening	1,945,353	1,829,215	1,945,353	1,829,215
Actual return on plan assets	328,625	153,447	328,625	153,447
Actuarial gains/(losses)	25,903	(6,059)	25,903	(6,059)
Employer contributions	73,415	91,641	73,415	91,641
Participant contributions	2,575	3,417	2,575	3,417
Benefits paid	(147,552)	(126,307)	(147,552)	(126,307)
Fair value of plan assets (closing)	2,228,319	1,945,354	2,228,319	1,945,354

c. Amounts recognized in profit or loss

Below is a summary of pension plan costs:

	Parent		Consolidated	
	2016	2015	2016	2015
Service cost	(7,813)	(5,215)	(7,861)	(5,264)
Obligation interest	(8,461)	(24,052)	(8,578)	(24,169)
	(16,274)	(29,267)	(16,439)	(29,433)

Expected contributions for 2017 relating to the defined contribution plans amount to R\$27,546 and relating to defined benefit plans amount to R\$53,187.

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, 2016 and 2015, the AT 2000 basic actuarial mortality table was used, segregated by gender, for all the plans sponsored by the Company.

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 in 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\$5,197 (increased by R\$3,632).

(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.

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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 through December 31, 2017.

31. EVENTS AFTER THE REPORTING PERIOD Agreement among ArcelorMittal and Votorantim S.A.

On February 22, 2017, ArcelorMittal Brasil and Votorantim entered into an agreement involving its long steel activities in Brazil, whereby Votorantim Siderurgia will become a subsidiary of ArcelorMittal Brasil, and Votorantim will start to hold a noncontrolling interest in ArcelorMittal Brasil.

The business combination will give rise to a long steel producer with annual production capacity of 5.6 million tonnes of raw steel and 5.4 million tonnes of rolled steel. The agreement includes ArcelorMittal Brasil's plants in Monlevade, Cariacica, Juiz

de Fora, Piracicaba and Itaúna, and Votorantim Siderurgia's plants in Barra Mansa, Resende and the stake held in Sitrel, in Três Lagoas. The transaction will generate costs, logistics and operating synergies. The combined companies' production units are geographically supplementary, thus enabling close proximity and increase in the levels of services provided to their customer base.

The agreement is subject to regulatory approvals in Brazil, including the approval of the Administrative Council for Economic Defense (CADE).

Up to the transaction completion, ArcelorMittal Brasil and Votorantim Siderurgia will continue to operate separately and independently.

32. APPROVAL OF FINANCIAL STATEMENTS

The disclosure of the consolidated financial statements was approved and authorized by Company's Management on March 7, 2017.

not a guarantee that an audit conducted in accordance with Brazilian and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Brazilian and International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the individual and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and its subsidiaries' internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty

exists related to events or conditions that may cast significant doubt on the Company's and its subsidiaries' ability to continue as going concerns. If we conclude that a material uncertainty exists, we are required to draw attention to our auditor's report to the related disclosures in the individual and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and its subsidiaries to cease to continue as going concerns.

• Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the individual and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

• Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. The accompanying individual and consolidated financial statements have been translated into English for the convenience of readers outside Brazil.

INDEPENDENT AUDITOR'S REPORT

(Convenience Translation into English from the Original Previously Issued in Portuguese)

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

Opinion

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, 2016 and the statement of profit and loss, statement of comprehensive income (loss), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies. In our opinion, the individual and consolidated financial statements present fairly, in all material respects, the individual and consolidated financial position of ArcelorMittal Brasil S.A. as at December 31, 2016, and its individual and consolidated financial performance and its individual and consolidated cash flows for the year then ended, in accordance with accounting practices adopted in Brazil and International Financial Reporting Standards ("IFRSs"), issued by the International Accounting Standards Board ("IASB").

Responsibilities of Management and Those Charged with Governance for the Individual and Consolidated 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 the International Financial Reporting Standards ("IFRSs"), 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. In preparing the individual and consolidated financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Company and its subsidiaries or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Company's and its subsidiaries' financial reporting process.

Basis for Opinion

We conducted our audit in accordance with Brazilian and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Individual and Consolidated Financial Statements* section of our report. We are independent of the Company and its subsidiaries in accordance with the relevant ethical requirements in the Code of Ethics for Professional Accountants and the professional standards issued by the Federal Accounting Council ("CFC"), and we have fulfilled our other ethical responsibilities in accordance with these standards. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

As described in note 4a, the Company's financial statements for the year ended December 31, 2015, presented for purposes of comparison, were adjusted and are being restated retrospectively on this date, as required by CPC 23 – Accounting Policies, Changes in Accounting Estimates and Errors and CPC 26 (R1) – Presentation of Financial Statements. Our opinion is not modified in respect of this matter.

Other Matters

Statements of value added

The individual and consolidated statements of value added ("DVA") for the year ended December 31, 2016, prepared under the responsibility of the Company's management, the presentation of which is required by the Brazilian Corporate Law for publicly-traded companies, and as supplemental information for IFRSs, were subject to audit procedures performed together with the audit of the Company's financial statements. In forming our opinion, we assess whether these statements are reconciled with the financial statements and accounting records, as applicable, and whether their form and content are in accordance with the criteria set out in technical pronouncement CPC 09 - Statement of Value Added. In our opinion, these statements of value added were fairly prepared, in all material respects, in accordance with the criteria set out in such technical pronouncement and are consistent in relation to the individual and consolidated financial statements taken as a whole.

Responsibilities of Management and Those Charged with Governance for the Individual and Consolidated 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 the International Financial Reporting Standards ("IFRSs"), 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. In preparing the individual and consolidated financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Company and its subsidiaries or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Company's and its subsidiaries' financial reporting process.

Auditor's Responsibilities for the Audit of the Individual and Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the individual and consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is

Belo Horizonte, March 07, 2017

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Chairman

GENUÍNO JOSÉ MAGALHÃES CHRISTINO
Board Member

CARLO PANUNZI
Vice Chairman

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CEO and Executive Officer of Flat steel

EDUARDO FARES ZANOTTI
Chief Commercial Officer of Flat steel

JEFFERSON DE PAULA
Senior Executive Officer of Long Steel

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Chief Operating Officer of Flat steel

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

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Chief Operating Officer of Long steel

CHIEF ACCOUNTANT

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