Usinas Siderúrgicas de Minas Gerais S.A. – USIMINAS

Financial Statements
December 31, 2016

KPDS 176221

USIMINAS

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Independent auditor report on individual and consolidated financial statements

To the Board Members and Directors of
Usinas Siderúrgicas de Minas Gerais S.A - USIMINAS
Belo Horizonte - MG

Opinion
We have examined the individual and consolidated financial statements of Usinas Siderúrgicas de Minas Gerais S.A - USIMINAS ("Usiminas" or "Company"), identified as Company ("Individual') and Consolidated, respectively, comprising the balance sheet as of December 31, 2016, and the related statement of of operation, comprehensive income, statement of changes in equity and cash flows statements, for the year then ended, as well as the summary of the significant accounting practices and other explanatory notes.

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

Basis for opinion
Our audit was conducted in accordance with Brazilian and international standards on auditing. Our responsibilities, in compliance with such standards, are described in the following section entitled "Auditors responsibility for auditing individual and consolidated financial statements". We are independent of the Company and its subsidiaries, according to the significant ethical principles provided in the Accountant's Code of Professional Ethics and the professional standards issued by the Federal Accounting Council, and we comply with the other ethical responsibilities according to such standards. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter
We draw attention to Note 20, which describes certain conditions that require early maturity of significant debts of the Company, and that must be fulfilled by June 30, 2017. Our opinion is not qualified in relation to this matter.

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KPMG Auditores Independentes, a Brazilian entity and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Key audit matters
The key audit matters are those that, in our professional judgment, were the most significant ones in our audit of the current year. These matters were addressed in the context of our audit of the individual and consolidated financial statements as a whole, and when we formed our opinion on these individual and consolidated financial statements, and, accordingly, we do not express a separate opinion on these matters.

Recoverable value of fixed and intangible assets
As described in Note 17, the Company evaluated the existence of impairment indicators in relation to its cash generating units (CGUs). For calculating the recoverable value, the discounted cash flow method was used, based on the economic and financial projections of each segment.

Due to the inherent uncertainties related to the cash flow projections and their estimates for determining the capacity for asset recovery, such as the discount rate used for determining the value in use of assets, the sales volume in the projected period, inflation, as well as the process complexity, which requires a significant level of judgment by the Company for determining the accounting estimate, and considering the decrease in the demand from the iron & steel market, the volatility in iron ore prices and exchange rate, among others, we consider this matter as significant for our audit of individual and consolidated financial statements.

How our audit conducted this matter
We got the understanding of the internal controls related to the preparation of the cash flow projections prepared by Usiminas and approved by those charged with governance. We analyzed the Usiminas evaluation of the existence of indications of impairment (or its reversal) in relation to its Cash Generating Units (CGU's) by making critical analysis of the economic context and the performance of each CGU for the year, and holding meetings with the operational executive managements of the Company and its subsidiaries. We obtained the discounted cash flows of each business segment, and, with the involvement of our experts of corporate finance department, we evaluated the adopted assumptions, including the adopted discount rate, the projected prices, the capital and operating cost projections, and the production and exchange rate profiles, by comparing them with third parties' information. In addition, we held discussions with the Company, also assessing whether the assumptions were defined and applied according to the characteristics of each business segment. We made the sensitivity analysis of the impact on the recoverable value resulting from possible and reasonable changes in the key price assumptions and operating cost projections used by the Company. We also considered the adequacy of the disclosures made in the individual and consolidated financial statements.

Deferred income and social contribution taxes - Assets
As described in Note 13, the Company recognized the deferred tax assets based on the existence of reasonable probability that it will generate future taxable profit for using such assets. Due to the uncertainties inherent in the business that impact the projections of future taxable income or loss and their estimates for determining the capacity for recovery of these deferred tax assets and the fact that the Company exercises significant judgment for determining the future taxable income, which are based on assumptions that reflect the economic and operational environment of the Company, we consider this matter as more relevant to our audit of individual and consolidated financial statements.

How our audit conducted this matter
We got the understanding of the internal controls related to the projections of future taxable profit prepared by Usiminas and approved by those charged with governance, but we opted for an approach of detailed document testing, which included the involvement of our tax experts in the evaluation of the nature of temporary differences, as well as the evaluation of the base of the tax loss and social contribution loss carry-forwards that comprise the taxable base. Additionally, with the assistance of our experts in the corporate finance area, we evaluated the assumptions and the methodology used by the Company. We compared the Company's assumptions with the data obtained from external sources, when available, and the evaluations that we made of the main inputs, such as the projected economic growth, the inflation of costs and discount rates, and we also made a sensitivity analysis of the assumptions. We also compared the expected result of future taxable profit and the amount limit to be recorded as deferred tax asset of the Company. In addition, we evaluated whether the disclosures made by the Company in relation to the recognized and unrecognized taxes fairly reflect the estimates prepared and approved by the Company. We also considered the adequacy of the disclosures made in the individual and consolidated financial statements.

Financial instruments - Debt restructuring
As described in Note 20, in 2016 the Company entered into contracts to restructure its bank debt. In view of the materiality, complexity and judgment involved in the evaluation of this operation, and, consequently, the need to evaluate the appropriate accounting treatment for measurement, derecognition and recognition of the involved financial instruments, as well as the need to evaluate the compliance with covenants, they may result in material impacts on the financial statements, we consider this matter as more relevant to our audit of individual and consolidated financial statements.

How our audit conducted this matter
Our audit procedures included, among others, the examination of the supporting documentation of the operations, the evaluation, with the involvement of our financial instrument experts, of the accounting treatment adopted by the Company for the record of financial instruments and recalculation of the material amounts involved in the transaction, evaluation of the fulfillment of covenants, as well as the confirmation of the balances with the creditors. We also considered the adequacy of the disclosures made in the individual and consolidated financial statements.

Provisions for legal and administrative claims
As described in Note 24, the provisions are recognized by the Company to cover probable losses in legal and administrative claims related to tax, labor and civil issues.

The Company, with the assistance of its internal and external legal advisors, exercises significant judgment in the determination of the amount of provisions to be recognized, as well as in the disclosure of claims not provisioned, in which the expectation of loss is considered possible. The evaluation of the provisions for legal and administrative claims represented a significant audit aspect in view of the materiality of the involved amounts to the individual and consolidated financial statements as a whole, by the significant judgments exercised by the Company for recognizing the required provisions and disclosures, as well as the need of evaluating whether the integrity of information in view of the change in 2016 of the control and management system used by the Company.

How our audit conducted this matter
With the assistance of our Information Technology experts, we evaluated the internal controls of information integrity recording related to lawsuits and administrative claims in view of the change in the control and management system. We got the list of external legal advisors that represent the Company in lawsuits and analyzed the confirmation letter containing information on the involved amounts and the evaluation of the risk of loss. For the most significant amounts, we evaluate the understanding of the merits and reasonableness of the conclusion on the classification and measurement of the risk determined by the Company and the recorded amounts. We also considered the adequacy of the disclosures made in the individual and consolidated financial statements.

Going concern
As described in Note 1, as a consequence of the domestic and international economic scenario, during the year 2016 the Company's operating cash generation was negatively affected, mainly due to the drop in demand and iron & steel products prices. Aiming at evaluating the use of the going concern assumption when preparing the individual and consolidated financial statements, the Company prepared analysis that consider events and conditions that could indicate material uncertainties and raise doubts about its ability of continuing as a going concern. In view of the relevance, complexity and judgment involved in the determination of the assumptions that base this evaluation, particularly the cash flow projections, and the impact that a change in such assumptions would have on the financial statements as a whole, we consider this matter as more relevant to our audit of individual and consolidated financial statements.

How our audit conducted this matter
Our audit procedures included, among others, the evaluation of the analysis prepared by the Company regarding the uncertainties related to its ability to continue as a going concern, assessment, with the involvement of our corporate finance experts, of cash flow projections prepared by the Company and approved by the Board of Directors, considering actual results, external data and market conditions, comparison of the consistency of projections used in the evaluation of the assumption of going concern with those used in impairment calculations, evaluation of arithmetic integrity of calculations, and assessment of the appropriateness of disclosures in the individual and consolidated financial statements.

Other matters

Statements of added value
We have also examined the individual and consolidated statements of value added (DVA) for the year ended December 31, 2016, prepared under responsibility of Company's management, and presented as supplementary information under IFRS, were submitted to the audit procedures executed in connection with the financial statement audit of the Company. For our audit opinion, we evaluate if such statement are reconciled with the financial statement and accounting records, as applicable, and if its form and content are in accordance with the criteria defined in Technical Pronouncement *CPC 09 - Demonstrações do valor adicionado* (Statement of Added Value). In our opinion, this statements, were adequately presented, in all material respects, in relation with the criteria defined in such Technical Pronouncement and are consistent in relation to the basic financial statements taken as a whole.

Other information accompanying individual and consolidated financial statements and auditor's report
The Company's management is responsible for such other information that comprises the Management Report.

Our opinion on the individual and consolidated financial statements do not include the Management Report and we do not express any audit conclusion on such report.

In connection with the individual and consolidated financial statements, our responsibility is to read the Management Report, and, when doing it, consider whether such report is, in material respects, inconsistent with the individual and consolidated financial statements or with our knowledge gained in the audit, or seem otherwise to be materially misstated. If, based on the performed work, we conclude that there is material misstatement in the Management Report, we are required to report such fact. We do not have anything to report on this respect.

Responsibilities of management and governance for the individual and consolidated financial statements
Management is responsible for the preparation and adequate presentation of the individual financial statements in accordance with the accounting practices adopted in Brazil and with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board - IASB, as well as for the internal controls that it deemed necessary to enable the preparation of individual and consolidated financial statements free of significant distortions, regardless of whether the latter were caused by fraud or error.

In the preparation of the individual and consolidated financial statements, management is responsible for evaluating the Company's ability to continue as a going concern, disclosing, when applicable, the issues related to its going concern and the use of this accounting basis in the preparation of the individual and consolidated financial statements unless management intends to liquidate the Company or discontinue its operations, or does not have any realistic alternative to avoid the discontinuance of the operations.

The ones responsible for the Company's governance are those with responsibility for overseeing the process of preparation of the individual and consolidated financial statements.

Auditors responsibility for auditing individual and consolidated financial statements
Our objectives are to obtain reasonable assurance that the individual and consolidated financial statements, taken as a whole, are free from material misstatement, whether caused by fraud or error, and issue an audit report containing our opinion. Reasonable assurance is a high assurance level, but not a guarantee that the audit performed according to the Brazilian and international auditing standards always detect possible existing material misstatements. Misstatements may arise from fraud or error and are considered material when, individually or in aggregate, may influence, from a reasonable perspective, the economic decisions of users taken as base in such individual and consolidated financial statements.

As part of the audit performed according to the Brazilian and international auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. In addition:

- We identified and assessed the risks of material misstatement in the individual and consolidated financial statements, whether caused by fraud or error, planned and performed the audit procedures in response to such risks, as well as obtained appropriate and sufficient audit evidence to base our opinion. The risk of not detecting material misstatement resulting from fraud is higher than that arising from error, once the fraud may involve the act of dodging the internal controls, collusion, falsification, omission or false intentional representations.
- We obtained an understanding of the internal controls relevant to the audit to plan appropriate audit procedures under the circumstances, but not with the objective of expressing opinion on the effectiveness of the internal controls of the company and its subsidiaries.
- We evaluated the adequacy of the accounting procedures used and the reasonableness of the accounting estimates and the respective disclosures made by the management.
- We concluded about the adequacy of the use, by management, of the accounting basis of going concern, and, based on the audit evidences obtained, whether there is a material uncertainty in relation to the events or conditions that may give rise to significant doubt in relation to the Company's and its subsidiaries' ability to continue as a going concern. If we conclude that there is a material uncertainty, we draw attention in our audit report to the respective disclosures in the individual and consolidated financial statements or include modification in our opinion, if the disclosures are inappropriate. Our conclusions are based on the audit evidences obtained until the date of our report. However, future events or conditions may cause the Company and its subsidiaries to no longer continue as a going concern.
- We evaluated the overall presentation, structure and content of the individual and consolidated financial statements, including the disclosures, and whether the individual and consolidated financial statements represent the corresponding transactions and events compatible with the objective of fair presentation.
- We obtained appropriate and sufficient audit evidence related to the financial information of the entities or business activities of the group to express an opinion on the individual and consolidated financial statements. We are responsible for the management, oversight and performance of audit of the group, and, consequently, the audit opinion.

We report to those responsible for governance regarding, among other aspects, the planned scope, the audit timing, and the significant audit findings, including the possible any significant deficiencies in internal controls that we identify during our works.

We also provide to those charged with governance an statement that we fulfilled the material ethical requirements, including the applicable independence requirements, and report all the possible relationships or issues that could considerably affect our independence, including, when applicable, the respective safeguards.

Of the matters that were reported to those charged with governance, we determined those that were considered the most significant in the audit of the individual and consolidated financial statements in the current year, and that, accordingly, comprise the key audit matters. We describe these matters in our audit report, unless a law or regulation has prohibited the public disclosure of the matter, or when, under extremely rare circumstances, we determine that the matter shall not be reported in our report, because the adverse consequences from such report may, from a reasonable perspective, exceed the benefits from the report for public interest.

Belo Horizonte, February 16, 2017

KPMG Auditores Independentes
CRC SP-014428/O-6 F-MG
Original report in Portuguese signed by
Marco Túlio Fernandes Ferreira
Accountant CRC MG-058176/O-0

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Balance sheets

In thousands of reais

	Note	Company		Consolidated	
			Restated		Restated
		12/31/2016	12/31/2015	12/31/2016	12/31/2015
Assets					
Current assets					
Cash and cash equivalents	8	362,293	319,027	719,870	800,272
Marketable securities	9	176,422	442	1,537,584	1,224,185
Trade accounts receivable	10	890,216	1,083,199	1,179,212	1,428,421
Inventories	11	2,204,776	2,264,551	2,604,306	2,748,417
Taxes recoverable	12	66,087	131,537	125,191	210,946
Prepaid Income and Social Contribution Taxes		65,770	43,013	113,409	166,252
Dividends receivable	34	55,327	12,066	2,463	2,357
Derivative financial instruments	6	-	42,782	44,669	152,560
Other receivables		112,040	185,158	93,774	161,432
Total current assets		3,932,931	4,081,775	6,420,478	6,894,842
Noncurrent assets					
Long-term assets					
Deferred income and social contribution taxes	13	2,021,565	2,045,188	3,120,368	3,281,063
Receivables from affiliates	34	59,780	45,850	3,842	4,412
Judicial deposits	14	529,015	488,311	660,229	597,392
Derivative financial instruments	6	-	365,308	100,670	559,654
Prepaid Income and Social Contribution Taxes		-	-	68,172	-
Taxes recoverable	12	32,055	42,204	96,070	81,263
Other receivables		115,342	45,405	215,932	173,844
		2,757,757	3,032,266	4,265,283	4,697,628
Investments	15	5,939,932	6,992,230	1,126,176	1,084,311
Property, plant and equipment	16	11,883,058	12,716,177	13,748,890	14,743,629
Intangible assets	18	186,855	183,741	693,918	337,922
Total noncurrent assets		20,767,602	22,924,414	19,834,267	20,863,490
Total assets		24,700,533	27,006,189	26,254,745	27,758,332

Balance sheets

In thousands of reais

	Note	Company		Consolidated	
		12/31/2016	Restated 12/31/2015	12/31/2016	Restated 12/31/2015
Liabilities and equity					
Liabilities					
Current liabilities					
Trade accounts payable, contractors and freight	19	860,835	769,821	846,377	820,571
Loans and financing	20	59,818	2,541,637	62,157	1,850,392
Debentures	21	5,551	61,109	5,551	61,109
Advances from customers		7,287	15,915	35,806	40,799
Accounts payable	3.21	356,970	954,161	356,970	954,161
Salaries and social charges		153,160	225,136	197,076	278,149
Taxes payable	22	41,281	66,503	58,447	85,547
Taxes in installments	23	7,205	6,968	8,529	8,191
Income and social contribution taxes payable	13	-	-	7,538	6,151
Dividends and Interest on Equity (IOE) payable	27	139	140	22,001	142
Derivative financial instruments	6	48,577	199,657	48,577	199,657
Other accounts payable		62,510	130,700	103,215	191,054
Total current liabilities		1,603,333	4,971,747	1,752,244	4,495,923
Noncurrent liabilities					
Loans and financing	20	6,480,469	5,663,006	5,864,416	4,958,032
Debentures	21	992,184	999,181	992,184	999,181
Payables to affiliates	36	76,118	88,171	153,269	162,957
Taxes in installments	23	-	-	9,050	9,582
Provision for litigation	24	422,405	395,834	607,863	557,455
Provision for environmental restoration	25	-	-	143,042	127,103
Post-employment benefits	26	1,338,419	1,150,917	1,342,727	1,153,379
Derivative financial instruments	6	102,413	203,845	102,413	203,845
Other accounts payable		149,452	124,510	95,903	97,018
Total noncurrent liabilities		9,561,460	8,625,464	9,310,867	8,268,552
Total liabilities		11,164,793	13,597,211	11,063,111	12,764,475
Equity	27				
Capital		13,200,295	12,150,000	13,200,295	12,150,000
Capital reserve		309,445	327,191	309,445	327,191
Retained Earnings		-	620,039	-	620,039
Equity adjustments		26,000	311,748	26,000	311,748
Equity of controlling interests		13,535,740	13,408,978	13,535,740	13,408,978
Non-controlling interests		-	-	1,655,894	1,584,879
Total equity		13,535,740	13,408,978	15,191,634	14,993,857
Total liabilities and equity		24,700,533	27,006,189	26,254,745	27,758,332

See accompanying notes.

Statements of operations

In thousands of reais, unless otherwise stated

	Note	Company Years ended 12/31/2016	Company Years ended 12/31/2015	Consolidated Years ended 12/31/2016	Consolidated Years ended 12/31/2015
Revenue	29	7,515,554	9,168,208	8,454,200	10,185,570
Cost of sales	30	(7,200,317)	(9,252,460)	(7,966,878)	(10,013,018)
Gross profit (loss)		315,237	(84,252)	487,322	172,552
Operating income (expenses)					
Selling expenses	32	(177,543)	(165,214)	(272,731)	(258,141)
General and administrative expenses	32	(251,834)	(314,019)	(354,218)	(440,121)
Other operating income (expenses), net	32	(430,674)	(846,700)	(224,826)	(3,199,078)
Interests held in subsidiaries, jointly-controlled subsidiaries and affiliates	15	(8,151)	(71,832)	142,861	95,582
		(868,202)	(1,397,765)	(708,914)	(3,801,758)
Operating income (loss)		(552,965)	(1,482,017)	(221,592)	(3,629,206)
Financial income (expense)	33	51,832	(2,245,070)	(30,156)	(1,245,693)
Income (loss) before income and social contribution taxes		(501,133)	(3,727,087)	(251,748)	(4,874,899)
Income and social contribution taxes	13				
Current		-	4,593	(17,951)	(17,282)
Deferred		(168,819)	486,389	(307,144)	1,207,204
		(168,819)	490,982	(325,095)	1,189,922
Net income (loss) for the year		(669,952)	(3,236,105)	(576,843)	(3,684,977)
Attributable to:					
Controlling interests		(669,952)	(3,236,105)	(669,952)	(3,236,105)
Non-controlling interests		-	-	93,109	(448,872)
Basic and diluted earnings (loss) per common share	34	R$ (0.60)	R$ (3.28)	R$ (0.60)	R$ (3.28)
Basic and diluted earnings (loss) per preferred share	34	R$ (0.60)	R$ (3.28)	R$ (0.60)	R$ (3.28)

See accompanying notes.

Usinas Siderúrgicas de Minas Gerais S.A. - USIMINAS

Statements of comprehensive income (loss)

In thousands of reais

	Note	Company Years ended 12/31/2016	Company Years ended 12/31/2015	Consolidated Years ended 12/31/2016	Consolidated Years ended 12/31/2015
Net income (loss) for the year		(669,952)	(3,236,105)	(576,843)	(3,684,977)
Other components of comprehensive income (loss)					
Actuarial loss on retirement benefits	26	(267,831)	(93,379)	(268,065)	(93,080)
Total other comprehensive loss		(267,831)	(93,379)	(268,065)	(93,080)
Total comprehensive loss for the year		(937,783)	(3,329,484)	(844,908)	(3,778,057)
Attributable to:					
Controlling interests		(937,783)	(3,329,484)	(937,783)	(3,329,484)
Non-controlling interests		-	-	92,875	(448,573)

The items of the statement of comprehensive income (loss) are stated net of taxes. The tax effects of each component of comprehensive income (loss) are presented in Note 13.

See accompanying notes.

Statements of changes in equity

In thousands of reais

	Note	Capital reserves						Income reserves					
		Capital	Exceeding amount on subscription of shares	Exceeding amount on sale of treasury shares	Treasury shares	Special goodwill reserve	Stock options granted and recognized	Legal reserve	Equity adjustments	Retained earnings (accumulated losses)	Total	Non-controlling interests	Total equity
At December 31, 2015		12,150,000	105,295	3,339	(104,762)	293,594	29,725	620,039	311,748	-	13,408,978	1,584,879	14,993,857
Comprehensive income (loss) for the period													
Net income (loss) for the year		-	-	-	-	-	-	-	-	(669,952)	(669,952)	93,109	(576,843)
Actuarial losses on retirement benefits	25	-	-	-	-	-	-	-	(275,375)	7,544	(267,831)	(234)	(268,065)
Total comprehensive income (loss) for the period		-	-	-	-	-	-	-	(275,375)	(662,408)	(937,783)	92,875	(844,908)
Capital increase	27	1,050,295	-	-	-	-	-	-	-	-	1,050,295	-	1,050,295
Allocation of net income (loss) for the year	27												
Absorption of loss		-	-	-	-	(14,865)	-	(620,039)	-	634,904	-	-	-
Dividends		-	-	-	-	-	-	-	-	-	-	(21,860)	(21,860)
Stock option plan	38	-	-	-	-	-	(2,881)	-	-	6,600	3,719	-	3,719
Adjustment from IAS 29 on property, plant and equipment		-	-	-	-	-	-	-	(13,797)	20,904	7,107	-	7,107
Changes in Investments in Subsidiaries that do not Result in Loss or Acquisition of Control		-	-	-	-	-	-	-	3,424	-	3,424	-	3,424
At December 31, 2016		13,200,295	105,295	3,339	(104,762)	278,729	26,844	-	26,000	-	13,535,740	1,655,894	15,191,634

See accompanying notes.

Statements of changes in equity

In thousands of reais

	Note	Attributable to controlling interests												
		Capital reserves						Income reserves						
		Capital	Exceeding amount on subscription of shares	Exceeding amount on sale of treasury shares	Treasury shares	Special goodwill reserve	Stock options granted and recognized	Legal reserve	Reserve for investment and working capital	Equity adjustments	Retained earnings (accumulated losses)	Total	Non-controlling interests	Total equity
At December 31, 2014		12,150,000	105,295	3,339	(104,762)	293,594	21,385	706,065	3,124,995	419,753	-	16,719,664	2,041,951	18,761,615
Comprehensive income (loss) for the period														
Net income (loss) for the year		-	-	-	-	-	-	-	-	-	(3,236,105)	(3,236,105)	(448,872)	(3,684,977)
Actuarial gain on retirement benefits	26	-	-	-	-	-	-	-	-	(93,379)	-	(93,379)	299	(93,080)
Total comprehensive income (loss) for the period		-	-	-	-	-	-	-	-	(93,379)	(3,236,105)	(3,329,484)	(448,573)	(3,778,057)
Allocation of net income (loss) for the year	27													
Setup of reserves		-	-	-	-	-	-	(86,026)	(3,124,995)	-	3,211,021	-	-	-
Stock option plan	38	-	-	-	-	-	8,340	-	-	-	2,851	11,191	-	11,191
Subsidiary dividends granted to Non-controlling shareholders		-	-	-	-	-	-	-	-	-	-	-	(8,499)	(8,499)
Adjustment from IAS 29 on property, plant and equipment		-	-	-	-	-	-	-	-	(14,626)	22,162	7,536	-	7,536
Dividends expired		-	-	-	-	-	-	-	-	-	71	71	-	71
At December 31, 2015		12,150,000	105,295	3,339	(104,762)	293,594	29,725	620,039	-	311,748	-	13,408,978	1,584,879	14,993,857

See accompanying notes.

Cash flow statements

In thousands of reais

	Note	Company Years ended 12/31/2016	Company Years ended Restated 12/31/2015	Consolidated Years ended 12/31/2016	Consolidated Years ended Restated 12/31/2015
Cash flows from operating activities					
Net income (loss) for the year		(669,952)	(3,236,105)	(576,843)	(3,684,977)
Adjustments to reconcile income (loss)					
Charges and monetary/exchange gains/losses, net		(223,086)	1,926,577	33,433	1,364,544
Interest expenses		463,910	310,217	451,913	253,545
Depreciation, amortization and depletion		1,011,828	1,072,762	1,216,491	1,311,699
Gain (loss) on the disposal of PP&E/investment		25,056	45,092	25,331	54,259
Impairment losses	17	7,277	467,103	(343,006)	2,558,512
Interests held in subsidiaries, jointly-controlled subsidiaries and affiliates	15	8,151	71,832	(142,861)	(67,020)
Deferred income and social contribution taxes	13	168,819	(486,389)	307,144	(1,207,204)
Set up (reversal) of provisions		30,967	70,774	66,120	113,507
Actuarial gains (losses)	26	(1,821)	15,388	(1,480)	16,502
Stock grant plan		(2,881)	8,340	(2,881)	8,340
(Increase) decrease in assets					
Trade accounts receivable		143,061	(117,084)	199,287	(196,978)
Inventories		79,312	617,914	163,648	622,127
Taxes recoverable		52,842	(30,291)	24,583	(7,610)
Receivables from affiliates		(13,930)	20,183	570	17,971
Judicial deposits		(40,704)	(2,359)	(72,282)	(31,642)
Other		(23,009)	(75,504)	82,118	1,715
Increase (decrease) in liabilities					
Trade accounts payable, contractors and freight		91,014	(818,183)	25,806	(850,969)
Advances from customers		(8,628)	(34,740)	(4,993)	(69,380)
Payables to affiliates		(12,053)	30,391	(9,688)	162,957
Accounts payable		(597,191)	(338,600)	(399,729)	454,828
Taxes payable		(25,222)	2,897	(27,100)	(8,659)
Other		(145,703)	114,078	(198,974)	93,321
Income and social contribution taxes paid		-	3,319	(16,569)	(30,472)
Interest paid		(908,814)	(624,211)	(897,242)	(583,286)
Actuarial liabilities paid		(213,108)	(192,216)	(213,108)	(192,216)
Net cash provided by (used in) operating activities		(803,965)	(501,615)	(310,312)	103,414
Cash flows from investing activities					
Marketable securities		(175,980)	(137)	(313,399)	(482,094)
Purchases of property, plant and equipment	16	(163,250)	(565,533)	(207,035,)	(725,030)
Proceeds from the disposal of property, plant and equipment		5,363	14,798	5,532	16,422
Share capital repayments from subsidiaries		166,249	814,314	-	-
Purchases of software		(14,077)	(25,598)	(15,724)	(29,334)
Dividends received		137,950	221,342	96,701	121,848
Net cash provided by (used in) investing activities		(43,745)	459,186	(433,925)	(1,098,188)

See accompanying notes.

Cash flow statements

In thousands of reais

	Note	Company Years ended Restated 12/31/2016	Company Years ended Restated 12/31/2015	Consolidated Years ended Restated 12/31/2016	Consolidated Years ended Restated 12/31/2015
Cash flows from financing activities					
Credit assignments obtained		-	-	43,832	477,357
Credit assignments repayments		-	-	(241,294)	(593,585)
Proceeds from loans, financing, and debentures		-	1,678,529	-	1,678,529
Payment of loans and financing and debentures		(140,531)	(1,840,465)	(185,431)	(1,852,591)
Payment of taxes in installments	23	(323)	-	(1,601)	(1,178)
Swap transactions settlement		(4,261)	(98,342)	12,240	(27,165)
Receipt by share issuance		1,050,295	-	1,050,295	-
Dividends and interest on equity paid	27	(1)	(30,795)	(3)	(39,295)
Net cash used in financing activities		905,179	(291,073)	678,038	(357,928)
Exchange gain/loss on cash and cash equivalents		(14,203)	43,162	(14,203)	43,162
Net increase (decrease) in cash and cash equivalents		43,266	(290,340)	(80,402)	(1,309,540)
Cash and cash equivalents at beginning of year	8	319,027	609,367	800,272	2,109,812
Cash and cash equivalents at end of year	8	362,293	319,027	719,870	800,272
Net increase (decrease) in cash and cash equivalents		43,266	(290,340)	(80,402)	(1,309,540)

See accompanying notes.

Statements of value added

In thousands of reais

	Note	Company Years ended 12/31/2016	Company Years ended 12/31/2015	Consolidated Years ended 12/31/2016	Consolidated Years ended 12/31/2015
Revenues					
Sales of goods, products and services	29	9,446,553	11,643,203	11,101,311	13,571,271
Set up of allowance for doubtful accounts	30	(49,923)	(15,250)	(55,623)	(18,358)
Other revenues		130,897	196,885	151,081	248,826
		9,527,527	11,824,838	11,196,769	13,801,739
Inputs acquired from third parties					
Cost of goods and products sold and services rendered		(6,913,511)	(9,012,387)	(7,579,841)	(9,616,176)
Materials, electricity, third-party services and other expenses		(737,804)	(1,400,566)	(641,389)	(3,956,289)
		(7,651,315)	(10,412,953)	(8,221,230)	(13,572,465)
Gross value added		1,876,212	1,411,885	2,975,539	229,274
Depreciation, amortization and depletion	30	(1,011,828)	(1,072,762)	(1,216,491)	(1,311,699)
Net value added produced by the Company		864,384	339,123	1,759,048	(1,082,425)
Value added received in transfer					
Interests held in subsidiaries, jointly-controlled subsidiaries and affiliates	15	(8,151)	(71,832)	142,861	95,582
Financial income	33	446,099	220,130	671,218	428,538
Exchange rates gains and losses, net		726,054	-	639,098	-
Actuarial gains and losses	26	1,821	(15,388)	1,480	(16,502)
		1,165,823	132,910	1,454,657	507,618
Value added to be distributed		2,030,207	472,033	3,213,705	(574,807)

See accompanying notes.

Statements of value added

In thousands of reais

	Company		Consolidated	
	Years ended		Years ended	
	12/31/2016	12/31/2015	12/31/2016	12/31/2015
Personnel and related charges				
Payroll and related charges	501,487	878,487	954,488	1,469,228
Unemployment Compensation Fund (FGTS)	69,485	93,427	92,097	127,694
Key management personnel compensation	17,597	27,416	23,262	33,029
Employees' profit sharing	-	154	10,605	2,968
Retirement plans	19,202	33,073	20,275	34,723
	607,771	1,032,557	1,100,727	1,667,642
Taxes, fees and contributions				
Federal (1)	596,961	(9,306)	926,114	(530,092)
State	312,875	152,114	334,652	208,141
Municipal	61,229	66,558	87,581	89,233
Tax incentives	1,002	1,015	1,002	1,015
	972,067	210,381	1,349,349	(231,703)
Debt remuneration				
Interest	960,482	762,203	1,038,349	842,530
Exchange gains/losses, net	-	1,805,275	-	1,072,090
Other	159,839	(102,278)	302,123	(240,389)
	1,120,321	2,465,200	1,340,472	1,674,231
Equity remuneration				
Retained profits (losses)	(669,952)	(3,236,105)	(669,952)	(3,236,105)
Non-controlling interests in retained profits	-	-	93,109	(448,872)
	(669,952)	(3,236,105)	(576,843)	(3,684,977)
Value added distributed	2,030,207	472,033	3,213,705	(574,807)

(i) Social security charges are classified in "Federal taxes".

1 Operations

Usinas Siderúrgicas de Minas Gerais S.A. - USIMINAS ("USIMINAS", "Usiminas", "Parent Company" or "Company") is headquartered in Belo Horizonte, state of Minas Gerais (MG) is a publicly-held company and trades its shares on BM&FBOVESPA – Commodities and Futures Exchange (USIM3, USIM5, USIM6).

The Company and its subsidiaries, jointly-controlled companies and affiliates ("Usiminas Companies") are engaged mainly in steelworks and other related activities, such as iron ore extraction, steel transformation, production of capital goods and logistics. It currently has two steel plants with nominal production capacity of 9.5 million of tons a year, located in the cities of Ipatinga, State of Minas Gerais, and of Cubatão, State of São Paulo. In addition to iron ore reserves, service and distribution centers, sea ports, cargo terminals, strategically located in various Brazilian cities.

The financial statements of Usinas Siderúrgicas de Minas Gerais S.A. or USIMINAS ("Company") for the year ended December 31, 2016 were prepared based on the assumption of going concern, which assumes that the Company will be able to realize its assets and settle its liabilities in the ordinary course of business.

The assessment of the capacity for going concern, prepared by Company Management, covers the twelve-month operating period starting from the date of the financial statements, and considers estimated events that individually or collectively could generate doubts as to the assumption of going concern.

Since the beginning of 2016, the Company has been implementing a plan of action focusing on adaptation of financial disbursements, prioritization of operating cash generation, and strict management of working capital and capital investments. Major actions that were part of this plan have been completed, as described below.

Capital increase

At a meeting held on June 03, 2016, the Board of Directors approved the partial ratification of the capital increase, within the limit of the capital authorized by the bylaws. As a result, the capital increase procedure was concluded with the subscription of 39,292,918 class "A" preferred shares, identical to the existing shares of this kind and class, at the issue price of R$ 1.28 per share, amounting to R$ 50,295 , therefore higher than the minimum limit of R$ 32,441 , established by the Board of Directors to allow for partial ratification of the capital increase.

At the Special Shareholders' Meeting held on July 19, 2016, the Company's capital increase approved at the Special Shareholders' Meeting held on April 18, 2016, in the total amount of R$ 1,000,000, with the subscription of all 200,000,000 common shares, identical to the shares of this kind already existing, all of which are book-entry shares with no par value, at the issue price of R$ 5.00 per share. The new common shares issued were credited to their subscribers on July 22, 2016.

Thus, since July 2016, the Company's capital was increased by R$ 13,200,295, divided into 1,253,079,108 shares, and 705,260,684 are common shares, 547,740,661 Class A preferred shares, and 77,763 Class B1 preferred shares, book-entry and with no par value.

Debt restructuring

On September 12, 2016, the Company concluded signing of all of the definitive debt restructuring documents, which marked the conclusion of the process of financial restructuring with its creditors, which, in Management's view, preserves its financial and operational capacity, adapting its debt profile to the short, medium and long-term perspectives.

The main renegotiated conditions, on a common basis for all creditors, are as follows: (i) a total period of 10 years for the payment of debts, with a grace period of the first three years to begin payment of the principal, as well as for the measurement of financial covenants; and (ii) payment of quarterly interest.

The Company is committed, until fully settling its debt, to only paying or distributing dividends that are required by law or by its Bylaws and, in case of distribution of dividends, make a payment of the same amount its creditors as early repayment of the balance due to them.

In 2017, the Company continues with its strategic cash control plan, and has adopted specific additional actions in managing its cash flow. The Management believes in ongoing improvements of the Company's cash position with these actions, mainly the following:

- Extension of the average term of payment of selected suppliers from 30 to 45 days until July 2017;

- Resumption of the pace of advance of receivables from Soluções em Aço Usiminas S.A.;

- Extension of the deadline of cash payments for coal.

In Special General Meeting of its subsidiary Mineração Usiminas S.A. (MUSA) held on 10 January 2017, the proposed decrease of capital in the amount of R$ 1,000,000 was not approved, in view of the provisions of the Shareholders' Agreement and Bylaws of MUSA, which establish that any reduction of its capital depends on the approval of both USIMINAS (holder of 70% of the capital and voting capital) and Sumitomo (holder of 30% of the capital and voting capital).

Despite this non-approval, the Company believes that access to MUSA's cash is feasible. Management continues to negotiate access to this cash and believes in a solution for all parties involved. Management also believes that it is still too early to conduct an assessment as to any impossibility of access to MUSA's cash, since the deadline established for the financial creditors in the debt restructuring documents is June 30, 2017. Access to MUSA's cash can take place in other ways, such as through a loan (a condition covered and allowed in the debt restructuring documents), provided that this loan is made under the same conditions as the renegotiated debts.

The years 2016 and 2015 presented a significant downturn in the economic scenario. On the international market, there was an excess supply of steel, with a consequent drop in international prices of steel products, as well as iron ore. On the Brazilian market, aside from the sweeping political crisis, industrial sectors that are intensive in steel consumption, such as production of capital goods and durable goods, had significant decreases in production. This scenario of lower demand impacted the Company's business and led the Executive Board to implement additional actions with

the aim of adapting its structure to the reality of the recessive economy, such as the shutdown of the primary areas of Plant in Cubatão, SP.

Management believes that it is taking appropriate measures to maintain the sustainability of the Company's business under the current circumstances. Domestic and international economic environments remain unstable and may adversely affect the Company's income (loss) and financial position in a manner that is not currently determinable.

The Company's financial statements for the year ended December 31, 2016 were prepared based on the assumption of going concern, based on Management's cash flow projections, which depend on factors such as attainment of production targets, volumes and selling prices, as well as foreign exchange rate. Management has a reasonable expectation that the Company has adequate resources to continue its operations in the foreseeable future.

In order to expand its business activity, the Company holds, directly or indirectly, interest in subsidiaries, jointly-controlled subsidiaries and affiliates, whose main activities are described below:

(a) Subsidiaries

Companies	(%) Participation	(%) Voting capital	Principal place of business	Core business
Cosipa Commercial Ltd. (i)	100	100	Cayman Islands/Caribbean	Fundraising in the foreign market
Mineração Usiminas S.A. (MUSA)	70	70	Belo Horizonte/MG	Extraction and treatment of iron ore as pellet feed, sinter feed and granulated products
Rios Unidos Logística e Transporte de Aço Ltda.	100	100	Itaquaquecetuba/SP	Provision of overland transport of cargo
Soluções em Aço Usiminas S.A	68.88	68,88	Belo Horizonte/MG	Transformation of steel products, besides distribution center services
Usiminas Commercial Ltd.	100	100	Cayman Islands/Caribbean	Fundraising in the foreign market
Usiminas Europa A/S	100	100	Copenhagen/Denmark	Operates as a trading company, intermediating exports of Company products, besides nurturing foreign trade
Usiminas International Ltd.	100	100	Principality of Luxembourg	Holds investments in the Company abroad
Usiminas Mecânica S.A.	99.99	100	Belo Horizonte/MG	Manufacturing of equipment and installations for a number of industrial segments.
Usiminas Participações e Logisitica S.A. (UPL) (ii) (iii)	100	100	São Paulo/SP	Investment in MRS Logistica S.A.

(i) Cosipa Commercial Ltd. has finished its activities during 2016.
(ii) Company's direct interest of 16.7% and indirect interest, via MUSA, of 83.3%.
(iii) Company's direct interest in voting capital of 50.10% and indirect interest, via MUSA, of 49.90%.

(b) Jointly-controlled subsidiaries

Companies	(%) Participation	(%) Voting capital	Principal place of business	Core business
Unigal Usiminas Ltda.	70	70	Belo Horizonte/MG	Transformation of cold-rolled coils into hot-dip galvanized ones
Modal Terminal de Granéis Ltda.	50	50	Itaúna/MG	Operations of highway and railway cargo terminals, storage and handling of steel products and overland transport of cargo.
Usiroll – Usiminas Court Tecnologia de Acabamento Superficial Ltda.	50	50	Ipatinga/MG	Provision of services, especially for repair of cylinders and rolls.

(c) Investments in affiliates

Companies	(%) Participation	(%)Voting capital	Principal place of business	Core business
Codeme S.A.	30.77	30.77	Betim/MG	Manufacture and assembly of steel constructions
Metform S.A. (iv)	30.77	30.77	Betim/MG	Manufacture of steel tiles, steel decks and galvanized fittings
MRS Logística S.A. (v)	0.28	0.50	Rio de Janeiro/RJ	Rendering of rail and logistical transport services
Terminal de Cargas Paraopeba	22.22	22.22	Sarzedo/MG	Cargo storage, handling and transportation, and terminal operation
Terminal de Cargas Sarzedo	22.22	22.22	Sarzedo/MG	Cargo storage, handling and transportation, and terminal operation

(iv) The affiliate Metform S.A. was merged by the affiliate Comede S.A., there was no change in the percentage of participation of the Company.

(v) The Company's indirect interest in MRS Logística S.A. through UPL, is disclosed in Note 15 (b).

2 Approval of financial statements

The Board of Director authorized the issue of these financial statements on February 16, 2017.

3 Summary of significant accounting practices

The main accounting policies applied when preparing these financial statements are described below.

Accounting policies on transactions deemed to be immaterial were not included in the financial statements.

Also worth noting is that the accounting policies were applied consistently in the current year, were consistent with the prior year presented and are common to the Company, its subsidiaries, affiliates and jointly-controlled subsidiaries. Whenever necessary, the subsidiaries' financial statements were adjusted to meet such criterion.

3.1 Basis of preparation and declaration of conformity

The financial statements were prepared using the historical cost as a value basis, and adjusted to reflect the measurement of financial assets and liabilities (including derivative instruments) at fair value through profit or loss.

The preparation of financial statements requires the use of certain critical accounting estimates as well as the exercise of judgment by Company management in applying the Company's accounting practices. Those areas which involve greater judgment calls or more complexity or where the assumptions and estimates are significant for the financial statements are disclosed in Note 4.

The individual and consolidated financial statements were prepared in accordance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board (IASB),accounting practices adopted in Brazil and issued by the Brazilian FASB (CPC), approved by the Brazilian Securities and Exchange Commission (CVM).

3.2 Basis of consolidation and investments in subsidiaries

(a) Subsidiaries

Subsidiaries are all entities over which the Company has the power to govern the financial and operating policies, generally accompanied by interest of more than half of the voting rights (voting capital). The existence and effect of potential voting rights currently exercisable or convertible are considered when assessing whether Usiminas Companies control another entity. Subsidiaries are fully consolidated from the date on which control is transferred to Usiminas Companies. Consolidation is discontinued from the date on which control ends.

Balances, unrealized gains and other transactions among Usiminas Companies are eliminated. Unrealized losses are also eliminated, unless the transaction provides evidence of loss (impairment) of the asset transferred.

(b) Jointly-controlled subsidiaries and affiliates

The Company classifies its enterprises as follows:

- Affiliates are all entities on which the Company has significant influence by means of participation in the decisions associated with their financial and operating policies, however has no control or joint control on these policies;
- Jointly-controlled subsidiaries are all entities on which the Company has the control shared with one or more parties.

Investments in affiliates and jointly-controlled subsidiaries are accounted for by the equity method and initially recognized at their cost value. The fiscal years of affiliates and jointly-controlled subsidiaries are the same as those of USIMINAS. However, except for affiliates (direct and indirect) Codeme, Metform and Terminal Sarzedo, and for the jointly-controlled subsidiary Modal, the Company used the financial statements prepared on November 30, 2016 for equity pickup purposes, in compliance with CPC 18 and IAS 28.

(c) Noncontrolling interests and transactions

Transactions including noncontrolling interests are classified as transactions with owners of assets of Usiminas Companies. For purchases of noncontrolling interests, the difference between any consideration paid and the portion acquired of the book value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals for noncontrolling interests are also recorded in equity, under “Equity adjustments”.

3.3 Presentation of segment reporting

Operating segment reporting is stated consistently with the internal report provided for by the main chief operational decision-maker. Usiminas Companies are organized in four operating segments: Steelworks, Mining and Logistics, Steel Transformation and Capital Goods. The bodies responsible for the major operating decision-making, allocation of funds and performance assessment of operating segments, include the Executive Board and the Board of Directors. The Company’s Board of Directors is also responsible, where applicable, for the strategic decision-making of Usiminas Companies.

3.4 Foreign currency translation

(a) Functional and reporting currency

Items included in each Group company's financial statements are measured using the currency of the principal economic environment where they operate (the "functional currency"). The individual and consolidated financial statements are presented in Brazilian real (R$), which is the Company's functional currency and, also the Usiminas Companies' reporting currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rate prevailing on the transaction or evaluation dates, on which the items are remeasured. Exchange gains and losses stemming from the settlement of these transactions and translation at the exchange rate at year end, referring to monetary assets and liabilities in foreign currency, are recognized in the statement of operations, except for differences in equity such as cash flow hedge or net investment transactions, classified as hedging accounting.

Currency gains and losses stemming from assets and liabilities are stated in the statement of operations as "Financial income (expense)".

3.5 Cash and cash equivalents and Marketable Securities

(a) Cash and cash equivalents

Cash and cash equivalents include cash, bank deposits and highly liquid short-term investments maturing within three months and posing insignificant risk of any change in fair value and with the objective of meeting short-term commitments.

(b) Marketable securities

The marketable securities recorded are highly liquid investments, redeemable at up to three months, which management objective does not meet short term commitments.

3.6 Financial assets

3.6.1 Classification

Usiminas Companies classify their financial assets, upon initial recognition, into the following categories: measured at fair value through profit or loss and receivables. The classification depends on the purpose for which the financial assets were acquired.

(a) Financial instruments measured at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. Financial assets are classified as held for trading if particularly acquired to be sold within short term. The assets of this category are classified as current assets. Derivatives are also included in this category, unless they have been designated as hedging instruments.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments not traded in an active market. Loans and receivables of Usiminas

Companies comprise cash and cash equivalents, except for short-term investments, trade accounts receivable, receivables from affiliates and other receivables.

The Usiminas companies recognize an allowance for bad debt on overdue receivables for which associated with an existing legal dispute or when there is no formal agreement in place, as well as for cases in which there is no expectation of realization of the asset.

3.6.2 Recognition and measurement

Ordinary purchases and sales of financial assets are recognized on the negotiation date. Investments are initially recognized at fair value, plus transaction costs for all investments not measured at fair value through profit or loss. Financial assets measured at fair value through profit or loss are initially recognized at fair value, and the transaction costs are charged to the statement of operations in the period they incur. The fair value of publicly listed private equity is based on current purchase prices. For financial assets not traded in active market, Usiminas Companies establish the fair value through valuation techniques. These techniques include the use of transactions recently contracted with third parties, reference to other instruments that are substantially similar, discounted cash flow analysis, and options pricing models, which make the maximum possible use of information generated by the market and the minimum possible use of information provided by management.

3.6.3 Impairment of financial assets

Assets measured at amortized cost

Usiminas Companies evaluate at every year-end if there is objective evidence that a financial asset or group of financial assets is impaired. The criteria used by Usiminas Companies to determine whether there is objective evidence of impairment loss include:

- Significant financial difficulties faced by the issuer or debtor;
- Breach of contract, such as default or payment in arrears of interest or principal;
- Probability that the debtor will enter bankruptcy or financial reorganization; and
- Extinction of the active market for that financial asset by virtue of financial difficulties.

3.6.4 Derecognition (write-off) of financial assets

A financial asset (or, whenever the case, a part of a financial asset, or a part of a group of similar financial assets) is derecognized (i.e. excluded from P&L for the year) when:

- The rights to receive the cash flows from the asset have expired;

- The Company has transferred its rights to receive cash flows of the asset or has assumed an obligation to fully pay the cash flows received, without significant delay to a third party under an onlending agreement, and (a) the Company transferred substantially all risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all risks and rewards related to the asset, but has transferred control over the asset.

When the Company has transferred its rights to receive the cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards related to the asset, the Company continues to recognize a financial asset to the extent of its continuing involvement in the financial asset.

3.7 Financial liabilities

3.7.1 Recognition and measurement

Financial liabilities are classified as measured at fair value through profit or loss if it is classified as held for trading or designated as such at the time of initial recognition. Transactions costs are recognized in profit or loss as incurred. These financial liabilities are measured at fair value and changes in fair value, including interest and dividends, are recognized in the income of the year.

Financial liabilities are initially recognized at fair value plus, in the case of loans and financing and accounts payable, transaction cost directly attributable thereto. Company's financial liabilities include trade accounts payable and other accounts payable, loans and financing and derivative financial instruments.

3.7.2 Subsequent measurement

After initial recognition, loans and financing, debentures and trade accounts payable subject to interest are subsequently measured at amortized cost, using the effective interest rate method.

3.7.3 Borrowing costs

Borrowing costs attributed to the acquisition, construction or production of an asset which necessarily take substantial time to be ready for its intended use or sale, are capitalized as part of the cost of such assets. All other borrowing costs are expensed in the period they incur. Borrowing costs are interest and other costs incurred by the Company in connection with borrowings.

3.7.4 Derecognition (write-off) of financial liabilities

A financial liability is written off when the obligation thereunder is discharged, cancelled or expires. When an existing financial liability is replaced by another of the same lender with substantially different terms, or the terms of an existing liability are significantly changed, this replacement or change is treated as write-off of the original liability with recognition of a new liability, the difference in the respective carrying amount being recognized in the statement of operations.

3.8 Derivative financial instruments

Initially, derivatives are recognized at fair value on the date the derivative agreement is signed and, subsequently, are remeasured at their fair value in profit or loss of the year.

3.9 Inventories

Inventories carried at the lower of average cost of acquisition or production (moving weighted average method), or at the net realizable value, whichever is lower. Imports in transit are stated at the accumulated cost of each import.

3.10 Judicial deposits

Judicial deposits are those made in court, in a bank account linked to a legal proceeding, in local currency, in order to guarantee the settlement of a potential future obligation.

3.11 Property, plant and equipment

Property, plant and equipment are recorded at acquisition, buildup, or construction cost, less depreciation and where applicable reduced to their recoverable amount. The principal components of certain property, plant and equipment, upon their replacement, are accounted for as separate and individual assets using the specific useful life of this component. The replaced component is written off. The expenses of maintenance performed to restore or maintain the original performance standards are recognized as expenses in the period they incur.

The depreciation of property, plant and equipment is calculated at the straight-line method to allocate their costs to net book value throughout the estimated useful life.

Net book values and useful lives of the assets are reviewed and adjusted, as appropriate, at the end of each year.

The carrying amount of an asset is immediately reduced to its realizable value when its carrying amount exceeds its estimated realizable value.

The Company has spare parts and supplies used in the maintenance of its fixed assets. When utilized, such parts will extend in 12 months or more the estimated useful life of the asset. Therefore, the amount of such inventory items are accounted for as spare parts and supplies within fixed assets.

3.12 Intangible assets

(a) Goodwill

Goodwill is measured as the difference between the cost of acquisition paid or payable and the net fair value of the acquiree's assets and liabilities. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on disposal of an entity include the book value of the goodwill on the entity disposed of.

Goodwill is allocated to Cash Generating Units (CGUs) for the purpose of impairment test. Goodwill is allocated to CGUs or groups of CGUs that are expected to benefit from the business combination in which the goodwill arose, and segregated by operating segment.

(b) Mining rights

Mining rights are stated at fair value of acquisition less depletion of mines.

Mining rights arising from acquisition of companies are recognized at the fair value, taking into account the allocation of the acquired assets and liabilities.

The depletion of mining rights is performed according to the exploration of mines.

(c) Software

Software licenses acquired are capitalized and amortized by the straight-line method over their estimated useful lives at the rates mentioned in Note 18.

3.13 Impairment of nonfinancial assets

Indefinite-lived assets, such as goodwill, are not subject to amortization and are annually tested for impairment. Finite-lived assets are tested for impairment every balance sheet date and whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. If there is an indicator, assets are tested for impairment. An impairment loss is recognized at the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (i.e., cash-generating units - CGUs). An impairment loss is recognized for the value for which the carrying value of the asset exceeds its recoverable value.

3.14 Provision for litigation

Provision for litigation related to legal, administrative, labor, tax and civil proceedings are recognized when Usiminas Companies have a present obligation, legal or constructive, arising from past events, the settlement of which is likely to result in an outflow of economic benefits and for which a reliable estimate of the amount to settle the obligation can be made.

3.15 Provision for environmental restoration

Provision for environmental restoration expenses, when related to the construction or acquisition of an asset, is recorded as part of the costs of those assets, and takes into consideration Subsidiary Mineração Usiminas S.A. management estimates of future expenses discounted to present value.

Provisions are measured at present value of the expenses expected to be required to settle the obligation, using a pre-tax rate that reflects current market assessments of the time value of money and the specific risks to the liability. Increase in the time value of obligations is recognized as financial expenses.

3.16 Current and deferred income and social contribution taxes

Tax expenses for the period comprise current and deferred income and social contribution taxes. Income taxes are recognized in the statement of operations, except to the extent that they are related to items directly recognized in equity. In this case, tax is also recognized in equity or comprehensive income (loss).

Deferred income tax and social contribution are calculated on losses of income tax and social contribution carryforward and the corresponding timing differences between the calculation bases of tax on assets and liabilities and the carrying values of the financial statements.

Deferred income tax assets and liabilities are stated net in the balance sheet when there is an enforceable right and an intention to offset them, upon the calculation of current taxes, usually associated with the same legal entity and tax authority.

3.17 Employee benefits

(a) Supplementary retirement plans

The Company and its subsidiaries are members in retirement plans administered by Previdência Usiminas, a pension fund which provides its employees with supplementary retirement and pension benefits.

The liability recognized in the balance sheet related to the defined benefit retirement plans is the present value of the defined benefit obligation at the balance sheet date, less the market value of plan assets, adjusted by: (i) actuarial gains and losses, (ii) rules limiting the value of the asset determined, and (iii) the minimum requirements. Defined benefit obligation is annually calculated by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined based on the discount of estimated future cash outflows at interest rates that are proportional to the market profitability, which are denominated in the currency used to pay such benefits, the due dates of which are close to those of the respective pension plan obligations.

Actuarial gains and losses arising from adjustments based on the experience and changes in actuarial assumptions are charged or credited directly to other comprehensive income (loss), in the period they incur. For the defined contribution plan (Cosiprev), the Company pays contributions to the closed-ended supplementary pension plan entity on a compulsory, contractual or voluntary basis. Contributions are recognized as expenses in the period they are due.

(b) Health care insurance plan benefits to retirees

Employees who retired in subsidiary Companhia Siderúrgica Paulista - Cosipa, until April 30, 2002, were provided with benefits of post-retirement health care insurance plan. This benefit was granted when the employee remained working until his retirement. The expected costs of these benefits were accumulated over the employment relationship period, using an accounting methodology similar to that of the defined benefit retirement plans.

In addition, the Company records the obligations arising from the legislation, which entitle the employees who contributed to the health care insurance plan, to keep themselves as beneficiaries upon their retirement, provided that they assume full payment of contributions. The term for maintenance after retirement is one year for each year of contribution, and in case contribution was at least for 10 years, the permanence term is undefined.

These liabilities are annually assessed by independent actuaries.

(c) Profit sharing

Usiminas Companies record profit sharing in P&L due to operational and financial goals disclosed to their employees. These amounts are recorded under “Cost of sales”, “Selling expenses” and “General and administrative expenses” according to the employee allocation.

(d) Share-based compensation

The Company has a share-based compensation plan, to be settled with treasury preferred shares, which allows Management members and other executive officers appointed by the Board of Directors to acquire their shares. The fair value of the employee's services received in exchange for the stock options grant is recognized as expense.

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

3.18 Revenue recognition

Revenue is presented net of taxes, returns, rebates and discounts and, after the elimination of sales among Usiminas Companies for consolidation purposes. Revenue is recognized at fair value of consideration received or receivable, to the extent that future benefits are likely to inure to the entity, and revenues and cost can be reliably measured. Additionally, specific criteria for each of the Company's entities should be met, as described below.

(a) Sale of products

Usiminas Companies manufacture and sell various products and raw materials, such as flat steel, iron ore, stamped steel parts for the automotive industry and products for civil construction and capital goods industry.

The Company makes it a revenue recognition policy the date on which the product is delivered to the purchaser.

(b) Sale of services

Usiminas Companies provide technology transfer services in the steel activity, in project management and provision of services in the civil construction area and capital goods industry, road transport of flat steel, hot-dip steel galvanizing, texturing and cylinders chromium.

Revenue from services is recognized based on the services rendered up to the balance sheet date.

(c) Revenue from orders in transit

Revenue from orders in transit is recognized according to the Percentage-of-Completion Method (PoC). Revenue is calculated and accounted for based on application, on restated sales price, of the percentage represented by the relation between costs incurred and total restated budgeted cost, adjusted by a provision for losses on orders in process of execution, where applicable. Amounts billed, in addition to the physical implementation of each project, are recognized as services billed to perform in current liabilities.

The variation between the final effective cost and total budgeted cost, periodically restated and reviewed, has remained at parameters deemed reasonable by management. The order contracts contain clauses of manufacturing warranty of equipment after its commissioning for variable periods of time. The costs eventually incurred are absorbed directly in P&L.

Revenues from orders in transit are solely part of operations conducted by subsidiary Usiminas Mecânica, and in addition this type of revenue, this entity also sells services. Usiminas Mecânica's revenues comprise the amounts stated in Note 28.1 as capital goods.

(d) Financial income

Financial income is recognized according to the time elapsed, using the effective interest rate method.

3.19 Distribution of dividends and interest on equity

Payment of dividends and interest on equity to the Company's shareholders is recognized as a liability in financial statements of Usiminas Companies at year-end, according to their Articles of Incorporation. The amounts above the mandatory minimum dividends required by law are accrued when approved at a General Meeting.

The tax benefit arising from interest on equity is recognized in the statement of operations.

3.20 New pronouncements, revisions and interpretations of standards not yet in force at December 31, 2016

The standards and interpretations issued, but not yet adopted until the date of issuance of the Company's financial statements are presented below. The Usiminas Companies intend to adopt these standards, if applicable, where applicable, as they go into effect.

IFRS 9 – Financial Instruments	IFRS 9 replaces the 'incurred loss' model in IAS 39 (CPC 38) with a forward-looking 'expected credit loss' (ECL) model. IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics. The new standard maintains the existing guidance on the recognition and derecognition of financial instruments of IAS 39.	The adoption of IFRS 9 will be effective on or after January 1, 2018. The Company is currently evaluating the impact of IFRS 9 on its financial statements and disclosures.
IFRS 15 – Revenue from contracts with customers	IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including CPC 30 (IAS 18) Revenue, CPC 07 (IAS 11) Construction Contracts and IFRIC 13 Customer Loyalty Programmes.	The new standard is effective on or treafter January 1, 2018. Early adoption is being allowed, applying the approach of cumulative effects. The Company is currently evaluating the impact of IFRS 15 on its financial statements and disclosures.
IFRS 16 - Leases	IFRS 16 introduces a single, on-balance lease sheet accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and lease liability representing its obligation to make payments. There are optional for short-term leases and leases of low value items. Lessor accounting remains similar to the current standard – i.e. lessor continue to classify leases as finance or operating leases. IFRS 16 replaces existing leases guidance including CPC 06 (IAS 17) Leases and ICPC 03 (IFRIC 4, SIC 15 and SIC 27) Complementary Aspects.	The standard is effective for annual periods beginning on or after January 1, 2019. Early adoption is permitted for entities that apply IFRS 15 Revenue from Contracts with Customers at or before the date of initial application of IFRS 16.
Disclosure Initiative (Amendments to CPC 26 / IAS 7)	The amendments require additional disclosures that allow users of financial statements to understand and assess changes in liabilities arising from financing activities, both cash flow and other changes.	The amendments are effective for annual periods beginning on or after January 1, 2017. Early adoption is permitted only for financial statements in accordance with IFRS. The Company is currently evaluating the effects that CPC 26 / IAS 7 on its financial statements and disclosures.

Recognition of Deferred Tax Assets for Unrealized Losses (Amendments to CPC 32 / IAS 12)	The amendments clarify the accounting for deferred tax assets for unrealized losses on debt instruments measured at fair value.	The amendments are effective for annual periods beginning on or after January 1, 2017, with early adoption permitted only for financial statements in accordance with IFRS. The Company is currently evaluating the effects of CPC 32 / IAS 12 on its financial statements and disclosures.

The the Brazilian FASB (CPC) has not issued new standards or made changes to the effective standards related to all recently issued IFRS standards. Therefore, the early adoption of these new standards is not permited for entities issuing their financial statements in accordance with accounting principles adopted in Brazil.

3.21 Restatements of comparative balances

For the purpose of the financial statement comparability, the Company reclassified balances related to the credit assignment operation (forfaiting) with foreign suppliers from the balance sheet within “Trade accounts payable, contractors and freight” to “Accounts payable - Forfaiting”, in the balance sheet and cash flow as of December 31, 2015.

(a) Balance sheets

			Company
			12/31/2015
	Originally issued	Reclassification	Restated
Total Assets	27,006,189	-	27,006,189
Trade accounts payable, contractors and freight	1,136,524	(366,703)	769,821
Accounts payable	587,458	366,703	954,161
Other accounts payablecurrent and noncurrent	11,873,229	-	11,873,229
Total Liabilities	13,408,978	-	13,408,978
Total Shareholders’ Equity	27,006,189	-	27,006,189

			Consolidated
			12/31/2015
	Originally issued	Reclassification	Restated
Total Assets	27,758,332	-	27,758,332
Trade accounts payable, contractors and freight	1,187,274	(366,703)	820,571
Accounts payable	587,458	366,703	954,161
Other accounts payablecurrent and noncurrent	10,989,743	-	10,989,743
Total Liabilities	12,764,475	-	12,764,475
Total Shareholders’ Equity	14,993,857	-	14,993,857
Total Liabilities and Shareholders’ Equity	27,758,332	-	27,758,332

(b) Cash flow statements

	Company 31/12/2015		
	Originally issued	Reclassification	Restated
Cash flows from operating activities			
Net income (loss) for the year	(3.236.105)	-	(3.236.105)
Adjustments to reconcile income (loss)	3.501.696	-	3.501.696
Increase (decrease) in assets / liabilities			
Trade accounts payable	(451.480)	(366.703)	(818.183)
Accounts payable	(28.103)	366.703	338.600
Other	525.485	-	525.485
Interest, Income and Social Contribution taxes and actuarial paid	(813.108)	-	(813.108)
Net cash provided by operating activities	(501.615)	-	(501.615)
Net cash used in investing activities	459.186	-	459.186
Net cash used in financing activities	(291.073)	-	(291.073)
Exchange gain/loss on cash and cash equivalents	43.162		43.162
Net (decrease) in cash and cash equivalents	(290.340)	-	(290.340)

	Consolidated 12/31/2015		
	Originally issued	Reclassification	Restated
Cash flows from operating activities			
Net income (loss) for the year	(3,684,977)	-	(3,684,977)
Adjustments to reconcile income (loss)	4,406,684	-	4,406,684
Increase (decrease) in assets / liabilities			
Trade accounts payable	(484,266)	(366,703)	(850,969)
Accounts payable	88,125	366,703	454,828
Other	583,822	-	583,822
Interest, Income and Social Contribution taxes and actuarial paid	(805,974)	-	(805,974)
Net cash provided by operating activities	103,414	-	103,414
Net cash used in investing activities	(1,098,188)	-	(1,098,188)
Net cash used in financing activities	(357,928)	-	(357,928)
Exchange gain/loss on cash and cash equivalents	43,162	-	43,162
Net (decrease) in cash and cash equivalents	(1,309,540)	-	(1,309,540)

As of December 31, 2016, forfaiting operations with domestic and international markets amounted of R$356,970.

4 Significant accounting judgments, estimates and assumptions

4.1 Judgments

The preparation of the Company's financial statements requires management to make professional judgments, estimates and adopt assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, as well as the disclosure of contingent liabilities. Upon applying the Usiminas Companies' accounting practices, management made the following judgments that have most significant effect on the amounts recognized in the financial statements:

(a) Segregation of interest and monetary variation related to short-term investments and local loans

The Company segregates the Extended Consumer Price Index (IPCA) of loans and financing and of short-term investments, the contracted index of which are the Interbank Deposit Certificate (CDI) and the Long-Term Interest Rate (TJLP). Therefore, the portion referring to IPCA is segregated of interest on loans and financing and of short-term investment yield, and included in account "Monetary effects", under Financial income (expense), see Note 33.

(b) Classification of investment control

The Company classifies its investments under the terms provided for in CPC 18 (R2) - Investments in Affiliates, Subsidiaries and Joint Ventures and by CPC 19 (R2) - Investment in Joint Venture, the classification of which is subject to judgment in determining the control and significant influence of investments.

4.2 Estimates and assumptions

Key assumptions concerning sources of uncertainty in future estimates and other important sources of estimation uncertainty at the balance sheet, involving significant risk of causing a material adjustment to the carrying amount of assets and liabilities in the next financial year are discussed below.

(a) Impairment of nonfinancial assets

Yearly, Usiminas Companies test goodwill for impairment as well as other long-term assets. The recoverable amounts of CGUs were determined based on calculations of the value in use, based on estimates (Note 17). For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (i.e., cash-generating units - CGUs).

(b) Income and social contribution taxes

Usiminas Companies are subject to income tax in some countries in which they operate. Significant judgment is required in determining the provision for income taxes in these countries. In many transactions, the final determination of the tax is uncertain. Usiminas Companies also recognize provisions due to events in which it is probable that additional tax amounts will be owed.

The Company regularly reviews the deferred tax assets in terms of recoverability, considering historical profit generated and projected future taxable profits, according to technical feasibility studies.

(c) Fair value of derivatives and other financial instruments

The fair value of financial instruments and other financial instruments that are not traded in active markets is determined by using valuation techniques. Usiminas Companies use their professional judgment to choose various methods and define assumptions that are mainly based on market conditions existing at the balance sheet date.

(d) Revenue recognition

Subsidiary Usiminas Mecânica uses the Percentage-of-Completion Method (PoC) to record the revenue from orders in transit agreed at a fixed price. The use of PoC method requires that the services performed up to the balance sheet date be estimated as a proportion of the total services contracted.

(e) Retirement plan benefits

The current amount of liabilities deriving from retirement plans depends on a series of events that are determined based on actuarial calculations, which uses a number of assumptions. Among the assumptions used in determining the net cost (revenue) for the employees' retirement plans, the discount rate is also used.

Usiminas Companies calculate the appropriate discount interest rate at year end, to determine the present value of estimated future cash outflows.

Other significant assumptions for retirement plan obligations are partially based on current market conditions. Further information is disclosed in Note 26.

(f) Provision for litigation

As described in Note 24, Usiminas Companies are parties to various legal and administrative proceedings. Provisions are recognized when Usiminas Companies have a present obligation, legal or constructive, arising from past events, the settlement of which is likely to result in an outflow of economic benefits and for which a reliable estimate of the amount to settle the obligation can be made. Such assessment includes analysis of available evidence, including the opinion of internal and external legal advisors of Usiminas Companies..

(g) Provision for environmental restoration

As part of its mining activities, the Company recognizes in the consolidated financial statements a provision to cover environmental restoration obligations. Upon determining the provision amount, assumptions and estimates are made in relation to the discount rates, at the cost expected for restoration and at the time expected for such costs.

(h) Rates of useful lives of PP&E

Depreciation of property, plant and equipment is calculated by the straight-line method according to the useful lives of assets. The useful life is based on reports of engineers of Usiminas Companies and external advisors, reviewed on an annual basis.

5 Financial risk management objectives and policies

5.1 Financial risk factors

Usiminas Companies' activities expose them to a variety of financial risks: credit risk, liquidity risk and market risk (including currency risk, cash flow or fair value interest rate risk, commodity price risk and steel price risk).

Financial risk management is performed by the Financial Executive Board, according to the Financial Committee and Board of Directors orientation. This team assesses and seeks to hedge the Company against any financial risks in cooperation with the other units, including, operating units, Supply, Planning, among others, of Usiminas Companies.

5.2 Policy to use derivative financial instruments

The financial instruments of Usiminas Companies are recorded in asset and liability accounts. Usiminas Companies adopt a policy responsible for management of their financial assets and liabilities, monitored by the Financial Committee and Board of Directors. Said policy aims to: (i) maintain the intended liquidity, (ii) define the concentration level of its operations and (iii) control the level of exposure to financial market risks. Usiminas Companies undertake derivative transactions aiming, among others, to hedge their assets and liabilities and reduce volatility in their cash flow, monitoring exchange exposure, a possible mismatch between currencies and commodity price.

Usiminas Companies have no financial instruments subject to guarantee margin.

5.3 Financial risk management policy

(a) Credit risk

Credit risk is managed on a corporate basis and arises from cash and cash equivalents, derivative financial instruments, deposits and investments in banks, as well as credit exposures with customers, including outstanding receivables.

Usiminas Companies' sales policies are subordinated to the credit policies established by management and intend to minimize any problems arising from customer default. Moreover, there is a Credit Committee comprised of experts from the financial and commercial areas, who assess and monitor the risk from customers. This objective is achieved through careful credit rating analysis of customers that considers each customer's capacity to pay, indebtedness ratio and balance sheet, through diversification of trade accounts receivable (risk dilution).

The Company also sets up an allowance for doubtful accounts, as described in Note 10.

Concerning short-term investments and other investments, Usiminas Companies' policy is to work with top-tier financial institutions. Only securities and paper of entities classified with the minimum rate "A-" are accepted by the international rating agencies. No financial institution holds individually more than 25% of total short-term investments and other investments of Usiminas Companies.

(b) Liquidity risk

The responsible and conservative policy for management of financial assets and liabilities involves a careful analysis of counterparties of Usiminas Companies through the analysis of financial statements, equity and rating, aiming at helping the Company to maintain the intended liquidity, define a concentration level of their operations, control the exposure level to financial market risks, as well as dilute liquidity.

The cash flow projection is prepared based on the budget approved by the Board of Directors and later updates. This projection takes into account, in addition to all operational plans, the fundraising plan to support the expected investments and the entire maturity schedule of the Usiminas Companies' debts. Throughout the work, it is observed the compliance with covenants and internal recommendation of the leverage level. The Treasury Department monitors, on a daily basis, the projections contained in the Company's direct cash flow to ensure it has enough cash to meet its operational needs, investments, as well as payments of its obligations.

The cash held by Usiminas Companies is managed by the Financial Executive Board, that invests in Bank Deposit Certificates (CDBs) and Repurchase Agreements, choosing instruments with appropriate maturities that meet the adequate liquidity, as described in Note 8.

The table below analyzes the major non-derivative financial liabilities of Usiminas Companies and derivative financial liabilities that are realized, at net balance, by these companies, by maturity, corresponding to the remaining period in the balance sheet up to the contractual maturity date. Derivative financial liabilities are included in the analysis whether their contractual maturities are essential for an understanding of cash flows. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Company			
	Within 1 year	**From 1 to 2 years**	**From 2 to 5 years**	**Above 5 years**
At December 31, 2016				
Trade accounts payable, contractors and freight	860,835	-	-	-
Loans and financing	837,663	2,004,550	3,251,385	5,856,849
Debentures	160,056	159,409	649,037	1,131,844
Derivative financial instruments	(46,766)	(98,881)	(476)	46
At December 31, 2015				
Trade accounts payable, contractors and freight	1,136,524	-	-	-
Loans and financing	2,930,896	1,687,530	4,696,682	63,051
Debentures	164,084	631,289	630,946	-
Derivative financial instruments	(154,411)	(78,871)	242,867	552

	Consolidated			
	Within 1 year	From 1 to 2 years	From 2 to 5 years	Above 5 years
At December 31, 2016				
Trade accounts payable, contractors and freight	846,377	-	-	-
Loans and financing	787,984	781,428	3,255,448	5,856,979
Debentures	160,056	159,409	649,037	1,131,844
Bond	38,557	130,664	-	-
Finance lease liabilities	63	-	-	-
Derivative financial instruments	(2,190)	(525)	(476)	46
At December 31, 2015				
Trade accounts payable, contractors and freight	1,187,274	-	-	-
Loans and financing	2,161,760	1,628,748	3,277,523	63,716
Debentures	164,084	631,289	630,946	-
Bond	45,362	47,708	193,022	-
Finance lease liabilities	471	56	-	-
Derivative financial instruments	(44,634)	(26,731)	385,074	552

As the amounts included in the table are contractual undiscounted cash flows, these amounts will not be reconciled with the amounts disclosed in the balance sheet for contractors and freight, loans and financing, debentures, derivatives financial instruments and other liabilities.

(c) Currency risk

(i) Exposure in foreign currency

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

As a preventive measure and to reduce the effects of exchange gain/loss, management has adopted a policy of carrying out swaps and non-deliverable forwards transactions and, in addition, to have its assets pegged to the exchange restatement, as follows:

	Company		Consolidated	
	12/31/2016	12/31/2015	12/31/2016	12/31/2015
Assets in foreign currency				
Cash and cash equivalents:	8,362	94,689	103,130	143,256
Marketable securities	-	-	8,146	160,976
Accounts receivable	86,504	175,431	87,334	176,207
Advances to suppliers	11,505	20,268	12,684	21,804
	106,371	290,388	211,294	502,243
Liabilities in foreign currency				
Loans and financing	(2,418,093)	(5,186,064)	(1,779,065)	(3,725,360)
Trade accounts payable, general contractors and freight	(163,191)	(465,827)	(167,613)	(471,048)
Accrued Expenses	(3,430)	(5,403)	(4,607)	(13,857)
Other accounts payable	(16,790)	(15,970)	(16,786)	(15,763)
	(2,601,504)	(5,673,264)	(1,968,071)	(4,226,028)
Exposure	(2,495,133)	(5,382,876)	(1,756,777)	(3,723,785)
Derivative financial instruments (Notional)	(104,420)	1,302,649	-	1,513,192
Net exposure to FX	(2,599,553)	(4,080,227)	(1,756,777)	(2,210,593)

The amounts of loans and financing and debentures of Usiminas Companies are denominated in the currencies as follows:

	Company		Consolidated	
	12/31/2016	12/31/2015	12/31/2016	12/31/2015
Real	5,119,929	4,078,869	5,145,243	4,143,354
USD	1,193,485	3,022,532	1,775,892	3,721,461
JPY	1,224,608	2,163,532	3,173	3,899
Total loans and financing and debentures	7,538,022	9,264,933	6,924,308	7,868,714

The impact related to changes in exchange rates (sensitivity analysis) is shown in Note 5.6 (a).

(ii) Sensitivity analysis - currency risk of assets and liabilities in foreign currency

The Company prepares sensitivity analysis of assets and liabilities contracted in foreign currency, outstanding at the end of the period, considering the exchange rate prevailing at December 31, 2016, to be the probable scenario. Scenario I considered depreciation of the Brazilian real of 5% on the current scenario. Scenarios II and III were calculated with depreciation of 25% and 50% of the Brazilian real, respectively, on the foreign currency amount as at December 31, 2016.

Currencies used in the sensitivity analysis and their respective scenarios are as follows:

	12/31/2016			
Currency	Exchange rate at year end	Scenario I	Scenario II	Scenario III
USD	3.2591	3.4221	4.0739	4.8887
EUR	3.4384	3.6103	4.2980	5.1576
JPY	0.02792	0.0293	0.0349	0.0419

The effects on financial expenses considering scenarios I, II and III are as follows:

	Consolidated		
	12/31/2015		
Currency	Scenario I	Scenario II	Scenario III
USD	(88,124)	(440,619)	(881,238)
EUR	246	1,228	2,456
JPY	39	197	394

Derivative financial instruments pegged to currency exposure were included in the sensitivity analysis of assets and liabilities in foreign currency, based on the objective of these instruments, which is to minimize the impact from fluctuations in foreign currency.
These derivative financial instruments are described in Note 6.

(d) Cash flow or fair value interest rate risk

(i) Composition of loans and financing by interest rate

The interest rate risk of Usiminas Companies derives from short-term investments and loans and financing.

The financial policy of Usiminas Companies emphasizes that derivative transactions are intended to reduce the risk by replacing the floating interest rates for fixed interest rates, or replace interest rates based on international indexes for interest rates based on indexes in local currency, according to guidance provided for by the Financial Committee.

Interest rates contracted for loans and financing under current and noncurrent liabilities are as follows:

	Company				Consolidated			
	12/31/2016	%	12/31/2015	%	12/31/2016	%	12/31/2015	%
Loans and financing								
Fixed	1,259,745	17	3,744,634	40	642,964	9	2,295,166	29
TJLP	377,351	5	406,691	4	379,880	6	413,518	5
LIBOR	1,065,773	14	1,306,185	14	1,065,773	15	1,306,185	17
CDI	3,735,303	50	2,506,210	28	3,735,406	54	2,551,219	33
Other	102,115	1	240,923	3	102,550	1	242,336	3
	6,540,287	87	8,204,643	89	5,926,573	85	6,808,424	87
Debentures								
CDI	997,735	13	1,060,290	11	997,735	15	1,060,290	13
	7,538,022	100	9,264,933	100	6,924,308	100	7,868,714	100

The Company holds derivative financial instruments to manage risks related to fluctuations in interest rates loans and financing in foreign currency, such as fixing the Libor rate in certain cases. The objective is to minimize the risks related to fluctuations in interest rates on loans and financing in foreign currency and, in certain cases, in national currency. Abroad, loans and financing agreements are supported by International Swaps and Derivatives Association, Inc. (ISDA) contracts and, when transactions are entered into Brazil, they are supported by General Derivative Contracts (GDCs).

(ii) Sensitivity analysis of interest rate variations

The Company prepares a sensitivity analysis of financial assets and liabilities subject to interest rates outstanding at the end of the period considering the rates in force at December 31, 2016 as the probable scenario. Scenario I considers an increase of 5% on the average interest rate applicable to the floating portion of its current debt. Scenarios II and III were calculated with deterioration of 25% and 50%, respectively, on the value of these rates at December 31, 2016.

The rates used and their respective scenarios are as follows:

	12/31/2016			
Index	Rates at year end	Scenario I	Scenario II	Scenario III
CDI	13.6%	14.3%	17.0%	20.4%
TJLP	7.5%	7.9%	9.4%	11.3%
LIBOR	1.7%	1.8%	2.1%	2.5%
TR	2.0%	2.1%	2.5%	3.0%

The effects on financial expenses considering scenarios I, II and III are as follows:

	Consolidated		
	12/31/2016		
Index	Scenario I	Scenario II	Scenario III
CDI	(18,143)	(90,717)	(181,434)
TJLP	(1,425)	(7,123)	(14,246)
LIBOR	(663)	(3,314)	(6,628)

TR	(2)	(9)	(19)

The specific interest rates to which the Company is exposed, and that are related to Loans and financing and debentures, are presented in Note 20 and are mainly composed of Libor, TJLP and CDI.

Derivative financial instruments pegged to interest rates were included in the sensitivity analysis of changes in interest rates, based on the objective of these instruments, which is to minimize the impact of fluctuations in interest rates.

5.4 Capital management

Usiminas Companies objectives in managing their capital are to safeguard its ability to continue as a going concern in order to provide return for shareholders and benefits for other stakeholders as well as to maintain an optimal target capital structure to reduce the cost of capital.

In order to maintain or adjust its capital structure, the Company may revise the policy for payment of dividends, return capital to shareholders, issue new shares, or sell assets to reduce its indebtedness, for example.

Consistently with other companies in the industry, Usiminas Companies monitor capital based on the financial leverage ratio. This ratio corresponds to the net debt divided by adjusted EBITDA. Net debt, in its turn, corresponds to total loans and financing and taxes in installments (including short and long-term transactions, as stated in the consolidated balance sheet), less cash and cash equivalents and marketable securities.

Usiminas Companies strategy is to keep the financial leverage ratio at rates lower than those provided for in the loans and financing agreements (covenants).

Adjusted EBITDA is calculated by adding to net income (loss) for the year the result from continuing operations, income and social contribution taxes, interest held in subsidiaries, jointly-controlled subsidiaries and affiliates, the financial income (loss), depreciation, amortization and depletion, as well as other additions and exclusions.

In addition, the Company presents the calculation of the financial leverage ratio considering the net debt as a percentage of total capital. Total capital is calculated through the sum of equity, as stated in the consolidated balance sheet, plus net debt.

	Company		Consolidated	
	12/31/2016	12/31/2015	12/31/2016	12/31/2015
Total loans and financing, debentures and taxes in installments	7,545,227	9,271,901	6,941,887	7,886,487
Less: cash and cash equivalents and marketable securities	(538,715)	(319,469)	(2,257,454)	(2,024,457)
Net debt	7,006,512	8,952,432	4,684,433	5,862,030
Total equity	13,535,740	13,408,978	15,191,634	14,993,857
Total capital	20,542,252	22,361,410	19,876,067	20,855,887
Financial leverage ratio	34%	40%	24%	28%

5.5 Fair value estimates

It is assumed that the carrying amount of trade accounts receivable less the allowance for doubtful accounts approximates their fair value due to their short maturity. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to Usiminas Companies for similar financial instruments.

For swap transactions, the long and short positions are calculated by the Company independently, using the marked-to-market methodology, according to the rates applied and verified in disclosures on the website of BM&F, Broadcast and Bloomberg.. If there is no negotiation for the term of the Company's portfolio, the interpolation methodology is used to find the rates relating to the specific terms. In both cases, the present value of flows is calculated. The difference between payables and receivables is the fair value of transactions.

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

Financial instruments recorded at fair value shall be classified and disclosed according to the following levels:

- Quoted prices (unadjusted) in active markets for identical assets and liabilities (Level 1);
- Information, in addition to quoted prices, included in Level 1, used by the market for assets or liabilities, either directly (that is, based on prices) or indirectly (that is, deriving from prices) (Level 2);
- Inputs for assets or liabilities that are not based on observable market data (unobservable inputs) (Level 3).

The fair value of financial instruments that are not traded in active markets is determined by using valuation techniques. These valuation techniques make maximum use of data adopted by the market, when available, and rely as little as possible on entity's specific estimates. These instruments comprise investments in CDBs and derivative financial instruments (swap) that are described in Note 7.

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

(i) Company

	31/12/2016		
	Level 1	Level 2	Total
Assets			
Cash and cash equivalents			
- Bank account	23,293	-	23,293
- CDBs and other short-term investments	-	339,000	339,000
Marketable securities	-	176,422	176,422
Assets - Total	23,293	551,422	538,715
Liabilities			
- Derivative financial instruments	-	150,990	150,990
Liability – Total	-	150,990	150,990

	31/12/2015		
	Nível 1	**Nível 2**	**Saldo total**
Assets			
- Derivative financial instruments	-	408,090	408,090
Cash and cash equivalents			
- Bank account	111,588	-	111,588
- CDBs and other short-term investments	-	207,439	207,439
Marketable securities	-	442	442
Assets - Total	111,588	615,971	727,559
Liabilities			
- Derivative financial instruments	-	403,502	403,502
Liability – Total	-	403,502	403,502

(ii) Consolidated

	12/31/2016		
	Level 1	**Level 2**	**Total**
Assets			
- Derivative financial instruments	-	145,339	145,339
Cash and cash equivalents			
- Bank account	127,584	-	127,584
- CDBs and other short-term investments	-	592,286	592,286
Marketable securities	-	1,537,584	1,537,584
Assets - Total	127,584	2,275,209	2,402,793
Liabilities			
- Derivative financial instruments	-	150,990	150,990
Liability – Total	-	150,990	150,990

			31/12/2015
	Nível 1	**Nível 2**	**Saldo total**
Assets			
- Derivative financial instruments	-	712.214	712.214
Cash and cash equivalents			
- Bank account	127,884	-	127,884
- CDBs and other short-term investments	-	672,388	672,388
Marketable securities	-	1,224,185	1,224,185
Assets - Total	127,884	2,608,787	2,736,671
Liabilities			
- Derivative financial instruments	-	403,502	403,502
Liability – Total	-	403,502	403,502

At December 31, 2016 and 2015, Usiminas Companies had no financial instruments whose fair value has been measured by Levels 3.

Specific valuation techniques used to measure financial instruments include:

- Quoted market prices or quotations of financial institutions or brokers for similar instruments;
- The fair value of interest rate swaps is measured at the present value of future cash flows estimated based on the yield curves adopted by the market.

(b) Fair value of loans, financing and debentures

In capital market transactions, such as debentures and bonds, the fair value reflects the value applied in the market. The difference between the book value and market value is calculated according to rates disclosed on the website of Securities, Commodities and Futures Exchange (BM&F), Broadcast and Bloomberg, and can be summarized as follows:

	Company			
	12/31/2016		12/31/2015	
	Equity value	Market value	Equity value	Market value
Bank loans - foreign currency	1,193,485	1,193,485	3,022,532	3,022,532
Bank loans - local currency	4,122,194	4,122,194	3,018,579	3,018,579
Debentures - local currency	997,735	1,007,520	1,060,290	1,061,620
Bonds - foreign currency	1,224,608	1,224,608	2,163,532	2,163,532
	7,538,022	7,547,807	9,264,933	9,266,263

	Consolidated			
	12/31/2016		12/31/2015	
	Equity value	Market value	Equity value	Market value
Bank loans - foreign currency	1,193,920	1,193,920	3,023,945	3,023,945
Bank loans - local currency	4,147,508	4,147,508	3,083,064	3,083,064
Debentures - local currency	997,735	1,007,520	1,060,290	1,061,620
Bonds- foreign currency	585,145	578,530	701,415	455,168
	6,924,308	6,927,478	7,868,714	7,623,797

The market values of loans, financing and debentures do not significantly differ from their carrying amounts, in the extent that they have been contracted and recorded at usual market rates and conditions applied to similar transactions in terms of nature, risk and maturity.

(c) Other financial assets and liabilities

The fair value of financial assets and liabilities does not significantly differ from their carrying amounts, to the extent that they have been contracted and recorded at usual market rates and conditions applied to similar transactions in terms of nature, risk and maturity.

6 Derivative financial instruments

The swap transactions aim to reduce currency exposure and abrupt changes in commodity prices (mainly aluminum, nickel, copper and zinc). Usiminas Companies have no financial instruments for speculative purposes. Company policy consists of not settling their transactions before their respective original maturities, as well as not making advance payments of their derivative financial instruments.

The transactions with derivative financial instruments are as follows:

(a) Company

Maturity range MM/YY	INDEXERS		REFERENCE VALUE (Contract value - Notional)				FAIR VALUE (MARKET) - BOOKED AMOUNT		Profit or Loss
	12/31/2016		12/31/2016		12/31/2015		12/31/2016	12/31/2015	12/31/2016
	Long position	Short position	Long position	Short position	Long position	Short position	Position Long (short)	Position Long (short)	Gain (loss)
PROTEÇÃO DE TAXAS E CÂMBIO (SWAP)									
Merrill Lynch	09/10 to 03/17	Libor + 0.83% p.a.	3.05% p.a.	USD 85,713	USD 85,713	USD 85,713	USD 85,713	(275)	(2,836)	199
Santander	01/08 to 01/18	Yen + 4.1165% p.a.	Dólar + 7.34% p.a.	JPY 42,952,000	USD 400,000	JPY 42,952,000	USD 400,000	(149,581)	(258,037)	57,632
Santander	06/06 to 06/16	Yen + 4.275% a.a	Dólar + 8.35% p.a.	JPY 22,800,000	USD 200,000	JPY 22,800,000	USD 200,000	-	(55,133)	88,867
Itau BBA*	06/14 to 06/19	VC + 2.68% p.a.	109% CDI	USD 135,233	R$ 300,000	USD 135,233	R$ 300,000	-	212,342	(94,296)
Itau BBA*	03/15 to 03/18	VC + 4.53% p.a.	111.75% CDI	USD 100,200	R$ 300,000	USD 100,200	R$ 300,000	-	66,305	(79,874)
Bradesco	04/15 to 04/25	TR + 9.8000% p.a.	95.00% CDI	R$ 59,000	R$ 59,000	R$ 59,000	R$ 59,000	(1,134)	(5,535)	4,300
Bradesco*	08/15 to 05/18	VC + 4.11% p.a.	110.98% CDI	USD 152,088	R$ 530,329	USD 152,088	R$ 530,329	-	47,482	(136,667)
									Financial results in the period	(159,839)
								Booked amounts (long position/short position, net)	(150,990)	4,588

(*)Contracts settled in advance in 2016 following the Company's debt renegotiation plan, as shown in Note 20.

(b) Consolidated

Maturity range MM/YY	INDEXERS		REFERENCE VALUE (Contract value - Notional)				FAIR VALUE (MARKET) - BOOKED AMOUNT		Profit or Loss
	12/31/2016		12/31/2016		12/31/2015		12/31/2016	12/31/2015	12/31/2016
	Long position	Short position	Long position	Short position	Long position	Short position	Position Long (short)	Position Long (short)	Gain (loss)
PROTEÇÃO DE TAXAS E CÂMBIO (SWAP)									
Merrill Lynch	09/10 to 03/17	Libor + 0.83% p.a.	3.05% p.a.	USD 85,713	USD 85,713	USD 85,713	USD 85,713	(275)	(2,836)	199
Santander	01/08 to 01/18	Yen + 4.1165% p.a.	Dólar + 7.34% p.a.	JPY 42,952,000	USD 400,000	JPY 42,952,000	USD 400,000	(149,581)	(258,037)	57,632
Santander	06/06 to 06/16	Yen + 4.275% a.a	Dólar + 8.35% p.a.	JPY 22,800,000	USD 200,000	JPY 22,800,000	USD 200,000	-	(55,133)	88,867
Itau BBA*	06/14 to 06/19	VC + 2.68% p.a.	109% CDI	USD 135,233	R$ 300,000	USD 135,233	R$ 300,000	-	212,342	(94,296)
Santander	06/06 to 06/16	Dólar + 8.25 p.a.	Yen + 4.275 % p.a.	USD 200,000	JPY 22,800,000	USD 200,000	JPY 22,800,000	-	54,560	(86,184)
Santander	01/08 to 01/18	Dólar + 7.25 p.a.	Yen + 4.1165 % p.a.	USD 400,000	JPY 42,952,000	USD 400,000	JPY 42,952,000	145,339	249,564	(56,100)
Itau BBA*	03/15 to 03/18	VC + 4.53% p.a.	111.75% CDI	USD 100,200	R$ 300,000	USD 100,200	R$ 300,000	-	66,305	(79,874)
Bradesco	04/15 to 04/25	TR + 9.8000% p.a.	95.00% CDI	R$ 59,000	R$ 59,000	R$ 59,000	R$ 59,000	(1,134)	(5,535)	4,300
Bradesco*	08/15 to 05/18	VC + 4.11% p.a.	110.98% CDI	USD 152,088	R$ 530,329	USD 152,088	R$ 530,329	-	47,482	(136,667)
									Financial results in the period	(302,123)
								Booked amounts (long position/short position, net)	(5,651)	308,712

(*)Contracts settled in advance in 2016 following the Company's debt renegotiation plan, as shown in Note 20.

The carrying amounts of transactions with derivative financial instruments are as follows:

	Company		Consolidated	
	12/31/2016	12/31/2015	12/31/2016	12/31/2015
Current assets	-	42,782	44,669	152,560
Non-current assets	-	365,308	100,670	559,654
Current liabilities	(48,577)	(199,657)	(48,577)	(199,657)
Noncurrent liabilities	(102,413)	(203,845)	(102,413)	(203,845)
	(150,990)	4,588	(5,651)	308,712

	Company		Consolidated	
	12/31/2016	12/31/2015	12/31/2016	12/31/2015
On financial income (expenses)	(159,839)	102,278	(302,123)	240,389
	(159,839)	102,278	(302,123)	240,389

7 Financial instruments by category

(a) Company

	12/31/2016			12/31/2015		
	Loans and receivables	Assets measured at fair value through profit or loss	Total	Loans and receivables	Assets measured at fair value through profit or loss	Total
Assets						
Bank account	22,293	-	23,293	111,588	-	111,588
CDBs and other short-term investments	-	339,000	339,000	-	207,439	207,439
Marketable securities	-	176,422	176,422	-	442	442
Trade accounts receivable	890,216	-	890,216	1,083,199	-	1,083,199
Financial instruments - swap	-	-	-	-	408,090	408,090
Other accounts receivable (excluding prepayments)	241,694	-	241,694	196,305	-	196,305
	1,155,203	515,422	1,670,625	1,391,092	615,971	2,007,063

	12/31/2016			12/31/2015		
	Liabilities measured at fair value through profit or loss	Other financial liabilities	Total	Liabilities measured at fair value through profit or loss	Other financial liabilities	Total
Liabilities						
Loans and financing and debentures	-	7,538,022	7,538,022	-	9,264,933	9,264,933
Financial instruments - swap	150,990	-	150,990	403,502	-	403,502
Trade accounts payable, general contractors and freight	-	860,835	860,835	-	769,821	769,821
Accounts payable - Forfaiting		356,970	356,970	-	954,161	954,161
Other financial instruments – Liabilities	-	-	-	-	202,642	202,642
	150,990	8,755,827	8,906,817	403,502	11,191,557	11,595,059

(b) Consolidated

	12/31/2016			12/31/2015		
	Loans and receivables	Assets measured at fair value through profit or loss	Total	Loans and receivables	Assets measured at fair value through profit or loss	Total
Assets						
Bank account	127,584	-	127,584	127,884	-	127,884
CDBs and other short-term investments	-	592,286	592,286	-	672,388	672,388
Marketable securities	-	1,537,584	1,537,584	-	1,224,185	1,224,185
Trade accounts receivable	1,179,212	-	1,179,212	1,428,421	-	1,428,421
Financial instruments - swap	-	145,339	145,339	-	712,214	712,214
Other accounts receivable (excluding prepayments)	269,626	-	269,626	965,869	-	965,869
	1,576,422	2,275,209	3,851,631	2,522,174	2,608,787	5,130,961

	12/31/2016			12/31/2015		
	Liabilities measured at fair value through profit or loss	Other financial liabilities	Total	Liabilities measured at fair value through profit or loss	Other financial liabilities	Total
Liabilities						
Loans and financing and debentures	-	6,924,204	6,924,204	-	7,868,158	7,868,158
Finance lease liabilities	-	104	104	-	556	556
Financial instruments - swap	150,990	-	150,990	403,502	-	403,502
Trade accounts payable, general contractors and freight	-	846,377	846,377	-	820,571	820,571
Accounts payable - Forfaiting	-	356,970	356,970	-	954,161	954,161
Demais instrumentos financeiros passivos	-	12	12	-	266,033	266,033
	150,990	8,127,667	8,278,657	403,502	9,909,479	10,312,981

8 Cash and cash equivalents

	Company		Consolidated	
	12/31/2016	12/31/2015	12/31/2016	12/31/2015
Bank checking account	14,931	16,899	24,454	24,329
Bank checking account – abroad	8,362	94,689	103,130	103,555
Bank Deposit Certificates (CDBs) and repurchase agreements	339,000	207,439	592,286	471,711
Short-term investments abroad (Time Deposit)	-	-	-	200,677
	362,293	319,027	719,870	800,272

Short-term investments in bank deposit certificates (CDBs) are highly liquid and remunerated at the average variation of 99.98% (December 31,2015 – 100.71%) of the Interbank Deposit Certificate (CDI) in the Company and 100.94% (December 31, 2015 – 102.12%) of CDI in the Consolidated.

At December 31, 2016, Usiminas Companies do not have secured accounts.

9 Marketable securities

	Company		Consolidated	
	12/31/2015	12/31/2014	12/31/2015	12/31/2014
Bank Deposit Certificates (CDBs)	176,297	-	1,529,284	1,223,742
Short-term investments abroad (Time Deposit)	-	-	8,146	-
Repurchase agreements	125	442	154	443
	176,422	442	1,537,584	1,224,185

Financial investments in bank deposit certificates (CDBs) are remunerated at the average variation of 99,98% (as of December 31, 2015 – 100,71%) of the Interbank Deposit Certificate (CDI) in the Company and 101.43% (as of December 31,2015 – 102,5%) of the CDI in the Consolidated.

No financial assets are overdue or impaired.

10 Trade accounts receivable

	Company		Consolidated	
	12/31/2016	12/31/2015	12/31/2016	12/31/2015
Trade accounts receivable:				
Domestic	681,778	784,391	1,149,077	1,272,960
Abroad	115,286	169,199	116,999	177,101
Allowance for doubtful accounts	(99,026)	(65,573)	(128,452)	(91,687)
Trade accounts receivable, net	698,038	888,017	1,137,624	1,358,374
Accounts receivable from related parties	173,054	148,884	23,347	30,875
Domestic	19,124	46,298	18,241	39,172
Abroad				
	192,178	195,182	41,588	70,047
Accounts receivable from related parties				
	890,216	1,083,199	1,179,212	1,428,421

The aging list of these trade accounts receivable is as follows:

	Company		Consolidated	
	12/31/2016	12/31/2015	12/31/2016	12/31/2015
Falling due	799,291	928,747	1,077,432	1,271,667
Overdue:				
Within 30 days	68,779	88,568	66,470	90,725
From 31 to 60 days	5,528	27,611	9,265	26,640
From 61 to 90 days	1,750	3,975	3,105	6,169
From 91 to 180 days	2,623	28,084	8,443	29,691
Above 181 days	111,271	71,787	142,949	95,216
(-) Allowance for doubtful accounts	(99,026)	(65,573)	(128,452)	(91,687)
	890,216	1,083,199	1,179,212	1,428,421

At December 31, 2016, trade accounts receivable in the amounts of R$90,925 in the Company and R$101,780 in the Consolidated were overdue but not impaired (R$154,452 and R$156,574; respectively, December 31, 2015). These accounts refer to certain independent customers for whom there is no recent history of default or guarantees.

Trade accounts receivable of Usiminas Companies are maintained in the following currencies:

	Company		Consolidated	
	12/31/2016	12/31/2015	12/31/2016	12/31/2015
Real	803.712	907.768	1.091.878	1.252.214
Dollar	77.609	171.578	78.439	172.354
Euro	8.895	3.853	8.895	3.853
	890.216	1.083.199	1.179.212	1.428.421

Changes in allowance for doubtful accounts for trade accounts receivable of Usiminas Companies are as follows:

	Company		Consolidated	
	12/31/2016	12/31/2015	12/31/2016	12/31/2015
Opening balance	(65,573)	(50,875)	(91,687)	(76,812)
Additions to P&L	(49,923)	(15,250)	(62,513)	(17,935)
Write-downs against trade accounts receivable	15,749	1,269	25,027	3,777
Exchange variation	721	(717)	721	(717)
Closing balance	(99,026)	(65,573)	(128,452)	(91,687)

Charges to the allowance for doubtful accounts for trade accounts receivable impaired were recorded in P&L for the year under Selling expenses. Usiminas Companies do not maintain any securities in guarantee for trade accounts receivable.

11 Inventories

	Company		Consolidated	
	12/31/2016	12/31/2015	12/31/2016	12/31/2015
Current assets				
Finished products	470,828	570,055	541,935	740,226
Work-in-process	633,478	635,247	640,050	661,837
Raw materials	370,764	431,137	663,385	680,630
Suppliers and spare parts	489,112	494,939	534,190	548,866
Imports in transit	151,545	33,340	151,560	33,454
Obsolete inventory/slow moving	(96,521)	(108,896)	(111,290)	(122,989)
Other	185,570	208,729	184,476	206,393
	2,204,776	2,264,551	2,604,306	2,748,417
Noncurrent assets				
Work-in-progress	-	-	22,657	-
	2,204,776	2,264,551	2,626,963	2,748,417

At December 31, 2016, subsidiary Mineração Usiminas S.A. based on its production plan transferred the amount of R$22,657 from current assets to non-current assets, in “Other receivables”, referring to inventories which expectation of realizable value is more than 12 months.

As of December 31, 2016, no impairment loss was recorded in the subsidiary Mineração Usiminas S.A. As of December 31, 2015, the subsidiary Mineração Usiminas S.A. recorded a reserve for loss on inventory amounting to R$132,181, with respect to a charge for impairment on its inventory balances classified as non-current assets.

12 Taxes recoverable

	Company			
	12/31/2016		12/31/2015	
	Current	Noncurrent	Current	Noncurrent
PIS	3,972	-	1,839	-
COFINS	17,571	-	8,470	-
ICMS	38,034	20,424	46,374	30,493
IPI	5,953	-	2,857	-
Export Credit – Reintegra	539	-	3,250	-
INSS recoverable	18	-	68,747	-
Other	-	11,631	-	11,711
	66,087	32,055	131,537	42,204

	Consolidated			
	12/31/2016		12/31/2015	
	Current	Noncurrent	Current	Noncurrent
PIS	4,244	16	2,710	105
COFINS	18,918	76	12,361	479
ICMS	69,404	84,192	105,007	68,813
IPI	15,453	-	16,237	-
Export Credit – Reintegra	539	-	3,250	-
INSS recoverable	16,098	-	68,747	-
Other	535	11,786	2,634	11,866
	125,191	96,070	210,946	81,263

13 Income and social contribution taxes

(a) Income taxes

Income and social contribution taxes differ from the theoretical value that would be obtained by using the nominal rates thereof, applicable to income before taxes, in Company and Consolidated, as follows:

	Company		Consolidated	
	12/31/2016	12/31/2015	12/31/2016	12/31/2015
Income (loss) before income and social contribution taxes	(501,133)	(3,727,087)	(251,747)	(4,874,899)
Nominal rates	34%	34%	34%	34%
Taxes on profit calculated at nominal rates	170,385	1,267,210	85,594	1,657,466
Adjustments to calculate income and social contribution taxes:				
Equity pickup	16,418	(32,245)	48,574	32,499
Interest on Equity (IOE) received	(10,679)	(18,506)	(20,688)	(8,873)
Permanent exclusions (additions)	(12,947)	(43,629)	(27,240)	(77,891)
Unrecognized tax assets	(331,996)	(681,848)	(338,548)	(699,877)
Tax incentive	-	-	756	289
Nontaxable profit and differences between tax rates of subsidiaries abroad	-	-	(90,479)	285,466
Other	-	-	374	843
Income taxes calculated	(168,819)	490,982	(325,095)	1,189,922
Current	-	4,593	(17,951)	(17,282)
Deferred	(168,819)	486,389	(307,144)	1,207,204
Taxes on P&L	(168,819)	490,982	(325,095)	1,189,922
Income taxes	(124,132)	361,003	(243,202)	871,028
Social Contribution taxes	(44,687)	129,979	(81,893)	318,894
Effective rate	-	13%	-	24%

There are no current income tax items presented in equity in the financial statements.

(b) Deferred income and social contribution taxes

Balances of and changes in deferred income and social contribution tax assets and liabilities at nominal rates are as follows:

(i) Company

	12/31/2015	Equity/ Comprehensive income (loss)	Recognized in P&L	12/31/2016
Assets				
Income and social contribution taxes				
Tax losses	1,464,112	-	838,985	2,303,097
Unrecognized tax assets	(681,848)	-	(331,996)	(1,013,844)
Temporary provisions				
Actuarial liabilities	326,798	-	72,038	398,836
Provision for contingencies	134,584	-	7,948	142,532
Provision for inventory adjustments	37,025	-	(4,208)	32,817
Income (loss) from swap agreements	-	-	42,968	42,968
Foreign currency gain or losses on borrowings and loans (i)	602,534	-	(517,046)	85,488
Property, Plant and Equipment adjustments (Law 11,638/07)	52,469	-	7,108	59,577
Swap maket value adjustments (Law 11,638/07)	35,023	-	(26,655)	8,368
Impairment losses (Law 11,638/07)	159,191	-	(116,545)	42,646
Actuarial accruals (Law 11,638/07)	49,881	138,089	-	187,970
Other	110,064		(8,902)	101,162
Total assets	2,289,833	138,089	(36,305)	2,391,617
Liabilities				
Income and social contribution taxes				
Accelerated depreciation	21,546	-	(4,143)	17,403
PP&E adjustment – IAS 29	74,977	(7,107)	(1)	67,869
Monetary restatement on judicial deposits	31,288	-	8,709	39,997
Adjustments on goodwill (Law 11,638/07)	45,755	-	3,070	48,825
Actuarial accruals (Law 11,638/07)	52,149	-	138,459	190,608
Cash basis adjustments on SWAP contracts	13,496	-	(13,496)	-
Other	5,434	-	(84)	5,350
Total liabilities	244,645	(7,107)	132,514	370,052
Total, net	2,045,188	145,196	(168,819)	2,021,565

(i) This arises from temporary difference between cash and accrual basis of accounting.

(ii) Consolidated

	12/31/2015	Equity/ Comprehensive income (loss)	Recognized in P&L	12/31/2016
Assets				
Income and social contribution taxes				
Tax losses	1,586,270	-	897,469	2,483,739
Unrecognized tax assets	(699,877)	-	(338,548)	(1,038,425)
Temporary provisions				
Actuarial liabilities	341,724	1,253	69,498	412,475
Provision for contingencies	164,666	-	16,581	181,247
Provision for inventory adjustments	38,601	-	(3,642)	34,959
Income (loss) from swap agreements	-	-	42,968	42,968
Exchange gains/losses on loans and financing (i)	602,534	-	(517,046)	85,488
Goodwill/Acquisition of companies	309,881	-	(3,105)	306,776
Impairment losses	679,702	-	(121,615)	558,087
Take or Pay accruals - MRS	68,375	-	(68,375)	-
Property, Plant and Equipment adjustments (Law 11,638/07)	52,469	-	7,108	59,577
Swap maket value adjustments (Law 11,638/07)	49,881	138,089	-	187,970
Other	355,109	-	(153,176)	201,933
Total assets	3,549,335	139,342	(171,883)	3,516,794
Liabilities				
Income and social contribution taxes				
Accelerated depreciation	21,546	-	(4,143)	17,403
Tax rate depreciation	20,662	-	(641)	20,021
PP&E adjustment – IAS 29	74,977	(7,107)	-	67,870
Monetary restatement on judicial deposits	31,288	-	11,953	43,241
Adjustments on goodwill (Law 11,638/07)	45,755	-	3,070	48,825
Actuarial accruals (Law 11,638/07)	52,149	-	138,459	190,608
Cash basis adjustments on SWAP contracts	13,496	-	(13,496)	-
Deferral of loss on swap agreements	8,399	-	59	8,458
Total liabilities	268,272	(7,107)	135,261	396,426
Total, net	3,281,063	146,449	(307,144)	3,120,368

(i) This arises from temporary difference between cash and accrual basis of accounting.

Long-term deferred income and social contribution taxes are expected to be realized according to future taxable profits estimated based on projections approved by Company management. These projections are based on assumptions that reflect the economic and operating environment of the Company.

During the year ended December 31, 2016, Management recognized through statement of operations a deferred tax amounting to R$331,996 in the Company and R$ 338,548 at the Consolidated financial statements (at December 31, 2015 – R$681,848 and 699,877, respectively). The total deferred taxes assets not recognized in the financial statements amount to R$ 1,013,844 (R$681,848 at December 31, 2015) in the Company and R$1,038,425 at the Consolidated financial statements (R$699,877 at December 31, 2015). Management continues to monitor the referred unrecognized tax credits, which can be recognized once its utilization is deemed probable to occur.

Expected realization of deferred taxes is as follows:

	Company		Consolidated	
	12/31/2016	12/31/2015	12/31/2016	12/31/2015
2017	-	13,287	116,603	36,734
2018	-	284,150	110,602	315,753
2019	151,070	382,935	278,781	587,403
2020	216,926	316,642	360,573	518,311
2021	241,874	370,471	375,346	540,707
2022	273,506	352,192	370,927	504,985
From 2023 onwards	2,522,085	1,252,004	2,942,387	1,745,319
Assets	3,405,461	2,971,681	4,555,219	4,249,212
Unrecognized tax assets	(1,013,844)	(681,848)	(1,038,425)	(699,877)
Assets	2,391,617	2,289,833	3,516,794	3,549,335
Liabilities	(370,052)	(244,645)	(396,426)	(268,272)
Net	2,021,565	2,045,188	3,120,368	3,281,063

Tax assets are recognized based upon an analysis of the expectation of taxable income being generated in the future, which is examined by the fiscal committee and approved by the Board of Directors.

Considering that the income and social contribution tax base comprises not only profit to be generated, but also nontaxable income, nondeductible expenses, tax incentives and other variables, there is no immediate correlation between net income of the Company and income (losses) from income and social contribution taxes.

Accordingly, expected use of tax credits shall not be treated as the sole indication of future income of Usiminas Companies.

(c) Current income and social contribution tax liabilities

	Company	Consolidated	
	12/31/2015	12/31/2016	12/31/2015
Income tax			
Current revenue (expenses) (i)	3,364	(13,926)	(14,728)
Prepayments and offsets for the period	(3,364)	6,835	8,577
	-	(7,091)	(6,151)
Social contribution tax			
Current revenue (expenses) (i)	1,229	(4,025)	(2,554)
Prepayments and offsets for the period	(1,229)	3,578	2,554
	-	(447)	-
Total income and social contribution taxes payable	-	(7,538)	(6,151)

(i) Refers to the adjustment between the provision and the income tax return of prior years.

As at December 31, 2016, the consolidated has not presented Income Tax and Social Contribution expenses, since it recorded tax loss carry-forward and negative basis of social contribution. Additionally, there were no prepayments or compensations in the aforementioned period.

14 Judicial deposits

	Company					
	12/31/2016			12/31/2015		
	Judicial deposits	Taxes in installments	Net balance	Judicial deposits	Taxes in installments	Net balance
IPI	174,418	(106,138)	68,280	168,157	(106,138)	62,019
IR and CSLL	95,529	(57,089)	38,440	164,388	(57,089)	107,299
Social Security Tax (INSS)	107,777	(8,405)	99,372	109,917	(8,405)	101,512
Social Contribution Tax for Intervention in the Economic Order (CIDE)	44,188	(26,384)	17,804	26,384	(26,384)	-
ICMS	65,357	-	65,357	12,312	-	12,312
Labor	191,055	-	191,055	160,055	-	160,055
Civil	35,801	(16)	35,785	38,454	(16)	38,438
Other	12,922	-	12,922	6,676	-	6,676
	727,047	(198,032)	529,015	686,343	(198,032)	488,311

	Consolidated					
	12/31/2016			12/31/2015		
	Judicial deposits	Taxes in installments	Net balance	Judicial deposits	Taxes in installments	Net balance
IPI	174,418	(106,138)	68,280	168,157	(106,138)	62,019
IR and CSLL	101,469	(57,089)	44,380	184,453	(57,089)	127,364
INSS	114,456	(8,405)	106,051	114,511	(8,405)	106,106
CIDE	44,188	(26,384)	17,804	26,384	(26,384)	-
ICMS	65,818		65,818	15,029		15,029
COFINS	19,994	-	19,994	15,349	-	15,349
Labor	240,680	-	240,680	194,232	-	194,232
Civil	40,633	(16)	40,617	38,517	(16)	38,501
Other	56,605	-	56,605	38,792	-	38,792
	858,261	(198,032)	660,229	795,424	(198,032)	597,392

Changes in judicial deposits are as follows:

	Company		Consolidated	
	12/31/2016	12/31/2015	12/31/2016	12/31/2015
Opening balance	686,343	683,985	795,424	764,440
Additions	47,098	34,281	82,469	48,349
Interest/restatements	34,578	32,468	47,675	51,475
Reversals	(40,972)	(64,391)	(67,307)	(68,840)
	727,047	686,343	858,261	795,424

15 Investments

(a) Changes in investments

(i) Company

	12/31/2015	Additions (write-offs)	Equity pickup(i)	Interest on equity and dividends	Unrealized profits in inventories	Other	12/31/2016
Subsidiaries							
Cosipa Commercial	11,455	-	(11,455)	-	-	-	-
Mineração Usiminas	2,896,565	-	201,525	(51,008)	-	556	3,047,638
Soluções Usiminas	694,526	-	12,541	-	(55,182)	(1,045)	650,840
Usiminas Commercial	55,422	-	(34,819)	-	-	-	20,603
Usiminas Europa (ii)	1,928,884	(885,398)	(178,691)	-	-	(1)	864,794
Usiminas International	42,939	-	(9,058)	-	-	-	33,881
Usiminas Mecânica	579,126	-	(5,370)	(40,286)	(1,254)	529	532,745
UPL	60,150	-	7,816	(5,124)	-	9	62,851
Goodwill on subsidiaries (iv)	10,835	-	-	-	-	-	10,835
	6,279,902	(885,398)	(17,511)	(96,418)	(56,436)	48	5,224,187
Jointly-controlled companies							
Unigal	552,947	-	104,162	(83,999)	-	174	573,284
Usiroll	8,550	-	650	(500)	-	131	8,831
	561,497	-	104,812	(84,499)	-	305	582,115
Affiliates							
Codeme (iii)	61,152	14,613	(13,470)	-	-	(351)	61,944
Metform	10,836	(10,836)	-	-	-	-	
MRS	8,639	-	1,166	(294)	-	-	9,511
Goodwill on affiliates	70,204	(8,030)	-	-	-	- 1	62,175
	150,831	(4,253)	(12,304)	(294)	-	(350)	133,630
	6,992,230	(889,651)	74,997	(181,211)	(56,436)	3	5,939,932

(i) From the equity income statement presented in the Parent Company's statements of income and cash flows, which totalized R$8.151, when compared to the expense of R$ 74.997 shown in the movement of investments, it must be added the unrecognized liabilities of the subsidiary Rios Unidos in the amount of R$26.712 and deduct the amount of R$56.436, related to the unrealized profit on inventories calculated with the subsidiaries Soluções Usiminas and Usiminas Mecânica.

(ii) The decrease in the period refers to the reduction of capital in a subsidiary abroad.

(iii) The affiliate Codeme incorporated Metform, without changes in the Company's investments.

(iv) As at December 31, 2016, impairment was recorded in the amount of R$8.030, related to the goodwill arising from the acquisition of Metform. This amount was recorded under "Other operating income (expenses)".

	12/31/2014	Additions (write-offs)	Equity pickup(i)	Interest on equity and dividends	Unrealized profits in inventories	Other	12/31/2015
Subsidiaries							
Cosipa Commercial	25,353	-	(13,898)	-	-	-	11,455
Cosipa Overseas (ii)	592	(865)	273	-	-	-	-
Mineração Usiminas	3,907,515	-	(991,631)	(19,832)	-	513	2,896,565
Soluções Usiminas	724,090	-	(50,584)	-	20,845	175	694,526
Transportes Itaquaquecetuba	-	7,804	-	-	-	(7,804)	-
Usiminas Commercial	61,761	-	(6,339)	-	-	-	55,422
Usiminas Europa (iii)	1,929,453	(813,449)	878,873	(65,400)	-	(593)	1,928,884
Usiminas International	33,097	-	9,842	-	-	-	42,939
Usiminas Mecânica	542,901	-	40,790	(9,710)	2,164	2,981	579,126
UPL	57,206	-	5,488	(2,556)	-	12	60,150
Goodwill on subsidiaries (iv)	128,426	(117,046)	-	-	-	(545)	10,835
	7,410,394	(923,556)	(127,186)	(97,498)	23,009	(5,261)	6,279,902
Jointly-controlled companies							
Unigal	600,075	-	50,773	(98,000)	-	99	552,947
Usiroll	9,842	-	750	-	-	(2,042)	8,550
	609,917	-	51,523	(98,000)	-	(1,943)	561,497
Affiliates							
Codeme	52,327	3,082	5,743	-	-	-	61,152
Metform	13,239	(3,082)	1,071	(623)	-	231	10,836
MRS	7,958	-	911	(230)	-	-	8,639
Goodwill on affiliates (iv)	77,377	(7,173)	-	-	-		70,204
	150,901	(7,173)	7,725	(853)	-	231	150,831
Investiment properties	7,295	-	-	-	-	(7,295)	-
	8,178,507	(930,729)	(67,938)	(196,351)	23,009	(14,268)	6,992,230

(i) From the equity income statement presented in the Parent Company's statements of income and cash flows, which totalized R$71.832, when compared to the expense of R$67.938 shown in the movement of investments, it must be added the unrecognized liabilities of the subsidiary Rios Unidos in the amount of R$26.902 and deduct the amount of R$23.009, related to the unrealized profit on inventories calculated with the subsidiaries Soluções Usiminas and Usiminas Mecânica.

(ii) In 2015, local management decided to to close the activities of Cosipa Overseas

(iii) The decrease in the period refers to the reduction of capital in foreing affiliates.

(iv) As at December 31, 2015, impairment was recorded in the amount of R$117.046, related to the goodwill arising from the acquisition of Mineração Usiminas. This amount was recorded under "Other operating income (expenses)".

(ii) Consolidated

	12/31/2015	Additions (write-offs)	Equity pickup	Interest on equity and dividends	Other	12/31/2016
Jointly-controlled companies						
Modal	2,583	-	2,836	(2,750)	-	2,669
Unigal	552,947	-	104,162	(83,999)	174	573,284
Usiroll	8,550	-	650	(500)	131	8,831
Goodwill on jointly-controlled companies	16,083	-	-	-	-	16,083
	580,163	-	107,648	(87,249)	305	600,867
Affiliates						
Codeme	61,152	14,613	(13,470)	-	(351)	61,944
Metform	10,836	(10,836)	-	-	-	-
MRS	348,949	-	47,647	(8,116)	52	388,532
Terminal Paraopeba	907	59	(56)	-	-	910
Terminal Sarzedo	2,133	-	1,163	(1,444)		1,852
Other	2,767	-	(71)	-	-	2,696
Goodwill on affiliates	77,404	(8,030)	-	-	1	69,375
	504,148	(4,194)	35,213	(9,560)	(298)	525,309
Total	1,084,311	(4,194)	142,861	(96,809)	7	1,126,176

	12/31/2014	Additions (write-offs)	Equity pickup	Interest on equity and dividends	Other	12/31/2015
Jointly-controlled companies						
Modal	2,654	-	1,935	(2,006)	-	2,583
Unigal	600,075	-	50,773	(98,000)	99	552,947
Usiroll	9,842	-	750	-	(2,042)	8,550
Goodwill on jointly-controlled companies	28,020	-	-	-	(11,937)	16,083
	640,591	-	53,458	(100,006)	(13,880)	580,163
Affiliates						
Codeme (i)	52,327	3,082	5,743	-	-	61,152
Metform	13,239	(3,082)	1,071	(623)	231	10,836
MRS	325,086	-	34,020	(10,246)	89	348,949
Terminal Paraopeba	898	15	(6)	-	-	907
Terminal Sarzedo	2,325	-	1,353	(1,545)	-	2,133
Other	10,119	-	(57)	-	(7,295)	2,767
Goodwill on affiliates	101,202	-	-	-	(23,798)	77,404
	505,196	15	42,124	(12,414)	(30,773)	504,148
Total	1,145,787	15	95,582	(112,420)	(44,653)	1,084,311

(i) Codeme incorporated Metform, without changes in the Company's investments.

(b) Financial information of affiliates

At December 31, 2016, interests held by the Company in the mainly affiliates are as follows:

	Country of incorporation	Assets	Liabilities	Equity	Net revenue	Income	(%) Interests held
Codeme	Brazil	452,722	194,409	258,313	118,319	(46,480)	30.76
MRS (i)	Brazil	7,572,803	2,857,532	3,404,067	3,279,420	419,638	11.41

(i) Direct interests of 0.28% and indirect interests, through UPL, of 11.13%.

Profit sharing was calculated after income and social contribution taxes and after non-controlling interests in affiliates.

Voting capital in affiliates corresponds to the same percentage of total capital, except for MRS, voting capital percentage of which is 19,92%. USIMINAS is part of the control group and exerts significant influence, which classifies this investment as affiliate.

The summarized financial information of jointly-controlled companies is presented on a consolidated basis as follows:

(i) Summarized balance sheets

	12/31/2016			12/31/2015		
	Modal	**Unigal**	**Usiroll**	**Modal**	**Unigal**	**Usiroll**
Current assets						
Cash and cash equivalents:	2,496	30,818	2,063	2,158	24,836	2,205
Accounts receivable	827	52,994	1,044	565	79,517	758
Inventories	-	48,702	407	-	38,779	531
Other	8	12,615	138	-	12,944	94
Total current assets	3,331	145,129	3,652	2,723	156,076	3,588
Noncurrent assets						
Noncurrent assets	-	13,402	56	-	11,770	54
Liabilities and equity						
Property, plant and equipment	2,621	948,863	15,068	2,626	991,354	15,468
Intangible assets	-	432	7	-	647	10
Total noncurrent assets	2,621	962,697	15,131	2,626	1,003,771	15,532
Total assets	5,952	1,107,826	18,783	5,349	1,159,847	19,120
Loans	-	65,319	-	-	78,562	-
Trade accounts payable	-	7,366	93	-	8,644	75
Contingencies	-	12,674	47	-	12,011	47
Other	615	192,891	978	182	261,302	1,889
Equity	5,337	829,576	17,665	5,167	799,328	17,109
Total liabilities and equity	5,952	1,107,826	18,783	5,349	1,159,847	19,120

(ii) Summarized statements of operations

	12/31/2016			12/31/2015		
	Modal	**Unigal**	**Usiroll**	**Modal**	**Unigal**	**Usiroll**
Sales and service revenue, net	9,302	277,041	8,073	6,898	273,125	7,093
Cost of products and services sold	(2,722)	(99,929)	(4,211)	(2,265)	(99,072)	(4,561)
Operating income (expenses)	(29)	(12,694)	(2,100)	(23)	(10,923)	(598)
Financial income (expenses)	255	39,100	168	211	(71,060)	(85)
Provision for income and social contribution taxes	(1,135)	(53,518)	(632)	(844)	(16,094)	(349)
Net income for the year	5,671	150,000	1,298	3,977	75,976	1,500

(c) Other significant information on investments

Mineração Usiminas - port operation service rendering agreement entered into with Porto Sudeste do Brasil S.A. (currently named MMX Porto Sudeste Ltda.)

On May 27, 2015, Mineração Usiminas S.A. communicated to Porto Sudeste do Brasil S.A. (currently named MMX Porto Sudeste Ltda.) the immediate termination of the port operation service rendering agreement for handling, warehousing and shipment of ore owned by Mineração Usiminas in the Porto Sudeste Terminal under Take-or-Pay and Delivery-or-Pay contracts. This agreement was terminated due to repeated default by Porto Sudeste in its obligation of completing and putting the port into operation, as well as nonpayment of contractual penalties. The Company took the required steps to enforce its rights, including an arbitration proceeding pleading payment of penalties, compensation for loss of profits, in addition to other damages provided for in contract. The contract was signed with maturity of 5 years from the first shipment, originally planned for April 2012. As of December 31, 2016, the decision on the arbitration proceeding has not been rendered, and no amount referring to this compensation has been recognized at Mineração Usiminas.

16 Property, plant and equipment

		Company					
		12/31/2016			12/31/2015		
	Weighted average annual depreciation rate (%)	Cost	Accumulated depreciation	PP&E, net	Cost	Accumulated depreciation	PP&E, net
In use							
Buildings	4	2,034,834	(1,191,917)	842,917	2,021,294	(1,156,829)	864,465
Machinery and equipment	5	20,737,962	(11,497,391)	9,240,571	20,615,797	(10,674,368)	9,941,429
Facilities	4	780,681	(187,650)	593,031	341,140	(146,089)	195,051
Furniture and fixtures	17	49,425	(37,055)	12,370	48,488	(33,472)	15,016
IT equipment	46	174,720	(160,545)	14,175	162,426	(149,702)	12,724
Vehicles	44	37,327	(34,810)	2,517	37,406	(33,535)	3,871
Tools and appliances	20	193,262	(163,426)	29,836	192,491	(153,097)	39,394
		24,008,211	(13,272,794)	10,735,417	23,419,042	(12,347,092)	11,071,950
Land		419,553	-	419,553	419,553	-	419,553
Total in use		24,427,764	(13,272,794)	11,154,970	23,838,595	(12,347,092)	11,491,503
In construction							
Construction in progress		545,473	-	545,473	1,003,252	-	1,003,252
PP&E in progress		7,941	-	7,941	42,292	-	42,292
Imports in progress		55,569	-	55,569	62,668	-	62,668
Advances to suppliers		416	-	416	14,442	-	14,442
Capitalized loan charges		46,438	-	46,438	58,216	-	58,216
Other		72,251	-	72,251	43,804	-	43,804
Total in construction		728,088	-	728,088	1,224,674	-	1,224,674
		25,155,852	(13,272,794)	11,883,058	25,063,269	(12,347,092)	12,716,177

		Consolidated					
		12/31/2016			12/31/2015		
	Weighted average annual depreciation rate (%)	Cost	Accumulated depreciation	PP&E, net	Cost	Accumulated depreciation	PP&E, net
In use							
Buildings	4	2,391,791	(1,356,869)	1,034,922	2,353,183	(1,305,427)	1,047,756
Machinery and equipment	5	22,006,733	(12,226,909)	9,779,824	21,850,043	(11,297,630)	10,552,413
Facilities	4	1,489,090	(421,235)	1,067,855	1,034,997	(317,365)	717,632
Furniture and fixtures	17	67,038	(50,472)	16,566	66,445	(46,208)	20,237
IT equipment	46	217,355	(191,940)	25,415	203,614	(177,343)	26,271
Vehicles	44	57,260	(54,410)	2,850	94,506	(82,541)	11,965
Tools and appliances	20	222,747	(176,700)	46,047	220,924	(163,698)	57,226
Other		89,285	(4,817)	84,468	89,285	(3,472)	85,813
		26,541,299	(14,483,352)	12,057,947	25,912,997	(13,393,684)	12,519,313
Land		798,338	-	798,338	798,338	-	798,338
Total in use		27,339,637	(14,483,352)	12,856,285	26,711,335	(13,393,684)	13,317,651
In construction							
Construction in progress		689,801	-	689,801	1,196,531	-	1,196,531
PP&E in progress		27,753	-	27,753	50,284	-	50,284
Imports in progress		55,602	-	55,602	62,701	-	62,701
Advances to suppliers		430	-	430	14,442	-	14,442
Capitalized loan charges		46,438	-	46,438	58,216	-	58,216
Other		72,581	-	72,581	43,804	-	43,804
Total in construction		892,605	-	892,605	1,425,978	-	1,425,978
		28,232,242	(14,483,352)	13,748,890	28,137,313	(13,393,684)	14,743,629

Changes in PP&E are as follows:

	Company							
	Buildings	Machinery and equipment	Facilities	Tools and appliances	Land	PP&E in progress	Other	Total
Balances at December 31, 2015	864,465	9,941,429	195,051	39,394	419,553	1,224,674	31,611	12,716,177
Additions (i)	-	5,125	-	-	-	159,158	158	164,441
Write-offs	(354)	(11,195)	-	(73)	-	(56,439)	(1)	(68,062)
Depreciation (ii)	(44,285)	(872,034)	(31,147)	(10,426)	-	-	(15,783)	(973,675)
Capitalized loan charges	-	-	-	-	-	46,438	-	46,438
Write-off of advances	-	-	-	-	-	(3,086)	-	(3,086)
Transfers	23,091	176,452	409,735	941	-	(623,035)	12,816	-
Other	-	794	19,392	-	-	(19,622)	261	825
Balances at December 31, 2016	842,917	9,240,571	593,031	29,836	419,553	728,088	29,062	11,883,058

	Company							
	Buildings	Machinery and equipment	Facilities	Tools and appliances	Land	PP&E in progress	Other	Total
Balances at December 31, 2014	923,557	10,000,335	193,293	48,607	419,553	1,830,396	31,511	13,447,252
Additions	-	17,804	-	30	-	577,334	73	595,241
Write-offs	(1)	(2)	-	-	-	(52,714)	-	(52,717)
Depreciation	(44,455)	(917,638)	(20,791)	(11,519)	-	-	(13,718)	(1,008,121)
Capitalized loan charges	-	-	-	-	-	58,216	-	58,216
Write-off of advances	-	-	-	-	-	(846)	-	(846)
Transfers	435	1,149,122	34,527	2,425	-	(1,200,506)	13,997	-
Impairment losses	(22,366)	(307,590)	(11,978)	(149)	-	(7,722)	(252)	(350,057)
Other	7,295	(602)	-	-	-	20,516	-	27,209
Balances at December 31, 2015	864,465	9,941,429	195,051	39,394	419,553	1,224,674	31,611	12,716,177

(i) The additions of property, plant and equipment comprise cash purchases in the amount of R$163,250 and purchases through FINAME in the amount of R$1,191.

(ii) On December 31, 2016, in addition to the total depreciation for the period, the amount of R$21,894 was recognized in the income statement, related to the depreciation originally recorded in inventories and carried out in this period.

(iii) The referred charges were capitalized at the contracted rates, which are shown in Note 20 to the financial statements as of December 31, 2016.

	Consolidated							
	Buildings	Machinery and equipment	Facilities	Tools and appliances	Land	PP&E in progress	Other	Total
Balances at December 31, 2015	1,047,756	10,552,413	717,632	57,226	798,338	1,425,978	144,286	14,743,629
Additions (i)	237	8,775	2,760	153	-	196,909	638	209,472
Write-offs	(354)	(11,760)	(1)	(77)	-	(56,435)	(7,588)	(76,215)
Depreciation (ii)	(60,636)	(981,175)	(93,465)	(13,102)	-	-	(23,050)	(1,171,428)
Capitalized loan charges (iii)	-	-	-	-	-	46,438	-	46,438
Write-off of advances	-	-	-	-	-	(3,086)	-	(3,086)
Transfers	47,919	210,777	421,537	1,845	-	(696,782)	14,704	-
Other	-	794	19,392	2	-	(20,417)	309	80
Balances at December 31, 2016	1,034,922	9,779,824	1,067,855	46,047	798,338	892,605	129,299	13,748,890

(i) The additions of property, plant and equipment comprise cash purchases in the amount of R$207,035; Term purchases in the amount of R$1,246; and purchases through FINAME in the amount of R$1.191.
(ii) On December 31, 2016, in addition to the total depreciation for the period, the amount of R $ 21,894 was recognized in the income statement, related to the depreciation originally recorded in inventories and carried out in this period.
(iii) The referred charges were capitalized at the contracted rates, which are shown in Note 20 to the financial statements as of December 31, 2016.

	Consolidated							
	Buildings	Machinery and equipment	Facilities	Tools and appliances	Land	PP&E in progress	Other	Total
Balances at December 31, 2014	1,428,433	10,705,480	413,511	65,289	796,201	2,011,008	115,651	15,535,573
Additions	16,218	47,841	6,154	1,965	2,130	648,672	31,758	754,738
Write-offs	(1)	(944)	(524)	(149)	(173)	(52,645)	(2,300)	(56,736)
Depreciation	(76,735)	(1,040,257)	(73,093)	(13,937)	-	-	(21,592)	(1,225,614)
Capitalized loan charges	-	-	-	-	-	58,216	-	58,216
Write-off of advances	-	-	-	-	-	(846)	-	(846)
Transfers	(305,088)	1,148,317	383,562	4,207	180	(1,252,163)	20,985	-
Impairment losses	(22,366)	(307,590)	(11,978)	(149)	-	(7,722)	(252)	(350,057)
Other	7,295	(434)	-	-	-	21,458	36	28,355
Balances at December 31, 2015	1,047,756	10,552,413	717,632	57,226	798,338	1,425,978	144,286	14,743,629

As at December 31, 2016, additions to property, plant and equipment, in the amount of R$ 209,472, refer mainly to the replacement of the L8 crane in Ipatinga (R$ 30,221), repair of the top of the coking plant 3 in Ipatinga (R$ 10.721), improvement in The Cubatão slag beneficiation yard (R$ 8,982), reform of the Ipatinga coke plant 2 (R$ 9,581) and the Compact Project (R $ 8,728) from Mineração Usiminas.

As at December 31, 2016, the balance of property, plant and equipment in progress, in the amount of R$ 892,605, in the Consolidated refers to projects for improvement in the productive process to maintain productive capacity, sustaining and environmental protection projects. The main works are: rolling mill of thick plates in Ipatinga (R$ 380,836); Replacement of the L8 crane (R$ 31,860); front gate installation of the converters 4 and 5 in Ipatinga (R$ 17,318) and the project for the processing of compact iron ore (R $ 72,817) of subsidiary Mineração Usiminas.

At December 31, 2016, interest and exchange gains/losses were capitalized on loans and financing in property, plant and equipment, the amount of which is R$46,438 in the Company and in the Consolidated. These charges were capitalized at contracted rates, which are stated in Note 20.

At December 31, 2016, depreciation in the Company was recognized under Costs of sales, Selling expenses and General and administrative expenses, amounting to R$957,275, R$3,130 and R$13,270 (R$993,733, R$3,087 and R$11,301 at December 31, 2015), respectively. In Consolidated, at the same date, depreciation was recognized under Costs of sales, Selling expenses and General and administrative expenses, amounting to R$1.148.451, R$4,485 and R$18,492 (R$1.205.194, R$4,446 and R$15,974 at December 31, 2014), respectively.

Certain PP&E items are given in guarantee for loans and financing and litigation and claims (Note 39).

17 Impairment of non-financial assets

For calculation of the recoverable amount of each business segment, Usiminas Companies use the discounted cash flow method based on financial and economic projections of each of these reporting segments. The projections take into consideration the changes observed in the economic outlook of the markets in which the companies operate, as well as assumptions of expected P&L and history of profitability of each segment.

At December 31, 2016, Usiminas Companies tested their cash-generating units for impairment, as described below:

(a) Goodwill impairment test

For cash-generating units that have indefinite-lived intangible assets (goodwill), Usiminas Companies performed impairment test, as described below.

Breakdown of allocation of goodwill by operating segment is as follows:

	Company		Consolidated	
	12/31/2016	12/31/2015	12/31/2016	12/31/2015
Mining	-	-	23,283	23,283
Steelmaking	183,353	191,382	183,353	191,382
Steel transformation	-	-	2,433	2,433
	183,353	191,382	209,069	217,098

For the period ended December 31, 2016, an impairment loss was recognized in steel segment amounting to R$8,030 mil (R$7,173 as of December 31, 2015) related to goodwill on the acquisition of Metform. In the mining segment, the Company recorded an impairment loss for its mining segment amounting to R$ 28,562 related to goodwill on the subsidiary Modal (R$ 11,937) and on the affiliate Metform (R$16,625). Additionally, an impairment loss was recognized on the steel transformation segment amounting to R$56,733 referring to the goodwill on the acquisition of Soluções Usiminas. These losses were accounted for as “Other operating income (expenses), net”.

These calculations use cash flow projections based on financial budgets approved by management.

For calculation of the recoverable amount, Usiminas Companies used projections of sales volume, average prices and operating costs performed by the commercial and planning sectors for the next 5 years, considering market share, variation in international prices, and dollar and inflation evolution, based on market reports. Working capital and investment requirements for maintenance of assets tested for impairment were also taken into consideration.

For subsequent years, growth rates were adopted due to the estimated long-term inflation and exchange rates.

The discount rates used were prepared considering market information available on the test date. The Company adopted different rates for each business segment tested in order to reflect its capital structure. Nominal rates used to discount the cash flow of each cash-generating unit range from 11.8% to 15.6% p.a..

The long-term inflation rate used in the projected flows was 4,2% p.a..

(b) Long-lived assets impairment test

The value in use of the Mining Segment was updated to reflect Management's best estimates of the future results obtained from the processing and commercialization of iron ore, based on sales price projections, expenses and investments.This evaluation is sensitive to commodity market prices volatility and potential changes to long-term expectations that could lead to future adjustments to the amounts recorded.

The discount rate applied the projected cash flows refers to an estimated rate for which the market participant would have used based on the specific risks of the assets. The nominal rate in real (R$) applied to the model was 7.2% p.a. The Company took into consideration market sources of information in order to determine the inflation indexers and foreign currency rates applied to the projection of future cash flows. The Brazilian long-term inflation indexers applied was 4.2% p.a. The projection of annual foreign currency rates (Real / US Dollar) considered both US and Brazilian long-term inflation indexers. The projected market prices of iron ore (CFR China 62% Fe) range between USD45/t and USD62/t. The prices applied to future cash flow model are within the expectations made available by market analysts.

Considering the revised projections for expenses and long-term investments, the Company recognized in the income statement of the year ended December 31, 2016 a reversal of impairment in the amount of R$ 357,508 which was recognized in the income statement of the subsidiary Mineração Usiminas S.A. The remaining impairment of R$ 1,641,432, continues to be monitored by the Company and will be reversed to the extent that future projections enable it.

The Company continues to monitor the key assumptions of this segment.

c) Impairment test of other long-lived assets

As of December 31, 2016, the Company performed na impairment of fixed assets of cash generating units in the Steelmaking segment, Steel transformation and capital assets.

There was no impairment in the steel segment. In December 2015 was registered an impairment loss of R$350,057 on the steelmaking segment, associated with assets at the Cubatão Plant.

As of December 31, 2016, impairment losses were not identified for long lived assets on other segments.

The impairment test applied sales volume projections, average sale prices and operating costs for commercial and planning sectors for the next 5 years, considering the market share, changes to global prices, US dollar rates and inflation indexers changes. For the forthcoming years, growth rates based on estimates of long-term inflation and foreign currency rates. The discounted cash flow was prepared in accordance with the estimated useful life of operating equipment.

The scenario applied to the tests were the best estimates of Usiminas companies for results and future cash generation from the various business segments.

The assumptions applied to the impairment test of long-lived assets are the same applied to the goodwill impairment analysis, as mentioned at item (a).

The Company will continue to monitor the results of 2017, which will indicate the reasonableness of forecasts utilized. The long-lived assets by operating segments are depicted at Note 28.

18 Intangible assets

Intangible assets are demonstrated as follows:

		Company					
		31/12/2016			31/12/2015		
	Annual weighted average rate amortization %	Cost	Accumulated amortization	Net amount	Cost	Accumulated amortization	Net amount
Software	24	196.945	(146.307)	50.638	172.828	(130.048)	42.780
Goodwill	-	153.692	(43.349)	110.343	153.692	(43.349)	110.343
Other	-	25.874	-	25.874	30.618	-	30.618
		376.511	(189.656)	186.855	357.138	(173.397)	183.741

		Consolidated					
		31/12/2016			31/12/2015		
	Annual weighted average rate amortization %	Cost	Accumulated amortization	Net amount	Cost	Accumulated amortization	Net amount
Software	24	287.700	(222.902)	64.798	260.417	(200.601)	59.816
Goodwill	-	166.960	(43.349)	123.611	166.960	(43.349)	123.611
Mining rights	-	2.063.280	(77.882)	1.985.398	2.063.280	(77.205)	1.986.075
Impairment	-	(1.509.251)	-	(1.509.251)	(1.866.758)	-	(1.866.758)
Other	-	42.382	(13.020)	29.362	44.107	(8.929)	35.178
		1.051.071	(357.153)	693.918	668.006	(330.084)	337.922

Changes in intangible assets are demonstrated as follows:

	Company			
	Goodwill paid on acquisitions	Software acquired	Other	Total
Net book value at December 31, 2015	110,343	42,780	30,618	183,741
Additions	-	52	14,025	14,077
Write-offs			(35)	(35)
Transfers	-	7,566	(7,566)	-
Amortization	-	(16,259)	-	(16,259)
Other		16,499	(11,168)	5,331
Balances at December 31, 2016	110,343	50,638	25,874	186,855
Total cost	153,692	196,945	25,874	376,511
Accumulated amortization	(43,349)	(146,307)	-	(189,656)
Net book value at December 31, 2016	110,343	50,638	25,874	186,855
% - Annual amortization rates	-	24	-	-

				Company
	Goodwill paid on acquisitions	Software acquired	Other	Total
Net book value at December 31, 2014	110,343	32,407	22,635	165,385
Additions	-	325	25,273	25,598
Transfers	-	17,290	(17,290)	-
Amortization	-	(13,609)	-	(13,609)
Other	-	6,367	-	6,367
Balances at December 31, 2015	110,343	42,780	30,618	183,741
Total cost	153,692	172,828	30,618	357,138
Accumulated amortization	(43,349)	(130,048)	-	(173,397)
Net book value at December 31, 2015	110,343	42,780	30,618	183,741
% - Annual amortization rates	-	23	-	-

	Consolidated				
	Mining rights (i)	Goodwill paid on acquisitions	Software acquired	Other	Total
Net book value at December 31, 2015	119,317	123,611	59,816	35,178	337,922
Additions	-	-	1,349	14,375	15,724
Write-offs	-	-	-	(35)	(35)
Transfers from PP&E	-	-	8,797	(8,797)	-
Amortization	(677)	-	(22,300)	(192)	(23,169)
Impairment losses	357,508	-	-	-	357,508
Other	-	-	17,136	(11,168)	5,968
Balances at December 31, 2016	476,148	123,611	64,798	29,361	693,918
Total cost	557,929	166,960	287,700	38,482	1,051,071
Accumulated amortization	(81,781)	(43,349)	(222,902)	(9,121)	(357,153)
Net book value at December 31, 2016	476,148	123,611	64,798	29,361	693,918
% - Annual amortization rates	-	-	24	-	-

(i) The mineral rights are amortized based on the life-of-mine (depletion) at the average rate of R$0.13 per ton.

(rate adjusted by the net asset value, deducting the Impairment).

	Consolidated				
	Mining rights (i)	Goodwill paid on acquisitions	Software acquired	Outros	Total
Net book value at December 31, 2014	2,117,256	180,344	56,114	23,965	2,377,679
Akdditions	-	-	3,284	26,050	29,334
Transfers	-	-	17,906	(17,906)	-
Amortization	(15,113)	-	(19,721)	-	(34,834)
Other	(1,982,826)	(56,733)	-	-	(2,039,559)
Impairment	-	-	2,233	3,069	5,302
Balances at December 31, 2015	119,317	123,611	59,816	35,178	337,922
Total cost	200,421	166,960	260,418	44,107	671,906
Accumulated amortization	(81,104)	(43,349)	(200,602)	(8,929)	(333,984)
Net book value at December 31, 2015	119,317	123,611	59,816	35,178	337,922
% - Annual amortization rates	-	-	23	-	-

(i) Mining rights are amortized according to depletion of the mines at an average rate of R$0.13 per ton .

As of December 31, 2016, additions to Consolidated intangible assets, in the amount of R$ 15,724, refer mainly to the licensing of Oracle software (R$ 6,324) and new operational platform of the stations (R $ 3,220).

Amortization in the Company was recognized in “Costs of sales” and “General and administrative expenses”, amounting to R$308 and R$15,951 (December 31, 2015 - R$541 in “Costs of sales” and R$13,068 in “General and administrative expenses”), respectively. In the consolidated financial statements, at the same date, amortization was recognized in “Costs of sales”, “Selling expenses” and “General and administrative expenses”, in the amounts of R$3,147, R$123 e R$19,899 (December 31, 2015 - R$17,701, R$382 e R$16,751), respectively.

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

On December 31, 2016, a reversal of impairment in the amount of R$ 357,508 was recognized in the statement of operations of the financial statements of subsidiary Mineração Usiminas, as described in Note 17 (b).

19 Trade accounts payable, contractors and freight

	Company		Consolidated	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Trade accounts payable, contractor and freight:				
Domestic	651,732	483,824	704,711	544,586
Abroad	31,387	101,573	35,812	106,833
Accounts payable to Related parties	177,716	184,424	105,854	169,152
	860,835	769,821	846,377	820,571

20 Loans and financing

On September 12, 2016, the Company completed the signing of all debt renegotiation final documents, concluding the financial restructuring process with its creditors, which, in the Management's view, preserves its financial and operating capacities, adjusting its debt profile to short, medium and long-term prospects.

The main renegotiated conditions, on a common basis for all creditors are: (i) a term of ten (10) years to pay the debts, with a grace period of 3 (three) years to start paying the principal, and measurement of financial covenants, and (ii) quarterly payment of interests.

The Company is committed, until fully settling its debt, to only paying or distributing dividends that are required by law or by its Bylaws and, in case of distribution of dividends, make a payment of the same amount its creditors as early repayment of the balance due to them.

In addition, certain conditions would require the early maturity of the debt, as follows:

a) the non-receipt of funds held in cash of its subsidiary Mineração Usiminas S.A. - MUSA, in a minimum amount of R$ 700,000, until June 30, 2017; and b) the failure to carry out an offer of exchange of Eurobonds, originally issued in 2008, totaling US$ 400 million and maturing in January 2018 until the deadline of June 30, 2017. This offer, whose terms and conditions are still being discussed, covers only the Eurobonds outstanding in the market, which currently represent about US$ 180 million.

The Company's management is already holding negotiations and believes that it will comply with items “a” and “b” above within the pre-established deadlines.

The debt renegotiation instruments also defined a cash sweep mechanism, which requires the Company, if there is a cash surplus exceeding the established thresholds, to be checked on June 30 and December 31 of each year, excluding certain liquidity events, to distribute this cash surplus to its creditors on a pro-rata basis, to be used for the early repayment of principal amounts, interests and other charges due under these instruments.

Regarding the financial covenants, the Company is required to comply with the following ratios, calculated individually (Parent company):

(a) Net debt / EBITDA:

- less than or equal to 4.5x as of June 30, 2019 and December 31, 2019;
- less than or equal to 3.5x as of June 30, 2020 and December 31, 2020;
- less than or equal to 3.0x as of June 30, 2021 and December 31, 2021; and
- less than or equal to 2.5x in semi-annual measurements determined as of June 30 and December 31 of the subsequent years.

(b) EBITDA / Financial expenses:

- minimum of 2.0x as of June 30, 2019, December 31, 2019 and in semi-annual measurements determined as of June 30 and December 31 of the subsequent years.

Regarding non-financial covenants established in debt instruments, including limitations of expansion capex, limitations for obtaining new loans, and change in the control group, the Company has monitoring controls and, for the year ended December 31 2016, has not identified any breaches of these covenants.

The hot and cold rolling mills of Usina Intendente Câmara in Ipatinga - MG were given as collateral to Brazilian creditors (refer to Note 39)

(a) Company

(i) Local currency

	Currency/ index	Principal maturity	Annual financial charges (%)	12/31/2016		12/31/2015	
				Current	Noncurrent	Current	Noncurrent
BNDES	R$	2026	TJLP + 3.48%. 3.88% and 4.88% p.a.	1,822	371,586	-	-
BNDES	R$	2018	5.50% p.a.	1,278	425	1,279	1,699
BNDES	R$	2026	TJLP	13	3,930	-	-
BNDES	URTJLP	2018 to 2021	TJLP + 1.48% to 2.88% p.a.	-	-	119,267	238,732
BNDES	URTJLP	2018	TJLP + 1.48% p.a.	-	-	14,944	29,598
BNDES	R$	2018 and 2020	TJLP	-	-	1,263	2,887
FINAME	R$	2016 to 2024	2.5% to 9.5%p.a.	8,190	25,250	14,072	33,272
Banco do Brasil	R$	2026	CDI + 3% p.a.	17,137	2,486,701	-	-
Banco do Brasil	R$	2016 to 2020	98% to 110.10% p.a. CDI	-	-	806,943	1,650,000
Santander	R$	2016	92.9% p.a. CDI	-	-	49,267	-
Bradesco	R$	2025	TR + 9.8% p.a.	7,709	53,115	7,746	55,219
Bradesco	R$	2026	CDI + 3% p.a.	4,620	546,856	-	-
Itaú BBA	R$	2026	CDI + 3% p.a.	5,696	674,289	-	-
Commissions and other costs	-	-	-	(12,797)	(73,626)	(2,365)	(5,244)
				33,668	4,088,526	1,012,416	2,006,163

(ii) Foreign currency

	Currency/ index	Principal maturity	Annual financial charges (%)	12/31/2016		12/31/2015	
				Current	Noncurrent	Current	Noncurrent
BNDES	US$	2026	Currency basket (US$) + 3.88% p.a.	72	20,112	-	-
BNDES	US$	2026	Currency basket (US$) + 3.88% p.a.	422	118,375	-	-
BNDES	US$	2018	Currency basket + 1.88% p.a.	-	-	22,091	31,862
BNDES	US$	2016	Currency basket (US$) + 1.76% p.a.	-	-	6,181	-
BNDES	US$	2018 to 2021	Currency basket + 1.88% p.a.	-	-	39,536	88,203
Nippon Usiminas	US$	2026	Libor + 2.83% p.a.	381	167,606	-	-
Nippon Usiminas	US$	2016 and 2017	Libor + 0.83% and 1.48 % p.a.	-	-	161,802	66,933
JBIC	US$	2026	Libor + 2.55% p.a.	675	448,120	-	-
JBIC	US$	2018	Libor + 0.55% p.a.	-	-	180,418	357,930
JBIC	US$	2026	Libor + 2.885% p.a.	872	448,120	-	-
JBIC	US$	2018	Libor + 0.885% p.a.	-	-	181,173	357,930
Eurobonds	JPY	2018	4.1165% p.a.	25,388	1,199,220	29,489	1,392,933
Eurobonds	JPY	2016	4.275% p.a.	-	-	741,110	-
Itaú BBA	US$	2018 and 2019	2.68% and 4.53% p.a.	-	-	166,361	768,446
Bradesco	US$	2020	4.11% p.a.	-	-	2,102	593,871
Commissions and other costs	-	-	-	(1,660)	(9,610)	(1,042)	(1,265)
				26,150	2,391,943	1,529,221	3,656,843
Local currency				33,66	4,088,526	1,012,41	2,006,163
				59,818	6,480,469	2,541,63	5,663,006

(b) Consolidated

(i) Local currency

	Currency /index	Principal maturity	Annual financial charges (%)	12/31/2016		12/31/2015	
				Current	Noncurrent	Current	Noncurrent
BNDES	R$	2026	TJLP + 3.48%. 3.88% and 4.88% p.a.	1,822	371,586	-	-
BNDES	R$	2018	5.50% p.a.	1,278	425	1,279	1,699
BNDES	R$	2026	TJLP	13	3,930	-	-
BNDES	URTJLP	2018 to 2021	TJLP + 1.48% to 2.88% p.a.	-	-	119,267	238,732
BNDES	URTJLP	2018	TJLP + 1.48% p.a.	-	-	14,944	29,598
BNDES	R$	2018 and 2020	TJLP	-	-	1,263	2,887
FINAME	R$	2016 to 2024	2.5% to 9.5%p.a.	11,342	31,603	17,242	42,751
Banco do Brasil	R$	2026	CDI + 3% p.a.	17,137	2,486,701	-	-
Banco do Brasil	R$	2016 to 2020	98% to 110.10% p.a. CDI	-	-	806,943	1,650,000
Santander	R$	2016	92.9% p.a. CDI	-	-	49,267	-
Bradesco	R$	2025	TR + 9.8% p.a.	7,709	53,115	7,746	55,219
Bradesco	R$	2026	CDI + 3% p.a.	4,620	546,856	-	-
Itaú BBA	R$	2026	CDI + 3% p.a.	5,696	674,289	-	-
Other	-	-	-	2,637	13,172	49,236	2,600
Commissions and other costs	-	-	-	(12,797)	(73,626)	(2,365)	(5,244)
				39,457	4,108,051	1,064,822	2,018,242

(ii) Foreign currency

	Currency/index	Principal maturity	Annual financial charges (%)	12/31/2016		12/31/2015	
				Current	Noncurrent	Current	Noncurrent
BNDES	US$	2026	Currency basket (US$) + 3.88% p.a.	72	20,112	-	-
BNDES	US$	2026	Currency basket (US$) + 3.88% a.a	422	118,375	-	-
BNDES	US$	2018	Currency basket + 1.88% p.a.	-	-	22,091	31,862
BNDES	US$	2016	Currency basket (US$) + 1.76% p.a.	-	-	6,181	-
BNDES	US$	2018 to 2021	Currency basket + 1.88% p.a.	-	-	39,536	88,203
Nippon Usiminas	US$	2026	Libor + 2.83% p.a.	381	167,606	-	-
Nippon Usiminas	US$	2016 and 2017	Libor + 0.83% e 1.48 % p.a.	-	-	161,802	66,933
JBIC	US$	2026	Libor + 2.55% p.a.	675	448,120	-	-
JBIC	US$	2018	Libor + 0.55% p.a.	-	-	180,418	357,930
JBIC	US$	2026	Libor + 2.885% p.a.	872	448,120	-	-
JBIC	US$	2018	Libor + 0.885% p.a.	-	-	181,173	357,930
Eurobonds	US$	2018	7.25%	18,330	563,642	22,155	675,361
Itaú BBA	US$	2018 and 2019	2.68% e 4.53% p.a.	-	-	166,361	768,446
Bradesco	US$	2020	4.11% p.a.	-	-	2,102	593,871
Other	-	-	-	3,608	-	4,793	519
Commissions and other costs	-	-	-	(1,660)	(9,610)	(1,042)	(1,265)
				22,700	1,756,365	785,570	2,939,790
Local currency				39,457	4,108,051	1,064,822	2,018,242
				62,157	5,864,416	1,850,392	4,958,032

The aging list of noncurrent liabilities is broken down as follows:

	Company		Consolidated	
	12/31/2016	12/31/2015	12/31/2016	12/31/2015
2017	-	1,317,552	-	1,323,800
2018	1,198,975	2,872,288	568,519	2,157,202
2019	67,924	512,770	72,513	514,725
2020	336,046	911,924	339,953	913,197
2021	623,317	11,173	626,464	11,686
2022	897,509	9,664	900,239	9,759
2023	898,133	9,904	898,158	9,929
2024	898,004	9,327	898,009	9,330
2025	897,601	8,404	897,601	8,404
2026	662,960	-	662,960	-
	6,480,469	5,663,006	5,864,416	4,958,032

(c) Changes in loans and financing

Changes in loans and financing are as follows:

	Company		Consolidated	
	12/31/2016	12/31/2015	12/31/2016	12/31/2015
Opening balance	8,204,643	6,564,991	6,808,424	5,635,574
Inflows	193,422	1,708,237	206,592	1,708,237
Recognition – debt renegotiation	5,312,578	-	5,312,578	-
Accrued charges	449,733	306,309	437,736	249,637
Monetary variation	185,827	243,891	189,091	250,458
Exchange gains/losses	(717,953)	1,716,041	(625,707)	1,270,545
Amortization of charges	(682,363)	(492,062)	(670,791)	(451,137)
Amortization of principal	(963,786)	(1,840,465)	(289,536)	(1,852,591)
Derecognition – debt renegotiation	(5,354,040)	-	(5,354,040)	-
Deferred of commissions	(87,774)	(2,299)	(87,774)	(2,299)
	6,540,287	8,204,643	5,926,573	6,808,424

21 Debentures

The debentures issued by the Company, non-convertible bond, as well as loans and financing, were included in the debt renegotiation considering the same conditions described in Note 20. Therefore, the amount of R$1,000,000, related to the principal, was derecognised and recognized in the period, with annual payments due between 2019 and 2026, as well as interests of 3% p.a. of CDI.

At December 31, 2016 changes in debentures are as follows:

	Company and Consolidated	
	12/31/2016	12/31/2015
Opening balance	1,060,290	1,048,641
Accrued charges and other	97,300	56,472
Monetary variation	66,596	87,326
Amortization of charges	(226,451)	(132,149)
Total	997,735	1,060,290
Current liabilities	5,551	61,109
Noncurrent liabilities	992,184	999,181

As of December 30, 2016, charges on debentures amounting to R$5,551 are recorded under current liabilities (R$61,109 at December 31, 2015).

22 Taxes payable

	Company		Consolidated	
	12/31/2016	12/31/2015	12/31/2016	12/31/2015
ICMS	20,111	26,784	22,419	30,447
IPI	10,298	20,735	12,466	22,171
IRRF	7,003	9,637	9,345	12,469
ISS	890	2,674	3,179	7,536
PIS and COFINS	2,439	4,836	6,342	8,808
Other	540	1,837	4,696	4,116
	41,281	66,503	58,447	85,547

23 Taxes in installments

Taxes in installments are broken down as follows:

	Company					
	12/31/2016			12/31/2015		
	Taxes in installments	Judicial deposits	Net balance	Taxes in installments	Judicial deposits	Net balance
INSS	8,405	(8,405)	-	8,405	(8,405)	-
IPI	107,284	(100,079)	7,205	107,047	(100,079)	6,968
Refis – Law No. 11941/09 – IPI and CIDE	32,443	(32,443)	-	32,443	(32,443)	-
REFIS – Law No. 11941/09 - IRPJ/CSLL Monetary loss - *Plano Verão*	57,089	(57,089)	-	57,089	(57,089)	-
Other	16	(16)	-	16	(16)	-
	205,237	(198,032)	7,205	205,000	(198,032)	6,968
Current liabilities	-	-	7,205	-	-	6,968

	Consolidated					
	12/31/2016			12/31/2015		
	Taxes in installments	Judicial deposits	Net balance	Taxes in installments	Judicial deposits	Net balance
INSS	8,405	(8,405)	-	8,405	(8,405)	-
IPI	107,284	(100,079)	7,205	107,047	(100,079)	6,968
Refis – Law No. 11941/09 – IPI and CIDE	32,443	(32,443)	-	32,443	(32,443)	-
REFIS – Law No. 11941/09	10,374	-	10,374	10,805	-	10,805
REFIS – Law No. 11941/09 - IRPJ/CSLL Monetary loss - *Plano Verão*	57,089	(57,089)	-	57,089	(57,089)	-
Other	16	(16)	-	16	(16)	-
	215,611	(198,032)	17,579	215,805	(198,032)	17,773
Current liabilities	-	-	8,529	-	-	8,191
Noncurrent liabilities	-	-	9,050	-	-	9,582

Changes in taxes payable in installments are as follows:

	Company		Consolidated	
	12/31/2016	12/31/2015	12/31/2016	12/31/2015
Opening balance	205,000	204,464	215,805	215,565
(Reversal of) provision for interest	560	536	560	536
Amortization of principal	(323)	-	(1,601)	(1,178)
Monetary variation	-	-	847	882
Subtotal	205,237	205,000	215,611	215,805
Closing balance - offsetting of judicial deposit	(198,032)	(198,032)	(198,032)	(198,032)
Total	7,205	6,968	17,579	17,773

(i) Regarding the tax installment presented in the balance sheet, it is necessary to deduct the amount of R $ 198,032, related to compensation with judicial deposits.
(ii) The balance of the Parent Company is substantially composed of IPI. The balance of the Consolidated, in addition to the IPI of the Parent Company, is substantially composed of COFINS .

The aging list of installments recorded under noncurrent liabilities is as follows:

	Consolidated	
	12/31/2016	12/31/2015
2017	-	1,223
2018	1,324	1,223
2019	1,324	1,223
2020	1,324	1,223
2021	1,324	1,223
2022 to 2024	3,754	3,467
	9,050	9,582

24 Provisions and contingencies for litigation

	Company					
	12/31/2016			12/31/2015		
	Provisions	Judicial deposits	Net balance	Provisions	Judicial deposits	Net balance
IRPJ and CSLL	1,775	-	1,775	1,839	-	1,839
INSS	5,293	-	5,293	1,630	-	1,630
ICMS	3,564	-	3,564	15,039	-	15,039
Labor	278,859	(108,585)	170,274	259,634	(102,359)	157,275
Civil	119,589	(26,321)	93,268	109,285	(8,075)	101,210
Other	13,325	-	13,325	8,407	(434)	7,973
	422,405	(134,906)	287,499	395,834	(110,868)	284,966

	Consolidated					
	12/31/2016			12/31/2015		
	Provisions	Judicial deposits	Net balance	Provisions	Judicial deposits	Net balance
IRPJ and CSLL	1,775	-	1,775	12,262	-	12,262
INSS	5,344	-	5,344	1,659	-	1,659
ICMS	32,341	-	32,341	41,480	-	41,480
PIS/COFINS	17,819	-	17,819	12,109	-	12,109
Labor	358,106	(108,585)	249,521	328,370	(102,359)	226,011
Civil	137,541	(26,321)	111,220	123,724	(8,075)	115,649
Other	54,937	(3,244)	51,693	37,851	(3,499)	34,352
	607,863	(138,150)	469,713	557,455	(113,933)	443,522

The Company also has judicial deposits recorded in noncurrent assets, for which there are no related provisions (Note 14).

Changes in provision for litigation are as follows:

	Company		Consolidated	
	12/31/2016	12/31/2015	12/31/2016	12/31/2015
Opening balance	395,834	346,425	557,455	475,859
Additions	66,515	94,583	97,133	132,561
Interest/restatements	73,057	32,482	91,782	47,489
Amortization/utilization	(75,969)	(48,214)	(80,351)	(48,363)
Reversals	(37,032)	(29,442)	(58,156)	(50,091)
	422,405	395,834	607,863	557,455

(a) Provisions for litigation

Provisions for litigation were recognized on administrative and legal proceedings related to tax, labor and civil matters and environmental at an amount deemed appropriate by management, based on the opinion of its internal and external legal advisors. The ultimate amounts and timing of any payments depends on outcome of the court proceedings. The most significant legal proceedings at December 31, 2016 are as follows:

(i) Company's provisions

Description	Status	12/31/2016 Balance	12/31/2015 Balance
Legal proceedings involving employees, own former employees and subcontractors of the Ipatinga Plant who claim various labor and social security dues.	Awaiting judgment by the Labor Court and administrative bodies at various levels.	35,806	35,129
Legal proceedings involving employees, own former employees and subcontractors of Usiminas in Cubatão who claim various labor and social security dues.	Awaiting judgment by the Labor Court and administrative bodies at various levels.	220,252	202,436
Legal proceedings seeking compensation for property damages (pension, fixed medical expenses, etc.) and pain and suffering for exposure to benzene gas during working hours.	Awaiting judgment.	27,853	30,171
Disputes between the parties over the price paid to acquire Zamprogna NSG Tecnologia do Aço S.A. by Soluções Usiminas.	Records will be sent to the judge for decision.	65,227	49,819
Disputes under CADE coordination– refers to the previously existing Cosipa and Usiminas. Voiding proceedings for lawsuit No. 2000.34.00.000088-4	In progress at the Regional Federal Court 1st Region.	11,536	9,668
Tax assements with respect to service taxes ("ISS") over port-related services rendered by Usiminas at the Praia Mole Sea Port Terminal– located at Vitória/ES.	In progress at the Regional Federal Court 1st Region.	13,250	11,917
Other civil and envirolmental proceedings		14,974	19,627
Other labor claims		22,802	22,069
Other tax proceedings		10,705	14,998
		422,405	395,834

(ii) Subsidiary Soluções Usiminas' provisions

Description	Status	12/31/2016 Balance	12/31/2015 Balance
Discussion on interpretation of Law Nº 9718/98, increase in PIS and COFINS tax bases.	Awaiting judgment.	17,746	12,109
Legal proceeding on deductibility of CSLL on IRPJ tax basis.	Awaiting judgment.	-	10,423
ICMS matching credits in disagreement with the ICMS Code arising out of the tax delinquency notice - NSG	Awaiting judgment.	26,527	23,845
Labor claims filed by employees seeking disputes over the amount of compensation paid on terminations.	Awaiting judgment.	46,616	36,331
Other civil proceedings	-	11,904	10,592
Other tax proceedings	-	9,577	7,435
		112,370	100,735

	12/31/2016	12/31/2015
Company's provisions	422,405	395,834
Soluções Usiminas' provision	112,370	100,735
Mineração Usiminas' provision	39,346	31,154
Provisions involving other companies	33,742	29,732
Total consolidated	607,863	557,455

(b) Contingent liabilities

In addition, the Company and some of its subsidiaries are in litigation processes, which no provisions have been made by management determined a present obligation does not exist, based on the opinion of its legal advisors, as follows:

(i) Company's contingent liabilities

Description	Status	12/31/2016 Balance	12/31/2015 Balance
Request for offsetting of federal tax debts against IRPJ credits determined after the review of the Taxable Profit Control Register (LALUR), pending validation.	Awaiting judgment at Second Judicial Intance	88,414	117,038
Delinquent tax collection procedures seeking reversal of ICMS credits in connection with inconsistent classification of materials between the tax authorities and Usiminas.	Three delinquent tax collection proceedings are pending judgment at First and Second Judicial Intance.	41,044	61,018
Tax delinquency notices seeking collection of ICMS levied on goods whose admission into the Manaus Tax Free Zone is not demonstrable.	Delinquent tax collection proceedings started. Four tax delinquency notices await judgment at the administrative level.	51,274	66,273
Delinquent tax collection proceedings seeking reversal of ICMS credits on materials deemed to be as for use and consumption (refractory products and other)	Two delinquent tax collection proceedings await a legal decision and two tax delinquency notices await judgment at the administrative level.	1,121,468	1,132,971
Delinquent tax collection procedure seeking reversal of ICMS credits used by Usiminas upon engagement of transportation services.	Awaiting judgment at lower court	49,425	61,648
Legal proceeding declared res judicata whose waiver for membership in the installment payment set by Law No. 11941/09 was rejected.	Awaiting judgment at higher court	88,331	92,000
Delinquent tax collection proceedings seeking collection of ICMS on exports, on the grounds that the target companies were not validated by the SECEX.	Administrative proceeding closed. Delinquent tax collection procedure started.	38,394	45,918
Delinquent tax collection proceedings seeking collection of ICMS on goods sent abroad, without the appropriate demonstrable export.	Two delinquent tax collection proceedings started, pending judgment at lower court.	581,988	677,465

Description	Status	12/31/2016 Balance	12/31/2015 Balance
Request for offsetting of IPI, PIS and COFINS debts against credit from payment of CSLL in error, no approved.	Awaiting judgment at the administrative level.	44,167	37,021
Notice of Injury due to alleged lower ICMS tax collection resulting from tax credits related to transportation services taken for shipments to closed deposits.	Awaiting judgment at the administrative level.	101,430	-
Arbitration of the addition to the social contribution related to the financing of the benefits granted due to the degree of incidence of incapacity for work resulting from environmental risks.	Awaiting judgment at the administrative level.	55,199	-
Suspension of Liability Unconstitutionality of Ordinary Law n. 10.168 / 00 that created the Contribution of Intervention of Economic Domain (CIDE).	Awaiting judgment at the administrative level.	39,311	-
Occupancy Rate incident on the navy land and its increased, whose registration of occupation before the Secretariat of the Patrimony of the Union is related to the RIP.	Awaiting judgment at the administrative level.	32,742	22,886
Tax delinquency notice claiming ICMS in connection with inappropriate credit taking for use and consumption on export of goods.	Awaiting judgment at the administrative level.	257,010	244,905
A lawsuit aiming to declare voided a tax assessment claiming for the reversal of ICMS credits referring to a period when Usiminas was supposedly in an irregular situation with the tax authority.	Awaiting judgment at lower court	132,902	120,704
Claims involving employees, former own employees and subcontractors of Cubatão Plant seeking various labor and social security dues.	Awaiting judgment at the Labor Court and administrative agencies, at various levels.	137,773	148,307
Claims involving employees, former own employees and subcontractors of Ipatinga Plant seeking various labor and social security dues.	Awaiting judgment at the Labor Court and administrative agencies, at various levels.	135,502	163,688
Action seeking annulment of a CADE's administrative decision, which sentenced Usiminas to pay fines for violation of the economic order.	Appeal to the High Court of Justice rejected.	33,774	44,089
Action seeking annulment of a CADE's administrative decision, which sentenced Cosipa (currently Usiminas plant from Cubatão) to pay fines for violation of the economic order.	Appeal to the High Court of Justice rejected.	122,995	42,779
Other civil proceedings	-	160,829	144,529
Other labor claims	-	26,680	30,889
Other tax proceedings	-	366,852	334,686
		3,707,504	3,588,814

(ii) Usiminas Mecânica's contingent liabilities

Description	Status	12/31/2016 Balance	12/31/2015 Balance
Claim seeking reimbursement on the grounds of direct and indirect losses due to disagreement of manufacturing and supply.	Awaiting judgment.	555,945	466,391
Civil class action regarding the construction of a bridge, claiming reimbursement to the public treasury of amounts added through Addendum to the firm price contract.	Awaiting decision by the judge.	434,302	364,343
Civil class action filed by the Public Prosecution Service against Usiminas Mecânica, claiming reimbursement of supposed damages caused to the Public Treasury in the State of Santa Catarina involving inappropriate expenses to construct a bridge.	Awaiting judgment.	89,716	75,425
Proceeding involving collection of ICMS on labor for shipment of steel slabs used in the manufacturing of wind towers.	Awaiting judgment at the administrative level.	12,035	43,808
Claims involving employees, former own employees and subcontractors, seeking various labor and social security dues.	Awaiting judgment at the Labor Court and administrative agencies, at various levels.	74,316	53,749
Other civil and environmental proceedings		3,080	38,950
Other tax proceedings		128,487	96,050
		1,297,881	1,138,716

(iii) Soluções Usiminas' contingent liabilities

Description	Status	12/31/2016 Balance	12/31/2015 Balance
Various tax delinquency notices arising out of offsetting PIS against COFINS, FINSOCIAL, ICMS and INCRA.	This has been subject matter of a protest letter.	24,739	24,098
Labor claims filed by employees seeking disputes over the amount of compensation paid on terminations.	Awaiting judgment.	107,751	84,795
Other tax and civil proceedings		71,190	133,889
		203,680	242,782

(iv) Mineração Usiminas' contingent liabilities

Description	Status	12/31/2016 Balance	12/31/2015 Balance
Request for arbitration filed by Construtora Mello de Azevedo (Applicant), seeking reimbursement of losses and additional costs incurred during the execution of the construction works of the New Friable ITM – Flotation in the Municipality of Itatiaiuçu/MG.	Awaiting the beginning of the expert examination work.	-	47,604
Tax assessment issued by the Minas Gerais State Tax Autority in the city of Ipatinga, claiming for ICMS credits for which the company was not allowed to claim with respect to fixed assets acquisitions	Impugnation presented against the tax assessment.	22,586	19,640
This is a writ of mandamus with a preliminary injunction, filed against the customs inspector of the port of Itaguaí, with the purpose of rendering the term of retention of goods null and void.	Phase of knowledge.	22,347	-
Arbitral procedure established by DM Construtora Ltda. (Applicant), which claims reimbursement of losses and additional costs incurred during the construction works of the New ITM Friable – Flotation in Itatiaiuçu-MG.	Awaiting the start of expertise.	18,404	17,459
Other civil proceedings		1,897	2,031
Other labor claims		10,495	3,095
Other tax proceedings		1,229	3,407
		76,958	93,236

	12/31/2016	12/31/2015
Company's contingencies	3,707,504	3,588,814
Usiminas Mecânica's contingencies	1,297,881	1,138,716
Soluções Usiminas' contingencies	203,680	242,782
Mineração Usiminas' contingencies	76,958	93,236
Rios Unidos	17,842	-
Total consolidated	5,330,263	5,063,548

(c) Contingent assets

The Company is in part the active process with Eletrobrás, to receive the full amount paid by Usiminas in its subsidiaries Cubatão and Ipatinga. This process refers to compulsory loan, according to the criteria of the existing legislation at the time of payment of the tax.

Following are the contingencies of the Company as a plaintiff. The legal proceedings have not yet been declared res judicata and thus such contingent assets are not recognized in the financial statements:

Description	Status	12/31/2015 Balance	12/31/2014 Balance
Legal proceeding filed by Usiminas seeking receipt of the full amount paid to Eletrobrás as compulsory loan, in accordance with the criteria of the legislation in force at the time of tax payment.	Waiting for Eletrobras and the Federal Government appeal to be evaluated by the superior court. The appeals were filed after favorable outcome to the Company in the second court of appeal.	1,792,663	1,118,370
Legal proceeding filed by Cosipa seeking receipt of the full amount paid to Eletrobrás as compulsory loan, in accordance with the criteria of the legislation in force at the time of tax payment.	Final decision held for the declaratory lawsuit. The company filed a lawsuit requesting for the execution of the final decision from December 2014 and is currently waiting for Eletrobrás to be formally informed.	942,122	673,374
Legal proceeding questioning the restriction to the right to credits on PIS and COFINS on machinery, equipment and other assets added to PP&E acquired before 04/30/2004.	Awaiting judgment at higher court.	221,787	192,885
Other contingent assets		106,872	148,365
		3,063,444	2,132,994

The Company was also part of an active process which discussed the unconstitutionality of the inclusion of ICMS and own contributions in the PIS and COFINS bases of import calculation. The judgment, which had become final in August 2015, recognized the Company's right to offset the amount effectively overpaid. The Company had qualified credits in the amount of R$543,816 with Federal Revenue Services and compensated credits in the amount of R$332,827 in the twelve-month period ended December 31, 2016.

25 Provision for environmental restoration

Subsidiary Mineração Usiminas S.A. has a provision for environmental restoration in exploration areas in the amount of R$143,043 as of December 31, 2016 (R$127,103 as of December 31, 2015).

Environmental restoration expenses were recorded as part of these assets' cost and charged to provisions supporting such expenses, and take into account Management estimates of future expenses brought to present value at the real rate of 12.54% p.a. Expense estimate are periodically revised and the recorded amounts adjusted whenever necessary.

26 Retirement benefit obligations

The figures and information on retirement benefit obligations are shown below:

	Company		Consolidated	
	12/31/2016	12/31/2015	12/31/2016	12/31/2015
Obligations recorded in balance sheet:				
Retirement plan benefits	992,924	1,052,214	992,924	1,052,214
Post-employment health benefits	345,495	98,703	349,803	101,165
	1,338,419	1,150,917	342,727	1,153,379

	Company		Consolidated	
	12/31/2016	12/31/2015	12/31/2016	12/31/2015
Revenues (expenses) recognized in the statement of operations (Note 32 (b))				
Retirement plan benefits	14,473	2,461	14,473	2,461
Post-employment health benefits	(12,652)	(17,849)	(12,993)	(18,708)
	1,821	(15,388)	1,480	(16,247)

	Company		Consolidated	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Actuarial gains (losses) recognized directly in other comprehensive income (loss)	(409,259)	183,603	(416,580)	187,055
Actuarial gains (losses) of debts contracted and directly recognized in other comprehensive income (loss) - CPC 33 and IFRIC 14	73,432	(60,918)	73,432	(60,918)
Decrease (increase) in assets (asset ceiling) in other comprehensive income (loss) - paragraph 58, CPC 33 and IAS 19	67,772	(219,516)	67,773	(219,516)
Accumulated actuarial gains (losses) recognized in other comprehensive income (loss) (i)	(268,054)	(96,831)	(275,375)	(93,379)

(i) At December 31, 2016, the total amount in the Company's financial statements includes R$ 7,321 (R$3,542 at December 31, 2015) referring to actuarial gains (losses) on subsidiaries and jointly-controlled subsidiaries recorded by the equity method.

26.1 Supplementary retirement plans

In August 1972, the Company set up Caixa dos Empregados da Usiminas (CAIXA).

On March 29, 2012, Supervisory Office (PREVIC) approved the merger of Cosipa Private Pension Foundation (FEMCO), set up in August 1975, into Caixa dos Empregados da Usiminas (CAIXA), both closed-end not-for-profit supplementary pension entities. With this approval, the Manager of the pension plans of Usiminas Companies was renamed Previdência Usiminas.

Previdência Usiminas, in line with the applicable legislation, aims mainly at managing and running private pension benefit plans.

Plans managed by Previdência Usiminas

(i) Benefit plan 1 (PB1)

A defined benefit plan closed ended for new members since November 1996.

It provides the following benefits converted into life annuity: length-of-service retirement, disability retirement, age superannuation, special retirement, retirement based on the contribution period and pension on death. Furthermore, the members on this plan are entitled to benefits such as redemption, portability, funeral grant, prisoner's family grant and sickness allowance.

(ii) Benefit plan 2 (USIPREV)

Variable contribution (VC) benefit plan, operating since August 1998, provided to the employees of the sponsor. Currently, this is the single Usiminas Companies' Plan accepting new enrollments.

During the accumulation phase, the USIPREV member defines their monthly contribution to set up savings reserve. Upon granting of the benefit, the member may opt for receiving their benefits in a monthly annuity ranging between 0.5% and 1.5% of its Account Balance or in a monthly annuity (annuity certain) between 60 and 360 months. The "Charter Member" – on the plan until April 13, 2011, may also opt for converting their account balances into a monthly life annuity. In this case, during the payout phase, USIPREV will be similar to a Defined-benefit-type plan (DB).

The benefits offered by this plan comprise: programmed retirement, vesting, portability, disability retirement; sickness allowance and survivor benefit – pre and post retirement. The following benefits are also covered: self-funded retirement plan, vesting, portability and redemption.

(iii) Defined-benefit-type plan (PBD)

It is a defined-benefit-type plan and is no longer open for new members since December 2000.

It offers the following benefits converted into life annuity: retirement by years of service, disability retirement, age superannuation, special retirement and vesting.

Furthermore, the members on this plan are entitled to benefits such as redemption, portability, funeral grant, prisoner's family grant and sickness allowance.

(iv) COSIPREV

Defined-benefit-type plan no longer open for new members since April 30, 2009.

The benefits offered are the following: programmed retirement, disability retirement and vesting.

In addition, members are entitled to retirement, sickness allowance, redemption and portability.

The technical reserves of benefit plans administered by Previdência Usiminas are calculated by independent actuary hired by the Company, and are used to pay benefits granted and to be granted to members and their beneficiaries.

26.2 Debts contracted - minimum requirements

The Company has taken out debts in connection with the minimum requirements for payment of contributions, for the purpose of covering the gap in relation to the services already received.

In the event of non-recoverable surplus, the debts taken are recognized as an additional liability in net actuarial liabilities.

At December 31, 2016, the debit balance of the referred to debts payable by Company to Previdência Usiminas for PB1 and PBD plans amounted to R$1,006,590 (R$1,067,625 at December 31, 2015).

The general characteristics of debts used in the actuarial calculation are described below.

The Company and other sponsoring employers of the PB1 plan have been paying monthly and special contributions, as required to cover the insufficient reserve identified in December 1994. This insufficient reserve is to be amortized by the sponsoring employers within 19 years, as from 2002, at the interest rate of 6% p.a., and monthly adjusted by the General Market Price Index (IGP-M).

The PBD plan debit balance is determined at the end of each year, based on direct actuarial revaluation of provisions, which takes into account the direct actuarial revaluation of mathematical estimates of benefits granted and to be granted. Over the subsequent year, as defined in the actuarial revaluation system, the debt is adjusted by the monthly surplus or deficit computed in the PBD plan, and by the payment of installments falling due in the respective period. This debt balance must be amortized in 181 installments, corresponding to the monthly installments calculated based on the "Price Table", at an interest rate equivalent to 6% (six percent) p.a., and monthly adjustment by the National Consumer Price Index (INPC).

The collateral of the PBD plan debt comprises assets amounting to R$594,000 at December 31, 2016 (R$50,863 at December 31, 2015).

26.3 Actuarial calculation of retirement plans

The amounts calculated based on the actuarial report, and recognized in the balance sheet, are shown below:

	Company and Consolidated				
	12/31/2016				
	PB1	PBD	USIPREV	COSIPREV	Total
Present value of actuarial obligation	(3,535,068)	(1,492,519)	(1,671,295)	(3,824)	(6,702,706)
Fair value of assets	4,210,713	1,442,293	1,813,122	27,810	7,493,938
	675,645	(50,226)	141,827	23,986	791,232
Asset ceiling	(675,645)	-	(134,330)	(17,817)	(827,792)
Minimum requirements (additional liabilities)	(693,578)	(262,786)	-	-	(956,364)
	(693,578)	(313,012)	7,497	6,169	(992,924)

	Company and Consolidated				
	12/31/2015				
	PB1	PBD	USIPREV	COSIPREV	Total
Present value of actuarial obligation	(3,073,619)	(1,306,333)	(1,459,631)	(6,779)	(5,846,362)
Fair value of assets	3,694,732	1,358,828	1,618,418	16,557	6,688,535
	621,113	52,495	158,787	9,778	842,173
Asset ceiling	(621,113)	(52,495)	(150,150)	(3,004)	(826,762)
Minimum requirements (additional liabilities)	(783,464)	(284,161)	-	-	(1,067,625)
	(783,464)	(284,161)	8,637	6,774	(1,052,214)

USIPREV's sponsoring employers are jointly liable to the obligations related to coverage of risk benefits offered by Previdência Usiminas to members and respective beneficiaries of this Plan.

USIPREV and COSIPREV plans have a Pension Fund from members' account balances not used in benefit payouts. As provided for in the plans regulation, this fund may be used to fund these plans in the future. At December 31, 2016, the Pension Fund portion attributed to Usiminas Companies amounts to R$81.797 (R$57,157 at December 31, 2015).

Changes in the defined benefit obligation in the reporting periods are as follows:

	Company and Consolidated	
	12/31/2016	12/31/2015
Opening balance	(5,846,362)	(5,991,002)
Current service cost	(1,177)	(1,666)
Interest cost	(711,465)	(684,065)
Benefits paid	517,957	477,239
Adjustments - Changes in benefit plans	1,713	-
Actuarial gains (losses)	(663,372)	353,132
	(6,702,706)	(5,846,362)

Changes in fair value of plan assets in the reporting periods are as follows:

	Company and Consolidated	
	12/31/2016	12/31/2015
Opening balance	6,688,535	6,372,598
Expected return on assets	1,110,023	610,203
Actual contributions for the year	213,337	182,973
Benefits paid	(517,957)	(477,239)
Actuarial gains (losses)	-	-
	7,493,938	6,688,535

The amounts recognized in the statement of operations are shown below:

	Company and Consolidated	
	12/31/2016	12/31/2015
Current service cost	(1,199)	(1,640)
Interest cost	(718,718)	(631,670)
Expected return on assets	734,294	635,665
Other	96	106
	14,473	2,461

The charges shown above were recognized in "Other operating expenses (income), net" in statement of operations (Note 32(b)), extracted from post-employment benefits in the amount of R$12,652 (as of December 31, 2015 – R$12,993)

The actual return on plan assets was R$1,110,023 (R$596,889 at December 31, 2015).

The contributions expected for the post-employment benefit plans for 2016 total R$230,557.

	12/31/2016	12/31/2015
Actuarial assumptions		
Discount rate	(i)	(ii)
Inflation rate	4.30% p.a.	5.00% p.a.
Expected return on assets – PB1 and PBD	-	-
Expected return on assets - USIPREV and COSIPREV	-	-
Future salary increase	6.03% p.a.	9.32% p.a.
Pension fund benefit growth	4.30% p.a.	5.00% p.a.

(i) At December 31, 2016, the discount rate presents the following actuarial assumptions by plan: PB1, 10.66%; PBD, 10.66%; USIPREV, 10.69%; and COSIPREV, 10.90%.
(ii) At December 31, 2015, the discount rate presents the following actuarial assumptions by plan: PB1, 12.54%; PBD, 12.54%; USIPREV, 12.56%; and COSIPREV, 12.82%.

The assumptions referring to mortality rate are set according to the actuaries' opinion, based on published statistics and their experience. For 2015 and 2014, the mortality assumptions for PB1, Cosiprev and Usiprev plans are based on the mortality table AT 2000. For 2015 and 2014, the mortality assumptions for the PBD plan are based on the mortality table AT 1983. At December 31, 2016 and 2015, the disability mortality table used was AT - 1949 male.

26.4 Experience adjustments

The effects of adjustments computed based on experiences for the period are as follows:

	12/31/2016						
	PB1	PBD	USIPREV	COSIPREV	Total retirement plans	Health care plan	Total
Present value of the defined benefit obligation	(3,535,068)	(1,492,519)	(1,671,295)	(3,824)	(6,702,706)	(98,703)	(6,801,409)
Fair value of plan assets	4,210,713	1,442,293	1,813,122	27,810	7,493,938	-	7,493,938
Plan deficit (surplus)	675,645	(50,226)	141,827	23,986	791,232	(98,703)	692,529
Experience adjustments on plan obligations	(118,471)	(47,955)	(15,509)	839	(181,096)	(209,639)	(390,735)
Return on assets Plan – greater (lower) than the discount rate	(189,957)	(30,563)	(48,284)	(10,463)	(279,267)	-	(279,267)

	12/31/2015						
	PB1	PBD	USIPREV	COSIPREV	Total retirement plans	Health care plan	Total
Present value of the defined benefit obligation	(3,073,619)	(1,306,333)	(1,459,631)	(6,779)	(5,846,362)	(143,114)	(5,989,476)
Fair value of plan assets	3,694,732	1,358,828	1,618,418	16,557	6,688,535	-	6,688,535
Plan deficit (surplus)	621,113	52,495	158,787	9,778	842,173	(143,114)	699,059
Experience adjustments on plan obligations	(188,811)	(77,380)	(16,168)	839	(281,520)	(4,396)	(285,916)
Return on assets Plan – greater (lower) than the discount rate	194,711,	(29,921),	(34,600),	(2,415),	127,775,	-	127,775,

26.5 Actuarial assumptions and sensitivity analyses

	Company and Consolidated			
				12/31/2016
Significant actuarial assumptions	**PB1**	**PBD**	**USIPREV**	**COSIPREV**
Present value of obligation	(3.535.068)	(1.492.519)	(1.671.295)	(3.824)
Discount rate applied to plan obligations	10,66%	10,66%	10,66%	10,90%
Mortality table applied to plans	**AT-200 reduced by 10%**	**AT-1983 – reduced by 10%**	**AT-200 reduced by 50% for male and 40% for female**	**AT-200 – reduced by 20%**
Sensitivity analysis on plan obligations discount rate				
1% increase on actual rate	(272.744)	(111.407)	(67.459)	(122)
1% decrease on actual rate	318.538	129.592	81.362	131
Sensitivity analysis on Mortality Table Reduced by 10%	81.119	33.384	8.098	(45)

The sensitivity analysis on actuarial obligations was prepared considering solely changes in the discount rate and the mortality table applied to plan obligations.

26.6 Health insurance plan to retirees

(a) COSaúde

Plan no longer open for new members since March 2010.

Cosaúde foi criado como instrumento de caráter médico social, visando permitir aos participantes a constituição de recursos financeiros, através de contribuições mensais, para a cobertura de despesas médico-hospitalares, composto de:

- Fundo de Saúde – COSaúde, for the expenses which are under the responsibility of the users, coming from hospitalizations and other procedures provided in the regulation of the plan, clinic expenses, as well as other high-cost procedures and clinical procedures.

The Company offers an allowance to retirees and members of the Health Care Insurance Plan, as well as to their dependents, ranging from 20% to 40% of the medical cost, and according to the total benefit – INSS plus Previdência Usiminas. The retiree must join COSaúde to be a member of the Health Care Plan. The Fundo de Saúde – COSaúde unregulated health plan, administered by a health plan operator and no longer by the company, and is registered with the ANS as an operating cost.

(b) Saúde Usiminas

In 2010, Usiminas set up a health care system that covers all employees and retirees, comprising:

(i) Regulated plan by the law 9656/98 covering clinical and hospital procedures, in accordance with the list of covered procedures disclosed by ANS;
(ii) Prepaid plan from Operadora de Planos de Saúde Fundação São Francisco Xavier;
(iii) Price set by age; 60, 70 or 80% of the monthly fee is paid by the Company, in accordance with the employee's salary;

(iv) Terminated or retired employees may continue as a member of the Plan, in accordance with articles 30 and 31 of Law No. 9656, provided that the monthly fees are fully paid by them.

In addition to the assumptions above, the key actuarial assumption was the long-term increase in the medical services costs, of 11.08% p.a. for the year ended December 31, 2016, and 11.83% for the year ended December 31, 2015.

The amounts recognized in the balance sheet, based on the actuarial report, are as follows:

	Company		Consolidated	
	12/31/2016	12/31/2015	12/31/2016	12/31/2015
Present value of actuarial obligation	(345,495)	(98,703)	(349,803)	(101,165)

26.7 Retirement plan assets

Retirement plan assets are broken down as follows:

	12/31/2016		12/31/2015	
	Amount	%	Amount	%
Company shares	281.747	4	137.121	2
Government bonds	4.318.270	58	3.596.347	54
Fixed income	2.466.039	33	2.617.108	39
Real estate investments	280.370	4	288.895	4
Other	147.512	1	49.063	1
	7.493.938	100	6.688.535	100

The pension plan assets include 34,109,762 common shares of the Company, at the fair value of R$281,747 (34,109,762 common shares at fair value of R$137,121 at December 31, 2015).

The expected return on plan assets corresponds to the discount rate defined based on long-term federal government bonds, which are bound to the inflation rate, and are in line with the weighted average term of future payment flow of the analyzed benefits.

27 Equity

(a) Capital

Capital increase

At a meeting held on June 3, 2016, the Board of Directors approved the partial homologation of the Capital Increase in the authorized capital. Thus the capital increase procedure was concluded with the subscription of 39,292,918 class "A" preferred shares, identical to shares of this kind and existing class, at the issuance price of R$ 1.28 per share, totaling the amount of R$ 50,295, and then above of the minimum limit of R$ 32,441, established by the Board of Directors to allow the partial homologation of the Capital increase.

The Extraordinary General Meeting held on July 19, 2016, homologated the Company's capital increase, approved at the Extraordinary General Meeting held on April 18, 2016, totalizing the amount of R$1.000.000, with the subscription of all 200,000,000 (two hundred million) of common shares, identical that existing share species, all with no par value, at an issuance price of R$ 5.00 (five Reais) per share.

The common shares issued were credited to the subscribers on July 22, 2016.

Therefore, since July 2016, the Company's capital increased to R$13,200,295, represented by 1.253.079.108 shares, of which 705,260,684 common shares, 547,740,661 preferred shares class A and 77,763 preferred shares class B1, all without par value, as follows:

	Common shares	Class "A" preferred shares	Class "B" preferred shares	Total
Total shares	505,260,684	508,447,743	77,763	1,013,786,190
Issuance of new shares	200,000,000	39,292,918	-	239,292,918
Total shares as of December 31, 2016	705,260,684	547,740,661	77,763	1,253,079,108
Total treasury shares	(2,526,656)	(23,705,728)	-	(26,232,384)
Total former treasury shares	702,734,028	524,034,933	77,763	1,226,846,724

Pursuant to its Articles of Incorporation, the Company is authorized to increase its capital in an amount corresponding to 11,396,392 preferred shares of an already existing class.

Each common share gives the right to 1 (one) vote in the Annual General Meeting, and the preferred shares are not entitled to vote, but will (i) receive dividends of 10% (ten percent), higher than the percentage attributed to common shares; (ii) have the right to participate, under the same conditions granted to common shares, of any bonus payment voted in Annual General Meetings; (iii) have priority in capital reimbursement, without right to premium, in case the Company is liquidated; (iv) acquire the right to vote in the meetings if the Company ceases to pay preferred dividends for three consecutive years.

The preferred shares may not be converted into common shares.

Owners of class "B" preferred shares will have priority in capital reimbursement, without right to premium, in case the Company is liquidated. Owners of class "A" preferred shares will be entitled to the same priority level; however, only after the class "B" preferred shares are granted their priority right. The class "B" preferred shares may be converted into class "A" preferred shares, at any time and at the shareholder's sole discretion.

The shareholders are entitled to a minimum dividend of 25% of net income for the year, calculated under the terms of the corporation law.

(b) Reserves

At December 31, 2016 and 2015, the reserves are as follows:

- Excess upon subscription of shares – set up in the merger process, pursuant to article 14, sole paragraph of Law No. 6404/76. This reserve may be used to offset losses exceeding retained earnings, redemption, reimbursement or purchase of shares, redemption by beneficiaries, incorporation into the Company's capital, and payment of dividends to preferred shares, provided such shares are entitled to it (article 200 of Law No. 6404/76).

- Treasury shares - at December 31, 2016 and 2015, the Company owned 2,526,656 common shares and e 23,705,728 class "A" preferred shares in treasury.

- Special goodwill reserve - refers to the recognition of the tax benefit from the downstream merger conducted by Mineração Usiminas. This reserve may be used to offset losses exceeding retained earnings.

- Recognized stock option granted - refers to the recognition of shares granted under the Stock Option Plan (Note 38).

- Legal Reserve – set up at 5% of net income for each year up to 20% of the Company's capital. As of December 31, 2016, as established by Law No. 6,404/76, a portion of the legal reserve, amounting to R$620,039, was utilized to offset current year losses.

(c) Equity adjustments

Equity adjustments refer substantially to:

(i) Result from equity transaction: corresponds to changes in shareholding interest, not resulting in loss or acquisition of shares. The credit balance of R$858,620 at December 31, 2015 (December 31, 2013 - R$855,196) refers to the corporate restructuring of Mineração Usiminas.

(ii) Actuarial gains and losses: correspond to actuarial gains and losses calculated in accordance with CPC 33 and IAS 19 (Note 26). At December 31, 2015, the debit balance of this account totals R$966,173 (R$690,798 at December 31, 2014).

(iii) Adjustment of property, plant and equipment: corresponds to the application of IAS 29. The referred to adjustment is based on the useful life of property, plant and equipment items against retained earnings. At December 31, 2016, the debit balance of this account totals R$133,553 (R$147,350 at December 31, 2015).

(d) Dividends and interest on equity

Dividends and interest on equity payable are broken down as follows:

	Company		Consolidated	
Nature	12/31/2016	12/31/2015	12/31/2016	12/31/2015
Dividends payable at beginning of year	140	30,935	142	30,937
Payment of taxes and interest on equity	(1)	(30,795)	(3)	(39,295)
Interest on equity and declared dividends	-	-	21,862	8,500
Total dividends payable at year end	139	140	22,001	142

Dividends unclaimed within three years are reversed to the Company.

For 2016, considering the loss for the year calculated by the Company, dividends and/or interest on equity were not distributed/approved.

28 Segment reporting

As Usiminas Companies have four reportable operating segments, which are different products and services and are managed separately. These segments are determined based on different legal firms and there are no different segments within the same company.

The following summary describes the main operations of each of the reportable segments of Usiminas Companies:

Reportable segments	Operations
Mining and logistics	Extraction and treatment of iron ore as pellet feed, sinter feed and granulated products. Storage, handling, transport of loads and operation of terminals of road and rail loads. Sales of iron ore are mainly for the steel segment.
Steelmaking	Manufacture and sale of steel products. Part of the sales is for the segments Steel Transformation and Capital Goods.
Steel transformation	Transformation and distribution of steel products.
Capital assets	Manufacture of equipment and installations for various industrial segments.

Management reviews internal managerial reports of each segment periodically.

28.1 Information on operating income (loss), assets and liabilities by reporting segment

	12/31/2016						
	Mining and logistics	Steelmaking	Steel transformation	Capital assets	Subtotal	Eliminations and adjustments	Total
Revenue	366,144	7,518,356	1,853,499	568,273	10,306,272	(1,852,072)	8,454,200
Cost of sales	(295,546)	(7,080,057)	(1,730,622)	(529,212)	(9,635,437)	1,668,559	(7,966,878)
Gross profit (loss)	70,598	438,299	122,877	39,061	670,835	(183,513)	487,322
Operating income/ (expenses)	230,053	(672,928)	(103,235)	(59,234)	(605,344)	(103,570)	(708,914)
Selling expenses	(35,634)	(178,336)	(41,820)	(12,290)	(268,080)	(4,651)	(272,731)
General and administrative expenses	(19,585)	(261,707)	(55,468)	(31,783)	(368,543)	14,325	(354,218)
Other revenues (expenses)	237,684	(437,097)	(5,947)	(15,090)	(220,450)	(4,376)	(224,826)
Interests held in subsidiaries, jointly-controlled subsidiaries and affiliates	47,588	204,212	-	(71)	251,729	(108,868)	142,861
Operating income (loss)	300,651	(234,629)	19,642	(20,173)	65,491	(287,083)	(221,592)
Financial Income (Expenses), Net	128,157	(147,102)	3,784	12,586	(2,575)	(27,581)	(30,156)
Income (loss) before Income and Social Contribution taxes	428,808	(381,731)	23,426	(7,587)	62,916	(314,664)	(251,748)
Income and Social Contribution taxes	(128,763)	(233,599)	(10,370)	2,217	(370,515)	45,420	(325,095)
Net income (loss) for the year	300,045	(615,330)	13,056	(5,370)	(307,599)	(269,244)	(576,843)
Attributable to:							
Controlling interests	212,602	(615,330)	7,390	(5,370)	(400,708)	(269,244)	(669,952)
Non-controlling interests	87,443	-	5,666	-	93,109	-	93,109
Assets	5,004,338	24,126,728	1,398,071	715,780	31,244,917	(4,990,172)	26,254,745
Total assets include:							
Investments in affiliates (except for goodwill and investment properties)	381,783	71,518	-	2,633	455,934	-	455,934
Additions to noncurrent assets (except financial instruments and deferred tax assets)	38,156	243,609	32,842	11,193	325,800	(3,463)	322,337
Current and noncurrent liabilities	506,189	10,543,619	352,861	180,328	11,582,997	(519,886)	11,063,111

	12/31/2015						
	Mining and logistics	Steelmaking	Steel transformation	Capital assets	Subtotal	Eliminations and adjustments	Total
Revenue	401,511	9,174,416	1,924,758	868,596	12,369,281	(2,183,711)	10,185,570
Cost of sales	(354,074)	(9,135,885)	(1,872,886)	(742,222)	(12,105,067)	2,092,049	(10,013,018)
Gross profit (loss)	47,437	38,531	51,872	126,374	264,214	(91,662)	172,552
Operating income/ (expenses)	(2,429,582)	(2,234,517)	(154,055)	(64,462)	(4,882,616)	1,080,858	(3,801,758)
Selling expenses	(38,145)	(165,214)	(36,618)	(14,715)	(254,692)	(3,449)	(258,141)
General and administrative expenses	(30,546)	(322,845)	(58,125)	(42,127)	(453,643)	13,522	(440,121)
Other revenues (expenses)	(2,395,293)	(731,345)	(59,312)	(7,563)	(3,193,513)	(5,565)	(3,199,078)
Interests held in subsidiaries, jointly-controlled subsidiaries and affiliates	34,402	(1,015,113)	-	(57)	(980,768)	1,076,350	95,582
Operating income (loss)	(2,382,145)	(2,195,986)	(102,183)	61,912	(4,618,402)	989,196	(3,629,206)
Financial Income (Expenses), Net	111,934	(1,412,828)	7,255	(1,732)	(1,295,371)	49,678	(1,245,693)
Income (loss) before Income and Social Contribution taxes	(2,270,211)	(3,608,814)	(94,928)	60,180	(5,913,773)	1,038,874	(4,874,899)
Income and Social Contribution taxes	739,577	480,699	(5,414)	(19,389)	1,195,473	(5,551)	1,189,922
Net income (loss) for the year	(1,530,634)	(3,128,115)	(100,342)	40,791	(4,718,300)	1,033,323	(3,684,977)
Attributable to:							
Controlling interests	(1,104,618)	(3,128,115)	(77,486)	40,791	(4,269,428)	1,033,323	(3,236,105)
Non-controlling interests	(426,016)	-	(22,856)	-	(448,872)	-	(448,872)
Assets	4,725,396	25,662,327	1,339,442	800,795	32,527,960	(4,769,628)	27,758,332
Total assets include:							
Investments in affiliates (except for goodwill)	343,350	80,690	-	2,704	426,744	-	426,744
Additions to noncurrent assets (except financial instruments and deferred tax assets)	117,421	677,819	45,764	13,474	854,478	(11,155)	843,323
Current and noncurrent liabilities	449,351	12,243,228	346,753	220,216	13,259,548	(495,073)	12,764,475

Sales between segments have been carried out as sales between independent parties.

The turnover is dispersed, and the Company and subsidiaries do not have customers individually representing more than 10% of turnover.

29 Revenue

The accounting standards establish that the Company must disclose the revenue by product and by geographic area, unless the necessary information is not available or the cost of its preparation is excessive. Most of the individual and consolidated net revenue comes from the domestic market and Management believes that the information by product and by geographic area within Brazil is not relevant to decision making and therefore cannot be used as an analysis tool on trends and historical evolution. In this scenario and considering that the disclosure of revenue by product and by geographic area is not maintained by the Company on a consolidated basis and that Management does not use this information on a managerial basis, the Company is not disclosing such information in these financial statements.

Reconciliation of gross revenue to net revenue is as follows:

	Company		Consolidated	
	12/31/2016	12/31/2015	12/31/2016	12/31/2015
Sales of products				
Local market	8,577,136	9,628,224	9,119,740	10,381,702
Foreign market	909,357	2,083,741	989,187	2,127,275
	9,486,493	11,711,965	10,108,927	12,508,977
Sales of services				
Local market	6,513	8,933	552,335	570,203
Foreign market	-	859	-	859
	6,513	9,792	552,335	571,062
Gross revenue	9,493,006	11,721,757	10,661,262	13,080,039
Deductions from revenue	(1,977,452)	(2,553,549)	(2,207,062)	(2,894,469)
Net revenue	7,515,554	9,168,208	8,454,200	10,185,570

30 Expenses by nature

	Company		Consolidated	
	12/31/2016	12/31/2015	12/31/2016	12/31/2015
Depreciation and amortization	(1,011,828)	(1,072,762)	(1,216,491)	(1,311,699)
Expenses and employees benefits	(758,874)	(1,220,815)	(1,325,495)	(1,944,487)
Stock option plan	(3,077)	(9,243)	(3,719)	(12,363)
Raw materials and consumer and in-use materials	(4,650,909)	(5,826,506)	(4,546,630)	(5,574,263)
Expenses with schedule maintainance	(110,020)	(204,747)	(111,190)	(202,886)
Judicial charges	(29,904)	(102,855)	(33,546)	(106,493)
Distribution cost	(80,495)	(86,429)	(111,192)	(102,904)
Results from excess electricity supply sales (i)	(127,902)	41,780	(132,821)	65,380
Third-party services	(681,265)	(993,151)	(837,022)	(1,148,049)
Revenues (expenses) with contingencies, net	(29,483)	(66,500)	(38,977)	(71,979)
Gain (loss) on sale of PP&E, intangible assets and Investment	71,748	(45,334)	71,473	(56,747)
Impairment gain (losses), net	(7,277)	(473,298)	343,006	(2,557,533)
Tax credits PIS / COFINS import	176,299	-	176,299	-
Contratual Obligation (ii)	(70,700)	-	(70,700)	(201,105)
Bad debt expenses	(49,923)	(15,250)	(55,623)	(18,358)
Loss on Advance to Suppliers	(37,285)	-	(37,285)	-
Other expenses	(659,473)	(503,283)	(888,740)	(666,872)
	(8,060,368)	(10,578,393)	(8,818,653)	(13,910,358)
Cost of sales	(7,200,317)	(9,252,460)	(7,966,878)	(10,013,018)
Selling expenses	(177,543)	(165,214)	(272,731)	(258,141)
General and administrative expenses	(251,834)	(314,019)	(354,218)	(440,121)
Other operating income (expenses), net	(430,674)	(846,700)	(224,826)	(3,199,078)
	(8,060,368)	(10,578,393)	(8,818,653)	(13,910,358)

(i) At December 31, 2016, the Company had credits receivable from the sale of surplus electricity in the amount of R$ 13,223, which is recorded under Other Current Assets.

(ii) As of December 31, 2016, it refers to the fine for contractual termination with supplier. As of December 31, 2015, refers to unused contracted volume of iron ore transport with MRS. Contract in commercial condition of "take or pay".

31 Expenses and employee benefits

	Company		Consolidated	
	12/31/2015	12/31/2014	12/31/2015	12/31/2014
Payroll and related charges (i)	(570,915)	(980,961)	(1,051,888)	(1,611,364)
Social security charges	(122,482)	(163,526)	(193,561)	(249,111)
Post-employment pension and health care plans	1,821	(15,388)	1,480	(16,502)
Bonus	(37,379)	(18,369)	(37,684)	(18,587)
Employees' profit sharing	-	(154)	(10,605)	(2,968)
Pension plan costs	(19,202)	(33,073)	(20,275)	(34,723)
Other	(13,794)	(18,587)	(16,681)	(23,595)
	(761,951)	(1,230,058)	(1,329,214)	(1,956,850)

(i) This includes Stock Option Plan expenses.

The expenses incurred with benefits to employees are recorded under "Cost of sales", "Selling expenses" and "General and administrative expenses", according to the allocation of employee.

32 Operating income (expenses)

(a) Selling, general and administrative expenses

	Company		Consolidated	
	12/31/2016	12/31/2015	12/31/2016	12/31/2015
Selling expenses				
Personnel expenses	(21,556)	(22,566)	(58,887)	(62,959)
Third-party services	(14,320)	(16,696)	(19,348)	(21,652)
Depreciation and amortization	(3,130)	(3,087)	(4,608)	(4,828)
Distribution cost	(80,495)	(86,429)	(111,192)	(102,904)
Sales commissions	(1,669)	(12,769)	(9,813)	(20,224)
Bad debt expenses	(49,923)	(15,250)	(55,623)	(18,358)
General expenses	(6,450)	(8,417)	(13,260)	(27,216)
	(177,543)	(165,214)	(272,731)	(258,141)
General and administrative expenses				
Personnel expenses	(142,340)	(176,832)	(182,603)	(235,576)
Third-party services	(53,879)	(48,652)	(81,204)	(78,688)
Depreciation and amortization	(29,221)	(24,369)	(38,391)	(32,725)
Management compensation (i)	5,248	(27,416)	(417)	(33,029)
General expenses	(31,642)	(36,750)	(51,603)	(60,103)
	(251,834)	(314,019)	(354,218)	(440,121)

(i) As of December 31, 2016 refers to the reversal of management fees for 2015, as described in Note 36 (d).

(b) Other operating income (expenses)

	Company		Consolidated	
	12/31/2016	12/31/2015	12/31/2016	12/31/2015
Other operating income				
Electricity sales	125,038	188,542	144,131	239,211
Tax credits PIS / COFINS import (i)	176,299	-	176,299	-
Recovery of taxes in lawsuits (INSS)	5,817	66,652	6,704	66,652
Impairment	-	-	357,508	-
Sales of investments, fixed assets and intangibles	94,120	7,515	94,289	9,867
Recovery of costs	25,830	5,950	32,361	8,187
Recovery of expenses	9,750	9,008	10,385	10,953
Rental of properties	5,137	6,078	5,516	7,280
Sales revenues – Sundry	5,859	8,343	6,950	9,615
Reintegra Project	844	22,122	844	22,122
Other revenues	19,114	14,030	12,750	9,532
	467,808	328,240	847,737	383,419
Other operating expenses				
Cost of electricity sales	(243,001)	(134,928)	(265,247)	(159,598)
Impairment losses	(7,277)	(473,298)	(14,502)	(2,557,533)
Expenses of intermittent use (temporary idle activities) of equipment	(383,726)	(111,885)	(485,145)	(164,336)
Operational reestructuring expenses	(3,823)	(93,811)	(3,823)	(256,768)
Sales costs – Sundry and freight	(11,548)	(10,668)	(11,582)	(11,131)
Lawsuit charges	(29,904)	(102,855)	(33,546)	(106,493)
Judicial demands income (expenses), net	(29,483)	(66,500)	(38,977)	(71,979)
Loss on Advance to Suppliers	(37,285)	-	(37,285)	-
PIS and COFINS on electricity sales	(9,939)	(11,834)	(11,705)	(14,233)
Technological research	(25,180)	(28,252)	(25,180)	(28,252)
Costs related to sale/write-offs of investments, fixed assets and intangibles	(22,372)	(54,524)	(22,816)	(66,043)
Taxes (INSS, ICMS, IPTU etc.)	(7,565)	(23,618)	(11,964)	(29,766)
Stock options	(2,170)	(6,455)	(1,805)	(9,177)
Environmental control	(774)	(2,760)	(774)	(2,760)
Post-employment benefits – Pension and Health plans	1,821	(15,388)	1,480	(16,247)
Fine for contractual termination	(70,700)	-	(70,700)	-
Other expenses	(15,556)	(38,164)	(38,992)	(88,181)
	(898,482)	(1,174,940)	(1,072,563)	(3,582,497)
	(430,674)	(846,700)	(224,826)	(3,199,078)

(i) Refers to the compensation of qualified credits with Receita Federal do Brasil (RFB), in Note 24 (c).

33 Financial income (expenses)

	Company		Consolidated	
	12/31/2016	12/31/2015	12/31/2016	12/31/2015
Financial income				
Interest income - customers	18,306	12,391	26,093	17,907
Short-term investments yield	51,069	15,746	147,667	83,935
Monetary effects	35,187	30,317	126,554	137,555
Tax credit PIS/COFINS Import financial income (i)	156,529	-	156,529	-
Restatement of judicial deposits	34,578	32,468	47,334	51,475
Interest on tax credits	7,728	5,286	19,014	14,833
Present value adjustment - trade accounts receivable	110,520	108,797	110,520	108,797
Reversal of provision/restatement of judicial deposits/reduction in REFIS installment payment	24,045	6,719	24,045	7,000
Other financial income	8,137	8,406	13,462	7,036
	446,099	220,130	671,218	428,538
Financial expenses				
Interest on financing and taxes in installments	(496,439)	(288,335)	(493,510)	(255,189)
Gain (loss) on swap transactions	(159,839)	102,278	(302,123)	240,389
Monetary effects	(251,464)	(333,348)	(273,797)	(352,754)
PIS/COFINS on interest on equity	(2,905)	(5,034)	(2,905)	(5,034)
Interest on provisions for contingencies	(73,057)	(32,482)	(91,782)	(47,489)
Present value adjustment - trade accounts payable	(20,605)	(28,825)	(41,771)	(28,825)
Commissions on financing and other	(64,828)	(48,409)	(51,081)	(48,409)
Assignment of credit		-	(2,539)	(33,502)
Other financial expenses	(51,184)	(25,770)	(80,964)	(71,328)
	(1,120,321)	(659,925)	(1,340,472)	(602,141)
Exchange gains and losses, net	726,054	(1,805,275)	639,098	(1,072,090)
	51,832	(2,245,070)	(30,156)	(1,245,693)

(i) Refers to the compensation of qualified credits with Receita Federal do Brasil (RFB), in Note 24 (c).

34 Earnings (losses) per share

Basic and diluted

Basic and diluted earnings (losses) per share are calculated by dividing the profit attributable to the Company's shareholders by the weighted average number of common and preferred shares issued over the year, excluding common shares purchased by the Company and held as treasury shares (Note 27).

The Company has no convertible debt, consequently, the Stock Option Plan does not offer common and preferred shares for dilution purposes (refer to Note 38).

	Company and consolidated					
	12/31/2016			12/31/2015		
	Common Shares	Preferred Shares	Total	Common Shares	Preferred Shares	Total
Basic and diluted						
Basic and diluted numerator						
Net earnings (losses) available to controlling interests	(383,746)	(286,206)	(669,952)	(1,647,404)	(1,588,701)	(3,236,105)
Basic and diluted denominator						
Weighted average of shares, excluding treasury shares	618,350,466	502,582,330	1,120,932,796	502,734,028	484,819,778	987,553,806
Earnings (losses) per share in R$ - basic and diluted	(0.60)	(0.60)	-	(3.28)	(3.28)	-

35 Commitments

As of December 31, 2016, the Company has a variaty of commitments to third parties which amounts to approximately R$9,169,952 at the Company books and R$7,262,676 on the consolidated financial statements. The expected due date of such commitments are as follows.

	Company				
	Provision of commitments				
	LESS THAN A YEAR	1 – 3 YEARS	4 – 5 YEARS	GREATER THAN 5 YEARS	TOTAL
Acquisition of fixed assets	27,700	-	-	-	27,700
Vendors	1,457,151	2,989,450	1,615,439	3,079,562	9,141,602
Operating leases	650	-	-	-	650
	1,485,501	2,989,450	1,615,439	3,079,562	9,169,952

	Consolidated				
	Provision of commitments				
	LESS THAN A YEAR	1 – 3 YEARS	4 – 5 YEARS	GREATER THAN 5 YEARS	TOTAL
Acquisition of fixed assets	35,430	-	-	-	35,430
Vendors	1,175,181	1,956,450	582,439	2,689,526	6,403,596
Operating leases	33,650	99,000	99,000	592,000	823,650
	1,244,261	2,055,450	681,439	3,281,526	7,262,676

(a) Commitments related to acquisition of fixed assets

As of December 31, 2016, the commitments related to the acquisition of fixed assets amount to R$27,700 for the Company and R$35,430 for the consolidated financial statements and are directly related to the improvements on coke plant of Ipatinga, refurbishing and improvements in the ovens, enhancing the quality and reducing costs, maintenance, technological update of its equipment as well as environmental care related projects.

(b) Commitments with vendors

As of December 31, 2016, the commitments with vendors amount to R$9,141,602 on the Company and R$6,403,596 on the consolidated financial statements and originate mainly from take or pay agreements and contracts for the acquisition of energy and other raw material.

(c) Operating leases

The operating leases relate to lease of mineral rights and rental of railway wagons. As of December 31, 2016, these contracts amount to R$650 on the company and R$823,650 on the consolidated financial statements.

36 Transactions with related parties

The Company's shareholding position breaks down as under:

12/31/2016

Shareholder	Common shares		Preferred shares		Total	
	Number	%	Number	%	Number	%
Nippon Usiminas Co, Ltd, ("Nippon Usiminas") (i)	119,969,788	17.01	2,830,832	0.52	122,800,620	9.80
Ternium Investments S,A,R,L, (i)	198,766,651	28.18	6,987,367	1.28	205,754,018	16.42
Companhia Siderúrgica Nacional ("CSN")	100,084,935	14.19	108,678,122	19.84	208,763,057	16.66
Previdência Usiminas (i)	34,109,762	4.84	-	-	34,109,762	2.72
Nippon Steel & Sumitomo Metal Corporation (i)	100,351,191	14.23	307,926	0.06	100,659,117	8.03
Confab (i)	36,502,746	5.18	1,283,203	0.23	37,785,949	3.02
Prosid (i)	29,202,198	4.14	1,026,563	0.19	30,228,761	2.41
Siderar (i)	14,601,097	2.07	513,281	0.09	15,114,378	1.21
Metal One Corporation (i)	759,248	0.10	-	-	759,248	0.06
Mitsubishi Corporation do Brasil S.A. (i)	7,449,544	1.06	-	-	7,449,544	0.59
Usiminas – treasury shares	2,526,656	0.36	23,705,728	4.33	26,232,384	2.09
Other shareholders	60,936,868	8.64	402,485,402	73.46	463,422,270	36.99
Total	**705,260,684**	**100.00**	**547,818,424**	**100.00**	**1,253,079,108**	**100.00**

12/31/2015

Shareholder	Common shares		Preferred shares		Total	
	Number	%	Number	%	Number	%
Nippon Usiminas Co, Ltd, ("Nippon Usiminas") (i)	119,969,788	23.74	2,830,832	0.56	122,800,620	12.11
Ternium Investments S,A,R,L, (i)	136,131,296	26.94	-	-	136,131,296	13.43
Companhia Siderúrgica Nacional ("CSN")	66,365,702	13.13	100,132,100	19.69	166,497,802	16.42
Previdência Usiminas (i)	34,109,762	6.75	-	-	34,109,762	3.36
Nippon Steel & Sumitomo Metal Corporation (i)	27,347,796	5.41	307,926	0.06	27,655,722	2.73
Confab (i)	25,000,000	4.95	-	-	25,000,000	2.47
Prosid (i)	20,000,000	3.96	-	-	20,000,000	1.97
Siderar (i)	10,000,000	1.98	-	-	10,000,000	0.99
Metal One Corporation (i)	759,248	0.15	-	-	759,248	0.07
Mitsubishi Corporation do Brasil S,A, (i)	7,449,544	1.47	-	-	7,449,544	0.73
Usiminas - treasury shares	2,526,656	0.50	23,705,728	4.66	26,232,384	2.59
Other shareholders	55,600,892	11.02	381,548,920	75.03	437,149,812	43.13
Total	**505,260,684**	**100.00**	**508,525,506**	**100.00**	**1,013,786,190**	**100.00**

(i) Controlling interests, through shareholders' agreement

The main balances and transactions with related parties are as follows:

(a) Assets

	Company					
	12/31/2016			12/31/2015		
	Trade accounts receivable	Dividends receivable	Other receivables	Trade accounts receivable	Dividends receivable	Other receivables
Controlling interests	18.573	-	110	40.525	-	900
Noncontrolling interests	-	-	-	-	-	-
Subsidiaries	206.981	52.864	41.866	180.052	9.709	68.490
Jointly-controlled subsidiaries	-	-	22	-	-	22
Affiliates	15.055	2.463	-	10.348	2.357	-
Other related parties	11.349	-	4.634	10.107	-	493
Total	251.958	55.327	46.632	241.032	12.066	69.905
Current	192.178	55.327	46.632	195.182	12.066	68.377
Noncurrent (i)	59.780	-	-	45.850	-	1.528
Total	251.958	55.327	46.632	241.032	12.066	69.905

(i) Amounts accounted for as "Trade accounts receivable" include R$1,528 at December 31,2015 related to payment in advance to the subsidiary Usiminas Mecânica S.A. and used in the construction of fixed assets.

	Consolidated					
	12/31/2016			12/31/2015		
	Trade accounts receivable	Dividends receivable	Other receivables	Trade accounts receivable	Dividends receivable	Other receivables
Controlling interests	18,573	-	110	51,035	-	900
Noncontrolling interests	453	-	-	2,969	-	-
Jointly-controlled entities	-	-	22	-	-	22
Affiliates	15,055	2,463	-	10,348	2,357	-
Other related parties (i)	11,349	-	5,284	10,107	-	1,143
Total	45,430	2,463	5,416	74,459	2,357	2,065
Current	41,588	2,463	5,416	70,047	2,357	2,065
Noncurrent	3,842	-	-	4,412	-	-
Total	45,430	2,463	5,416	74,459	2,357	2,065

Trade accounts receivable classified as related parties are primarily due to sales transactions. Accounts receivable are unsecured and subject to interest. At December 31, 2016 and 2015, no provisions were set up for accounts receivable from related parties.

(b) Liabilities

	Company					
	12/31/2016			12/31/2015		
	Accounts payable	Other payables	Loans and financing	Accounts payable	Other payables	Loans and financing
Controlling interests	144	16,939	167,987	10,101	15,210	228,735
Subsidiaries	106,087	74,504	1,224,608	262,302	88,171	2,163,532
Jointly-controlled subsidiaries	52,994	-	-	78,920	-	-
Affiliates	2,578	-	-	3,070	84	-
Other related parties:	588	-	-	12,199	-	-
Total	162,391	91,443	1,392,595	366,592	103,465	2,392,267
Current	162,391	15,325	25,769	366,592	15,294	932,401
Noncurrent	-	76,118	1,366,826	-	88,171	1,459,866
Total	162,391	91,443	1,392,595	366,592	103,465	2,392,267

	Consolidated					
	12/31/2015			12/31/2014		
	Accounts payable	Other payables	Loans and financing	Accounts payable	Other payables	Loans and financing
Controlling interests	636	16,965	167,987	10,332	15,260	228,735
Non-controlling interests	-	22,364	-	-	503	-
Jointly-controlled subsidiaries	53,493	-	-	79,442	-	-
Affiliates	2,815	184,123	-	4,403	209,970	-
Other related parties:	588	1	-	12,199	-	-
Total	57,532	223,453	167,987	106,376	225,733	228,735
Current	57,532	70,184	381	106,376	62,776	161,802
Noncurrent	-	153,269	167,606	-	162,957	66,933
Total	57,532	223,453	167,987	106,376	225,733	228,735

As of December 31, 2016, as disclosure in Note 20, loans involving subsidiary Usiminas Commercial is recorded in the amount of R$1,224,608 (R$1,422,422 at December 31, 2015), the loan with subsidiary Cosipa Commercial was settled in June 2016 (R$741,110 as of December 31, 2015). On consolidated terms, R$167,987 (R$228,735 at December 31, 2015) has been recorded with Nippon Usiminas Co. Ltd., the controlling shareholder of Usiminas.

(c) P&L

	Company					
	12/31/2016			12/31/2015		
	Sales	Purchases	Operating and financial P&L	Sales	Purchases	Operating and financial P&L
Controlling interests	239,981	7,002	29,695	378,265	20,483	(119,314)
Non-controlling interests	-	-	-	-	11,925	-
Subsidiaries	2,141,874	349,117	128,437	2,243,222	702,882	(763,613)
Jointly-controlled subsidiaries	13	317,223	(2,711)	27	379,625	(151)
Affiliates	25,492	118,153	-	64,361	119,979	230
Other related parties(i)	47,304	133,939	(4,869)	430,537	78,191	7,050
Total	2,454,664	925,434	150,552	3,116,412	1,313,085	(875,798)

	Consolidated					
	12/31/2015			12/31/2014		
	Sales	Purchases	Operating and financial P&L	Sales	Purchases	Operating and financial P&L
Controlling interests	274,405	9,926	27249	419,278	20,483	(116,794)
Non-controlling interests	4,003	-	-	12,072	14,240	-
Jointly-controlled subsidiaries	1,844	322,141	(2,711)	1,807	383,253	(151)
Affiliates	25,698	188,432	(21,166)	124,413	314,210	230
Other related parties(i)	124,133	133,939	(7,226)	434,249	78,191	7,050
Total	430,033	654,438	(3,854)	991,819	810,377	(109,665)

(i) As of December 31, 2016, the total revenue originating from other related parties principally refers to the sales to the customer SIAT amounting to R$75,173.

The major transactions between Company and related parties are described in Note 36 (e).

Financial income (expenses) with related parties substantially refers to charges on loans and financing described in item (b) above.

(d) Key management personnel compensation

Key management personnel compensation paid and payable, which includes Company's Executive Board, Board of Directors and Supervisory Board is as follows:

	Company and consolidated	
	12/31/2016	12/31/2015
Fees	12,007	14,775
Social charges	2,214	2,405
Retirement plan	256	204
Provision (reversal) of variable compensation	(19,725)	10,032
	(5,248)	27,416

On December 31, 2016, it was reversed to statement of operations the amount of R$19.725 related to the excess provision for fees and related charges, which totalized R$15,552 and R$4,173, respectively. The expense, net of the reversal of the period is recorded in the income statement in "General and administrative expenses".

On December 31, 2016, the amount paid to key management personnel was R$14,959 (December 31, 2015 – R$17,054). Of this amount, R$1,389 refers to payment of variable remuneration from prior periods.

The Company has a stock option plan, in the amount of R$907 as of December 31, 2016 (R$2,788 at December 31, 2015), as described in Note 36.

(e) Nature of transactions with related parties

The Company's major transactions with related parties are summarized below:

- Sale of products to Confab designated for the production of large diameter pipes, in addition to industrial equipment.
- Purchase of services from Nippon Steel & Sumitomo Metal Corporation, which includes providing advanced industrial technology, technical assistance services and employee training.
- Sale of products to Siderar.
- Purchase of iron ore from Mineração Usiminas to be used in Ipatinga and Cubatão plants.
- Sale of products to Soluções Usiminas for processing and distribution.
- Sale of products to Usiminas Eletrogalvanized and Usiminas Galvanized, to foster trade with foreign customers.
- Sale of products to Usiminas Mecânica and purchase of services, such as the industrialization of steel products and equipment.
- Purchase from Unigal of hot-dip galvanized steel sheets and cold-rolled steel sheets and coils.
- Purchase from Usiroll of texturing services and chrome plating of cylinders used in laminations.
- Purchase of rail services from MRS for iron ore transportation.
- Purchase from Modal and Terminal Sarzedo of ore storage and loading services.
- Borrowings from Nippon Usiminas (Note 20)

In addition, subsidiary Mineração Usiminas carries out transactions of sales of iron ore and purchase of port service with CSN.

Other transactions with related parties are substantially contracted at market conditions, considering prices and time limits.

37 Insurance coverage

The insurance policies held by the Company and by certain subsidiaries offer coverage deemed sufficient by management.

At December 31, 2016, the Company and certain subsidiaries hold insurance policies for buildings, goods and raw materials, equipment, machinery, furniture, objects, tools and fixtures, all of them part of the insured establishments and premises of Company, Usiminas Mecânica, Unigal and Usiroll, their value at risk being US$15,193,325 thousand(US$22,259,771 thousand at December 31, 2015), and an all-risks insurance policy having maximum indemnity limit of US$600,000 thousand per loss. At December 31, 2016 and 2015, the maximum indemnity for property damage was US$7,500

thousand, and for coverage of loss of profit, the maximum indemnity was 30 days (waiting period). This insurance will expire on June 30, 2017.

38 Stock option plan

The Special General Meeting held on April 14, 2011 approved the Company's Stock Option Plan ("Plan"). The Plan's key objectives are:

- Align the interests of executive officers and shareholders;
- Incentive to create sustainable value;
- Attract and retain talent;
- Keep the business competitive in relation to market practices.

The Plan is managed by the Board of Directors, which is supported by the Human Resources Committee, subject to the Plan's limitations.

At December 31, 2016, the Plan has 4 effective programs:

- Program 2011, released on October 3, 2011;
- Program 2012, released on November 28, 2012;
- Program 2013, released on November 28, 2013; and
- Program 2014, released on November 27, 2014.

For the year ended December 31, 2016 and 2015 local management decided not to lauch new program.

(a) Call Option Types

Options are of two different types:

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

(ii) Bonus Grant - it must be bound to a voluntary investment made by employees, who invests part of the net variable compensation to acquire preferred shares.

(b) Key program characteristics

The Options to be granted to executive officers and directors ("Members") of the Company, under a "Call Option Agreement", are as follows:

				Options granted		
Program	Grant date	Exercise price (USIM5)	Grace period	Basic	Bonus	Total
2011	10/03/2011	R$11.98		2.589.451	402.302	2.991.753
2012	11/28/2012	R$10.58		3.576.963	83.598	3.660.561
2013	11/28/2013	R$11.47	3 years, 33%	2.784.155	143.178	2.927.333
2014	11/27/2014	R$6.14	for each year	4.778.483	370.948	5.149.431
				13.729.052	1.000.026	14.729.078

In addition, the Plan provides that up to 50% of the variable compensation may be used to buy Usiminas' shares. As payment, the Company grants bonus options. The call option is effective within up to 7 (seven) years.

(c) Options fair value

Fair value on the grant date, as well as key assumptions applied in accordance with the Black & Scholes pricing model, were the following:

Program 2011

	1st year	2nd year	3rd year
Fair value on grant date	R$ 4.83	R$ 5.07	R$ 5.27
Share price	R$ 11.45	R$ 11.45	R$ 11.45
Weighted average of exercise prices	R$ 11.98	R$ 11.98	R$ 11.98
Share price volatility	50.70%	50.70%	50.70%
Grace period (3 years)	33% after 1st year	33% after 2nd year	33% after 3rd year
Estimated dividends	2.94%	2.94%	2.94%
Return rate free of risk	11.62% p.a.	11.65% p.a.	11.69% p.a.
Adjusted average period	4 years	4.5 years	5 years

Program 2012

	1st year	2nd year	3rd year
Fair value on grant date	R$4.06	R$4.32	R$4.61
Share price	R$ 10.38	R$ 10.38	R$ 10.38
Weighted average of exercise prices	R$ 10.58	R$ 10.58	R$ 10.58
Share price volatility	37.95%	37.95%	37.95%
Grace period (3 years)	33% after 1st year	33% after 2nd year	33% after 3rd year
Estimated dividends	0.63%	0.63%	0.63%
Return rate free of risk	8.13% p.a.	8.25% p.a.	8.37% p.a.
Adjusted average period	4 years	4.5 years	5 years

Programa 2013

	1st year	2nd year	3rd year
Fair value on grant date	R$5.87	R$6.30	R$6.58
Share price	R$ 11.88	R$ 11.88	R$ 11.88
Weighted average of exercise prices	R$ 11.47	R$ 11.47	R$ 11.47
Share price volatility	43.38%	43.38%	43.38%
Grace period (3 years)	33% after 1st year	33% after 2nd year	33% after 3rd year
Estimated dividends (*)	-	-	-
Return rate free of risk	11.34% p.a.	11.37% p.a.	11.40% p.a.
Adjusted average period	4 years	4.5 years	5 years

Program 2014

	1st year	2nd year	3rd year
Fair value on grant date	R$ 2.66	R$ 2.85	R$ 3.02
Share price	R$ 5.70	R$ 5.70	R$ 5.70
Weighted average of exercise prices	R$ 6.14	R$ 6.14	R$ 6.14
Share price volatility	43.41%	43.41%	43.41%
Grace period (3 years)	33% after 1st year	33% after 2nd year	33% after 3rd year
Estimated dividends (*)	-	-	-
Return rate free of risk	12.10% p.a.	12.11% p.a.	12.12% p.a.
Adjusted average period	4 years	4.5 years	5 years

(*) Dividends were not distributed in the 12 months prior to the grant date,

The exercise price was determined based on the average daily quotation for the 30-day period prior to the Option grant.

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

Changes in outstanding options under the Stock Option Plan are shown below:

	12/31/2016			12/31/2015		
	Program			Program		
	2014	2013	2012	2014	2013	2012
Options						
Outstanding options at beginning of year	4.633.880	1.746.706	1.558.472	4.778.483	2.020.394	1.761.317
Options granted over the year	-	-	-	370.948	-	-
Options exercised over the year	-	-	-	-	-	-
Options canceled over the year	(1.119.237)	(332.029)	(353.924)	(515.551)	(273.688)	(202.845)
Outstanding options at end of year	3.514.643	1.414.677	1.204.548	4.633.880	1.746.706	1.558.472

The impact on P&L of the previously described Stock Option Plan totaled an expense of R$3,719 as at December 31,2016 (R$11,191 at December 31, 2015), recorded in the statement of operations. Also, the amount of R$6,600 was reversed to the statement of operations due to the cancellation of options occurred in the twelve months period ended December 31, 2016 (R$2.851 at December 31, 2015). Thus, the amount recorded in shareholders' equity was R$2.881 (R$8.340 at December 31, 2015).

The expected plan expenses to be recognized amount to R$6,051, considering that all contractual assumptions remain unchanged and no new grants occur.

39 Pledged Assets

The pledged assets are as follows:

		Company		Consolidated	
Pledged assets	Granted liabilities	31/12/2016	31/12/2015	31/12/2016	31/12/2015
PP&E	Loans and financing	4.503.801	3.958.630	4.525.862	3.960.912
PP&E	Law suit	789.327	893.155	839.820	950.297
Inventories	Law suit	95.577	101.509	95.577	101.509
Cash and cash equivalents	Law suit	40.000	40.000	40.000	40.000
		5.428.705	4.993.294	5.501.259	5.052.718

40 Non-cash investment and financing transactions

In the twelve-month period ended December 31, 2016, non-cash investments and financing transactions were realized in the Company and Consolidated, such as: i) FINAME operations were contracted in the amount of R$1,191 (Company and Consolidated) for the implementation in fixed assets; (ii) conversion of some forfaiting operations in foreign markets into FINIMP in the amount of R$120,279; (iii) conversion of certain credit assignment transactions in the domestic market in working capital in the amount of R$11,510; (iv) contracting of Bank Credit transactions in the amount of R$ 60,442, as an extension of installment payment of principal; (v) recognition of new financial debt in the amount of R$6,312,578, as described in Note 20; (vi) completion of the sale of criogenic plant located in Ipatinga - MG, in the amount of R $ 70,000, which has being offset against amounts payable to the buyer, who is also the Company's supplier; and (vii) sale of investment in subsidiary Itaquaquecetuba Transport Ltda., in the amount R$18,000, which the amount receivable will occur in monthly installments for a maximum of five years.

Specifically for the Company, it was also carried out an investment transaction without cash effect of R$719,149, related to the capital reduction of its foreign subsidiary Usiminas Europa A/S as part of the settlement operation of Eurobonds issued by its other foreign subsidiary Cosipa Commercial Ltd.

41 Subsequent event

On January 12, 2017, the Company and its subsidiary Usiminas Commercial Ltd. announced the completion of the "Consent Request" made to Eurobond holders ("Notes"), with original maturity in 2018 and issued in the amount of US$ 400,000 thousand, to temporarily agree with the Company's non-compliance with its obligations regarding restrictions on the offering of guarantees established in Indenture, signed on January 18, 2008 with the Bank of New York, as the Indenture.

Board of Directors

Elias de Matos Brito
Chairman

Francisco Augusto da Costa e Silva
Board Member

Gesner José Oliveira Filho
Board Member

Guilherme Poggiali Almeida
Board Member

Luiz Carlos de Miranda Faria
Board Member

Oscar Montero Martinez
Board Member

Nobuhiko Takamatsu
Board Member

Ricardo Antonio Weiss
Board Member

Rita Rebelo Horta de Assis Fonseca
Board Member

Wanderley Rezende de Souza
Board Member

Yoichi Furuta
Board Member

Supervisory Board

Masato Ninomiya
Chairman

Lúcio de Lima Pires
Board Member

Paulo Frank Coelho da Rocha
Board Member

Wagner Mar
Board Member

Paulo Roberto Evangelista de Lima
Board Member

Executive Board

Rômel Erwin de Souza
CEO
Vice-President of Technology and Quality

Takahiro Mori
Vice-President of Corporate Planning

Ronald Seckelmann
Vice-President of Finance and Investor Relations
Vice-President of Subsidiaries*

Sergio Leite de Andrade,
Vice-President of the Commercial Area

Túlio César do Couto Chipoletti
Industrial Vice-President

Lucas Marinho Sizenando Silva
Accountant CRC-MG 080,788/O

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Relatório do auditor independente sobre as demonstrações financeiras individuais e consolidadas

Aos Conselheiros e Diretores da
Usinas Siderúrgicas de Minas Gerais S.A - USIMINAS
Belo Horizonte - MG

Opinião
Examinamos as demonstrações financeiras individuais e consolidadas da Usinas Siderúrgicas de Minas Gerais S.A - USIMINAS ("Usiminas" ou "Companhia") identificadas como Controladora e Consolidado, respectivamente, que compreendem o balanço patrimonial em 31 de dezembro de 2016 e as respectivas demonstrações do resultado, do resultado abrangente, das mutações do patrimônio líquido e dos fluxos de caixa para o exercício findo nessa data, bem como as correspondentes notas explicativas, compreendendo as políticas contábeis significativas e outras informações elucidativas.

Em nossa opinião, as demonstrações financeiras acima referidas apresentam adequadamente, em todos os aspectos relevantes, a posição patrimonial e financeira, individual e consolidada, da Usinas Siderúrgicas de Minas Gerais S.A - USIMINAS em 31 de dezembro de 2016, o desempenho individual e consolidado de suas operações e os seus respectivos fluxos de caixa individuais e consolidados para o exercício findo nessa data, de acordo com as práticas contábeis adotadas no Brasil e com as normas internacionais de relatório financeiro (IFRS) emitidas pelo *International Accounting Standards Board - IASB*.

Base para opinião
Nossa auditoria foi conduzida de acordo com as normas brasileiras e internacionais de auditoria. Nossas responsabilidades, em conformidade com tais normas, estão descritas na seção a seguir intitulada "Responsabilidades do auditor pela auditoria das demonstrações financeiras individuais e consolidadas". Somos independentes em relação à Companhia e suas controladas, de acordo com os princípios éticos relevantes previstos no Código de Ética Profissional do Contador e nas normas profissionais emitidas pelo Conselho Federal de Contabilidade, e cumprimos com as demais responsabilidades éticas de acordo com essas normas. Acreditamos que a evidência de auditoria obtida é suficiente e apropriada para fundamentar nossa opinião.

KPMG Auditores Independentes, uma sociedade simples brasileira e firma-membro da rede KPMG de firmas-membro independentes e afiliadas à KPMG International Cooperative ("KPMG International"), uma entidade suíça.

KPMG Auditores Independentes, a Brazilian entity and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Ênfase
Chamamos a atenção para a nota explicativa 20, que descreve certas condições que requereriam o vencimento antecipado de dívidas significativas da Companhia e que devem ser cumpridas até 30 de junho de 2017. Nossa opinião não contém ressalva relacionada a esse assunto.

Principais assuntos de auditoria
Principais assuntos de auditoria são aqueles que, em nosso julgamento profissional, foram os mais significativos em nossa auditoria do exercício corrente. Esses assuntos foram tratados no contexto de nossa auditoria das demonstrações financeiras individuais e consolidadas como um todo e na formação de nossa opinião sobre essas demonstrações financeiras individuais e consolidadas e, portanto, não expressamos uma opinião separada sobre esses assuntos.

Valor recuperável de ativo imobilizado e intangível
Conforme descrito na nota explicativa 17, a Companhia avaliou a existência de indicadores de redução ao valor recuperável das suas unidades geradoras de caixa ("UGCs"). Para o cálculo do valor recuperável utilizou-se do método de fluxo de caixa descontado, com base em projeções econômico-financeiras de cada segmento de negócio.

Devido às incertezas inerentes às projeções de fluxo de caixa e suas estimativas para determinar a capacidade de recuperação de ativos, como a taxa de desconto utilizada na determinação do valor em uso dos ativos, volume de vendas do período projetado, inflação, bem como a complexidade do processo, o qual requer um grau significativo de julgamento por parte da Companhia para determinação da estimativa contábil e considerando a redução da demanda do mercado siderúrgico, volatilidade dos preços do minério de ferro e do câmbio, entre outros, consideramos esse assunto como significativo para nossa auditoria das demonstrações financeiras individuais e consolidadas.

Como nossa auditoria conduziu esse assunto
Obtivemos o entendimento dos controles internos relacionados à elaboração das projeções de fluxo de caixa preparadas pela Usiminas e aprovadas pelos órgãos de governança. Analisamos a avaliação da Usiminas quanto à existência de indicadores de redução ao valor recuperável (ou de sua reversão) em relação às suas UGCs, por meio de análises da conjuntura econômica e do desempenho de cada UGC no exercício e reuniões com as diretorias operacionais da Companhia e suas subsidiárias. Obtivemos os fluxos de caixa descontado de cada segmento de negócio e, com o envolvimento de nossos especialistas da área de finanças corporativas, avaliamos as premissas adotadas, incluindo a taxa de desconto adotada, os preços projetados, projeções de custos de capital e operacionais e perfis de produção e taxas de câmbio, confrontando-as, quando aplicável, com informações de terceiros. Além disso, realizamos discussões com a Companhia, avaliando também se as premissas foram definidas e aplicadas de acordo com as características de cada segmento de negócio. Avaliamos a análise de sensibilidade do impacto sobre o valor recuperável resultante de possíveis e razoáveis mudanças nas premissas-chave de preço e projeções de custo operacional usadas pela Companhia. Também consideramos a adequação das divulgações feitas nas demonstrações financeiras individuais e consolidadas.

Imposto de renda e contribuição social diferidos - Ativo

Conforme descrito na nota explicativa 13, a Companhia reconheceu os impostos diferidos ativos com base na existência de probabilidade razoável de que gerará lucro tributável futuro para a utilização de tais ativos. Devido às incertezas inerentes ao negócio que impactam as projeções de resultado tributável futuro e suas estimativas para determinar a capacidade de recuperação desses impostos ativos diferidos e o fato da Companhia exercer um julgamento significativo na determinação do valor dos lucros tributáveis futuros que são baseados em premissas que refletem o ambiente econômico e operacional da Companhia, consideramos esse assunto como significativo para nossa auditoria das demonstrações financeiras individuais e consolidadas.

Como nossa auditoria conduziu esse assunto

Obtivemos o entendimento dos controles internos relacionados às projeções de lucros tributáveis futuros preparadas pela Usiminas e aprovadas pelos órgãos de governança, e optamos por uma abordagem de testes detalhados de documentos, os quais incluíram o envolvimento dos nossos especialistas de impostos, na avaliação da natureza das diferenças temporárias, bem como na avaliação da base do prejuízo fiscal e base negativa de contribuição social que compõem a base tributável. Adicionalmente, com o auxílio de nossos especialistas da área de finanças corporativas avaliamos as premissas e a metodologia utilizada pela Companhia. Comparamos as premissas da Companhia, com dados obtidos de fontes externas, quando disponíveis, e com outras avaliações que realizamos dos principais *inputs*, como crescimento econômico projetado, a inflação de custos e as taxas de desconto, assim como avaliamos uma análise de sensibilidade das premissas. Comparamos também o resultado esperado de lucro tributável futuro e o limite do valor a ser registrado como imposto diferido ativo da Companhia. Além disso, avaliamos se as divulgações realizadas pela Companhia com relação aos impostos reconhecidos e não reconhecidos refletem adequadamente as estimativas elaboradas e aprovadas pela Companhia. Também consideramos a adequação das divulgações feitas nas demonstrações financeiras individuais e consolidadas.

Instrumentos financeiros - Reestruturação de dívida

Conforme descrito na nota explicativa 20, em 2016 a Companhia celebrou contratos para reestruturação de sua dívida bancária. Devido à relevância, complexidade e julgamento envolvidos na avaliação desta operação e, consequentemente, a necessidade de se avaliar o adequado tratamento contábil para a mensuração, desreconhecimento e reconhecimento dos instrumentos financeiros envolvidos, bem como a necessidade de se avaliar o cumprimento das cláusulas restritivas (*covenants*), que poderiam resultar em impactos relevantes sobre as demonstrações financeiras, consideramos esse assunto como significativo para nossa auditoria das demonstrações financeiras individuais e consolidadas.

Como nossa auditoria conduziu esse assunto

Nossos procedimentos de auditoria incluíram, dentre outros, exame da documentação suporte da operação, avaliação, com o envolvimento de nossos especialistas em instrumentos financeiros, do tratamento contábil adotado pela Companhia para registro e recálculo dos valores relevantes envolvidos na transação, avaliação do cumprimento das cláusulas restritivas, bem como confirmação de saldos junto aos credores. Também consideramos a adequação das divulgações feitas nas demonstrações financeiras individuais e consolidadas.

Provisões para demandas judiciais e administrativas
Conforme descrito na nota explicativa 24, provisões são constituídas pela Companhia para fazer face às perdas prováveis em processos administrativos e judiciais relacionados a questões fiscais, trabalhistas e cíveis.

A Companhia, com o auxílio de seus consultores jurídicos internos e externos, exerce julgamento significativo na determinação do valor das provisões a serem constituídas, bem como na divulgação de processos não provisionados, em que a expectativa de perda é considerada como possível. A avaliação das provisões para demandas judiciais e administrativas representou um aspecto significativo de auditoria em função da relevância dos valores envolvidos para as demonstrações financeiras individuais e consolidadas como um todo, pelos julgamentos significativos exercidos pela Companhia para constituição das provisões e divulgações requeridas, bem como pela necessidade de se avaliar a integridade das informações, em função da alteração do sistema de controle e gestão utilizado pela Companhia, ocorrida em 2016.

Como nossa auditoria conduziu esse assunto
Com auxílio de nossos especialistas de Tecnologia de Informação, avaliamos os controles internos associados ao registro e integridade das informações relacionadas as demandas judiciais e administrativas, em função da alteração do sistema de controle e gestão. Obtivemos a lista de consultores jurídicos externos que representam a Companhia nos processos e analisamos a carta de confirmação contendo informação sobre os montantes envolvidos e avaliação de risco de perda. Para os valores mais significativos, avaliamos o entendimento do mérito e a razoabilidade da conclusão sobre a classificação e mensuração de risco determinado pela Companhia e os valores contabilizados. Também consideramos a adequação das divulgações feitas nas demonstrações financeiras individuais e consolidadas.

Continuidade Operacional
Conforme mencionado na nota explicativa 1, como consequência do cenário econômico nacional e internacional, durante o ano de 2016, a geração de caixa operacional da Companhia foi negativamente impactada, principalmente em função da queda da demanda e dos preços dos produtos siderúrgicos. Com o objetivo de avaliar o uso do pressuposto de continuidade operacional quando da preparação das demonstrações financeiras, individuais e consolidadas, a Companhia, considerou a renegociação de dívidas e aportes de capital dos acionistas efetuados durante o ano de 2016, bem como elaborou análises que consideraram eventos e condições que pudessem indicar incertezas significativas e gerar dúvidas sobre a sua capacidade de continuidade operacional. Devido à relevância, complexidade e julgamento envolvidos na determinação das premissas base dessa avaliação, especificamente as projeções de fluxo de caixa, e do impacto que qualquer mudança nessas premissas teria nas demonstrações financeiras como um todo, consideramos esse assunto significativo para a nossa auditoria das demonstrações financeiras individuais e consolidadas.

Como nossa auditoria conduziu esse assunto
Nossos procedimentos de auditoria incluíram, dentre outros, a análise da avaliação preparada pela Companhia quanto às incertezas relacionadas à capacidade de continuidade operacional, avaliação com o envolvimento de nossos especialistas em finanças corporativas, das projeções de fluxo de caixa preparadas pela Companhia e aprovadas pelo Conselho de Administração, considerando resultados realizados, dados externos e condições do mercado, a avaliação da consistência das projeções utilizadas na avaliação da continuidade operacional com as utilizadas nos cálculos de redução do valor recuperável, a avaliação da integridade aritmética dos cálculos e a avaliação da

adequação das informações divulgadas nas demonstrações financeiras individuais e consolidadas da Companhia.

Outros assuntos

Demonstrações do valor adicionado
As demonstrações individual e consolidada do valor adicionado (DVA) referentes ao exercício findo em 31 de dezembro de 2016, elaboradas sob a responsabilidade da administração da Companhia, e apresentadas como informação suplementar para fins de IFRS, foram submetidas a procedimentos de auditoria executados em conjunto com a auditoria das demonstrações financeiras da Companhia. Para a formação de nossa opinião, avaliamos se essas demonstrações estão conciliadas com as demonstrações financeiras e registros contábeis, conforme aplicável, e se a sua forma e conteúdo estão de acordo com os critérios definidos no Pronunciamento Técnico CPC 09 - Demonstração do Valor Adicionado. Em nossa opinião, essas demonstrações do valor adicionado foram adequadamente elaboradas, em todos os aspectos relevantes, segundo os critérios definidos nesse Pronunciamento Técnico e são consistentes em relação às demonstrações financeiras individuais e consolidadas tomadas em conjunto.

Outras informações que acompanham as demonstrações financeiras individuais e consolidadas e o relatório do auditor
A administração da Companhia é responsável por essas outras informações que compreendem o Relatório da Administração.

Nossa opinião sobre as demonstrações financeiras individuais e consolidadas não abrange o Relatório da Administração e não expressamos qualquer forma de conclusão de auditoria sobre esse relatório.

Em conexão com a auditoria das demonstrações financeiras individuais e consolidadas, nossa responsabilidade é a de ler o Relatório da Administração e, ao fazê-lo, considerar se esse relatório está, de forma relevante, inconsistente com as demonstrações financeiras individuais e consolidadas ou com o nosso conhecimento obtido na auditoria ou, de outra forma, aparenta estar distorcido de forma relevante. Se, com base no trabalho realizado, concluirmos que há distorção relevante no Relatório da Administração, somos requeridos a comunicar esse fato. Não temos nada a relatar a este respeito.

Responsabilidades da administração e da governança pelas demonstrações financeiras individuais e consolidadas
A administração é responsável pela elaboração e adequada apresentação das demonstrações financeiras individuais e consolidadas de acordo com as práticas contábeis adotadas no Brasil e com as normas internacionais de relatório financeiro (IFRS) emitidas pelo *International Accounting Standards Board - IASB,* e pelos controles internos que ela determinou como necessários para permitir a elaboração de demonstrações financeiras livres de distorção relevante, independentemente se causada por fraude ou erro.

Na elaboração das demonstrações financeiras individuais e consolidadas, a administração é responsável pela avaliação da capacidade de a Companhia continuar operando, divulgando, quando aplicável, os assuntos relacionados com sua continuidade operacional e o uso dessa base contábil na elaboração das demonstrações financeiras individuais e consolidadas, a não ser que a administração pretenda liquidar a Companhia ou cessar suas operações, ou não tenha nenhuma alternativa realista para evitar o encerramento das operações.

Os responsáveis pela governança da Companhia e suas controladas são aqueles com responsabilidade pela supervisão do processo de elaboração das demonstrações financeiras individuais e consolidadas.

Responsabilidades do auditor pela auditoria das demonstrações financeiras individuais e consolidadas

Nossos objetivos são obter segurança razoável de que as demonstrações financeiras individuais e consolidadas, tomadas em conjunto, estão livres de distorção relevante, independentemente se causada por fraude ou erro, e emitir relatório de auditoria contendo nossa opinião. Segurança razoável é um alto nível de segurança, mas, não, uma garantia de que a auditoria realizada de acordo com as normas brasileiras e internacionais de auditoria sempre detectam as eventuais distorções relevantes existentes. As distorções podem ser decorrentes de fraude ou erro e são consideradas relevantes quando, individualmente ou em conjunto, possam influenciar, dentro de uma perspectiva razoável, as decisões econômicas dos usuários tomadas com base nas referidas demonstrações financeiras individuais e consolidadas.

Como parte da auditoria realizada de acordo com as normas brasileiras e internacionais de auditoria, exercemos julgamento profissional e mantemos ceticismo profissional ao longo da auditoria. Além disso:

- Identificamos e avaliamos os riscos de distorção relevante nas demonstrações financeiras individuais e consolidadas, independentemente se causada por fraude ou erro, planejamos e executamos procedimentos de auditoria em resposta a tais riscos, bem como obtemos evidência de auditoria apropriada e suficiente para fundamentar nossa opinião. O risco de não detecção de distorção relevante resultante de fraude é maior do que o proveniente de erro, já que a fraude pode envolver o ato de burlar os controles internos, conluio, falsificação, omissão ou representações falsas intencionais.
- Obtemos entendimento dos controles internos relevantes para a auditoria para planejarmos procedimentos de auditoria apropriados às circunstâncias, mas, não, com o objetivo de expressarmos opinião sobre a eficácia dos controles internos da Companhia e suas controladas.
- Avaliamos a adequação das políticas contábeis utilizadas e a razoabilidade das estimativas contábeis e respectivas divulgações feitas pela administração.
- Concluímos sobre a adequação do uso, pela administração, da base contábil de continuidade operacional e, com base nas evidências de auditoria obtidas, se existe uma incerteza relevante em relação a eventos ou condições que possam levantar dúvida significativa em relação à capacidade de continuidade operacional da Companhia e suas controladas. Se concluirmos que existe uma incerteza relevante, devemos chamar atenção em nosso relatório de auditoria para as respectivas divulgações nas demonstrações financeiras individuais e consolidadas ou incluir modificação em nossa opinião, se as divulgações forem inadequadas. Nossas conclusões estão fundamentadas nas evidências de auditoria obtidas até a data de nosso relatório. Todavia, eventos ou condições futuras podem levar a Companhia e suas controladas a não mais se manterem em continuidade operacional.
- Avaliamos a apresentação geral, a estrutura e o conteúdo das demonstrações financeiras individuais e consolidadas, inclusive as divulgações e se as demonstrações financeiras individuais e consolidadas representam as correspondentes transações e os eventos de maneira compatível com o objetivo de apresentação adequada.

- Obtemos evidência de auditoria apropriada e suficiente referente às informações financeiras das entidades ou atividades de negócio do grupo para expressar uma opinião sobre as demonstrações financeiras individuais e consolidadas. Somos responsáveis pela direção, supervisão e desempenho da auditoria do grupo e, consequentemente, pela opinião de auditoria.

  Comunicamo-nos com os responsáveis pela governança a respeito, entre outros aspectos, do alcance planejado, da época da auditoria e das constatações significativas de auditoria, inclusive as eventuais deficiências significativas nos controles internos que identificamos durante nossos trabalhos.

  Fornecemos também aos responsáveis pela governança declaração de que cumprimos com as exigências éticas relevantes, incluindo os requisitos aplicáveis de independência, e comunicamos todos os eventuais relacionamentos ou assuntos que poderiam afetar, consideravelmente, nossa independência, incluindo, quando aplicável, as respectivas salvaguardas.

  Dos assuntos que foram objeto de comunicação com os responsáveis pela governança, determinamos aqueles que foram considerados como mais significativos na auditoria das demonstrações financeiras individuais e consolidadas do exercício corrente e que, dessa maneira, constituem os principais assuntos de auditoria. Descrevemos esses assuntos em nosso relatório de auditoria, a menos que lei ou regulamento tenha proibido divulgação pública do assunto, ou quando, em circunstâncias extremamente raras, determinarmos que o assunto não deve ser comunicado em nosso relatório porque as consequências adversas de tal comunicação podem, dentro de uma perspectiva razoável, superar os benefícios da comunicação para o interesse público.

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KPMG Auditores Independentes
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