Financial Statements

Usinas Siderúrgicas de Minas Gerais S.A. - USIMINAS

December 31, 2013
with Independent Auditor's Report

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A free translation from Portuguese into English of Independent Auditor's Report on Individual Financial Statements prepared in Brazilian currency in accordance with accounting practices adopted in Brazil, and on Consolidated Financial Statements prepared in Brazilian currency in accordance with International Financial Reporting Standards (IFRS), issued by International Accounting Standards Board (IASB) and accounting practices adopted in Brazil

Independent auditor's report on financial statements

Shareholders, Board of Directors and Officers
Usinas Siderúrgicas de Minas Gerais S.A. - USIMINAS
Belo Horizonte – MG

We have audited the accompanying individual and consolidated financial statements of Usinas Siderúrgicas de Minas Gerais S.A. - USIMINAS ("Company"), identified as Company and Consolidated, respectively, which comprise the balance sheet as at December 31, 2013, and the related statement of operations, statement of comprehensive income (loss), statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting practices and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of the individual financial statements in accordance with accounting practices adopted in Brazil and the consolidated financial statements according to the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), and in accordance with accounting practices adopted in Brazil, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Brazilian and international standards on auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation and fair presentation of the Company's financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting practices used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on the individual financial statements

In our opinion, the individual financial statements referred to above present fairly, in all material respects, the financial position of Usinas Siderúrgicas de Minas Gerais S.A. - USIMINAS as at December 31, 2013, its operating performance and its cash flows for the year then ended, in accordance with accounting practices adopted in Brazil.

Opinion on the consolidated financial statements

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

Emphasis of matter

As mentioned in Note 3.1(a), the individual financial statements were prepared in accordance with accounting practices adopted in Brazil. In the case of Usinas Siderúrgicas de Minas Gerais S.A. - USIMINAS, these practices differ from the IFRS, applicable to separate financial statements, only as regards the application of the equity method to measure investments in subsidiaries, affiliates and jointly-controlled subsidiaries, which would be measured at cost or fair value under the IFRS. Our opinion is not qualified in respect of this matter.

Other matters

Statement of value added

We have also audited the individual and consolidated statement of value added (SVA) for the year ended December 31, 2013, prepared under management's responsibility, whose presentation is required by the Brazilian Corporation Law for publicly-held companies and as additional information by the IFRS, which do not require SVA presentation. These statements were subject to the same auditing procedures described above and, in our opinion, they are fairly presented, in all material respects, in relation to the overall financial statements.

Prior years' financial statements audited by other independent auditors

The individual and consolidated financial statements for the year ended December 31, 2012, originally stated, before the adjustments described in Note 3.22, were audited under the responsibility of other independent auditors, who issued an unmodified audit opinion dated February 18, 2013 with emphasis regarding the matter described herein. As part of our audit of the 2013 financial statements, we have also audited the adjustments described in Note 3.22 that were performed to change the financial statements for 2012. In our opinion, these adjustments are appropriate and were correctly performed, in all material respects. We were not engaged to audit, review or apply any other procedures on the individual and consolidated financial statements for 2012 or on the opening balances at January 1, 2012 and, therefore, we do not express an audit opinion or any form of assurance on these overall financial statements.

Belo Horizonte, February 13, 2014

ERNST & YOUNG
Auditores Independentes S.S.
CRC 2SP015199/O-6

Rogério Xavier Magalhães
Accountant CRC-1MG080613/O-1

Usinas Siderúrgicas de Minas Gerais S.A. - USIMINAS

Balance sheet
In thousands of reais

		Company			Consolidated		
	Note	**12/31/2013**	**12/31/2012 (Restated)**	**01/01/2012 (Restated)**	**12/31/2013**	**12/31/2012 (Restated)**	**01/01/2012 (Restated)**
Assets							
Current assets							
Cash and cash equivalents	9	**713,242**	1,251,103	363,586	**2,633,187**	3,123,318	2,842,422
Marketable securities	10	**1,536**	9,137	124,396	**835,629**	1,537,558	2,289,383
Trade accounts receivable	11	**1,142,722**	949,368	783,520	**1,639,551**	1,568,105	1,253,009
Inventories	12	**3,189,142**	2,985,220	4,263,673	**3,850,420**	3,767,984	5,046,156
Taxes recoverable	13	**190,822**	369,678	646,160	**323,520**	485,093	779,898
Dividends receivable		**33,543**	129,936	61,952	**12,413**	12,134	13,920
Derivative financial instruments	6	**396**	22,440	10,560	**45,637**	50,093	29,464
Other accounts receivable		**134,099**	112,334	162,149	**119,937**	161,829	273,704
Total current assets		**5,405,502**	5,829,216	6,415,996	**9,460,294**	10,706,114	12,527,956
Noncurrent assets							
Long-term assets							
Deferred income and social contribution taxes	14	**1,419,871**	1,058,842	676,592	**1,914,996**	1,513,879	797,146
Receivables from affiliates	36	**68,529**	69,862	57,113	**20,831**	19,636	5,710
Judicial deposits	15	**502,209**	522,051	561,491	**565,404**	599,206	626,348
Derivative financial instruments	6	**23,234**	281,356	431,772	**40,608**	286,508	435,972
Taxes recoverable	13	**58,666**	70,063	123,381	**113,474**	131,583	153,681
Other accounts receivable		**90,149**	63,252	55,672	**175,029**	68,558	60,101
		2,162,658	2,065,426	1,906,021	**2,830,342**	2,619,370	2,078,958
Investments in subsidiaries, jointly-controlled subsidiaries and affiliates	16	**8,225,579**	7,780,318	8,100,465	**1,159,948**	1,182,052	1,229,660
Property, plant and equipment	17	**13,372,382**	13,974,626	13,786,171	**15,506,833**	15,852,506	15,091,877
Intangible assets	19	**161,178**	147,663	142,735	**2,400,577**	2,413,778	2,424,601
Total noncurrent assets		**23,921,797**	23,968,033	23,935,392	**21,897,700**	22,067,706	20,825,096
Total assets		**29,327,299**	29,797,249	30,351,388	**31,357,994**	32,773,820	33,353,052

See accompanying notes.

Usinas Siderúrgicas de Minas Gerais S.A. - USIMINAS

Balance sheet

In thousands of reais

		Company			Consolidated		
	Note	**12/31/2013**	**12/31/2012 (Restated)**	**01/01/2012 (Restated)**	**12/31/2013**	**12/31/2012 (Restated)**	**01/01/2012 (Restated)**
Liabilities and equity							
Liabilities							
Current liabilities							
Trade accounts payable, contractors and freight		**1,831,566**	1,833,050	1,270,212	**2,422,024**	2,280,432	1,452,480
Loans and financing	20	**1,231,765**	1,293,693	829,615	**1,288,645**	1,400,823	838,501
Debentures	21	**41,525**	257,664	274,419	**41,525**	257,664	274,419
Advances from customers		**36,265**	10,705	12,189	**178,309**	279,297	202,976
Payables to affiliates	36	**731,564**	794,316	428,592	**140,042**	204,920	156,844
Salaries and social charges		**178,826**	185,127	200,423	**250,849**	279,233	299,654
Taxes payable	22	**96,898**	76,082	83,402	**131,099**	114,844	121,077
Taxes in installments	23	**24,719**	31,107	57,169	**25,770**	32,103	58,104
Income and social contribution taxes payable	14	**-**	-	-	**4,179**	83,185	197,549
Dividends and Interest on Equity (IOE) payable	27	**425**	915	57,171	**1,122**	26,635	69,704
Derivative financial instruments	6	**51,015**	42,209	43,589	**51,015**	42,209	43,589
Accounts payable for investment acquisition		**-**		-	**213,607**	178,249	156,193
Other accounts payable		**246,787**	165,209	148,226	**339,305**	221,461	235,890
Total current liabilities		**4,471,355**	4,690,077	3,405,007	**5,087,491**	5,401,055	4,106,980
Noncurrent liabilities							
Loans and financing	20	**5,394,798**	6,563,581	7,582,780	**4,512,891**	6,339,267	7,228,560
Debentures	21	**997,920**	-	250,000	**997,920**	-	250,000
Payables to affiliates	36	**49,274**	41,444	43,085	**-**	-	6,750
Taxes in installments	23	**25,751**	30,737	22,050	**36,083**	41,483	33,017
Provision for litigation	24	**417,882**	376,170	263,338	**506,679**	447,933	350,141
Provision for environmental restoration	25	**-**	21,417	57,354	**76,588**	77,703	108,260
Post-employment benefits	26	**1,224,620**	1,396,812	1,277,473	**1,230,316**	1,396,812	1,277,473
Derivative financial instruments	6	**26,153**	15,056	23,990	**52,910**	323,790	547,250
Accounts payable for investment acquisition		**-**	-	-	**-**	178,249	312,385
Other accounts payable		**7,638**	53,526	142,518	**23,171**	54,455	118,031
Total noncurrent liabilities		**8,144,036**	8,498,743	9,662,588	**7,436,558**	8,859,692	10,231,867
Total liabilities		**12,615,391**	13,188,820	13,067,595	**12,524,049**	14,260,747	14,338,847
Equity	27						
Capital		**12,150,000**	12,150,000	12,150,000	**12,150,000**	12,150,000	12,150,000
Capital reserve		**313,084**	219,684	2,274	**313,084**	219,684	2,274
Income reserves		**3,699,154**	3,804,403	4,517,043	**3,699,154**	3,804,403	4,517,043
Equity adjustments		**549,670**	434,342	614,476	**549,670**	434,342	614,476
Equity of controlling interests		**16,711,908**	16,608,429	17,283,793	**16,711,908**	16,608,429	17,283,793
Noncontrolling interests		**-**	-	-	**2,122,037**	1,904,644	1,730,412
Total equity		**16,711,908**	16,608,429	17,283,793	**18,833,945**	18,513,073	19,014,205
Total liabilities and equity		**29,327,299**	29,797,249	30,351,388	**31,357,994**	32,773,820	33,353,052

See accompanying notes.

Usinas Siderúrgicas de Minas Gerais S.A. - USIMINAS

Statements of operations

In thousands of reais, unless otherwise stated

	Note	Company Years ended 12/31/2013	Company Years ended 12/31/2012 (Restated)	Consolidated Years ended 12/31/2013	Consolidated Years ended 12/31/2012 (Restated)
Continued operations					
Revenue	29	**11,336,969**	11,414,421	**12,829,467**	12,710,881
Cost of sales		**(10,767,767)**	(11,759,451)	**(11,353,664)**	(12,229,697)
Gross profit (loss)		**569,202**	(345,030)	**1,475,803**	481,184
Operating income (expenses)					
Selling expenses	32	**(146,432)**	(155,945)	**(336,443)**	(374,715)
General and administrative expenses	32	**(389,499)**	(274,316)	**(567,982)**	(480,916)
Other operating income (expenses), net	32	**(6,853)**	(93,477)	**(51,699)**	(98,778)
Interests held in subsidiaries, jointly-controlled subsidiaries and affiliates	16	**672,828**	700,468	**181,201**	165,638
		130,044	176,730	**(774,923)**	(788,711)
Operating income (loss)		**699,246**	(168,300)	**700,880**	(307,587)
Financial income (expense)	33	**(1,111,753)**	(864,276)	**(895,209)**	(491,144)
Income (loss) before income and social contribution taxes		**(412,507)**	(1,032,576)	**(194,329)**	(798,731)
Income and social contribution taxes	14				
Current		**(156,682)**	27,041	**(268,044)**	(129,729)
Deferred		**427,511**	298,980	**479,164**	330,179
		270,829	326,021	**211,120**	200,450
Net income (loss) for the year		**(141,678)**	(706,555)	**16,791**	(598,281)
Attributable to:					
Controlling interests		**-**	-	**(141,678)**	(706,555)
Noncontrolling interests		**-**	-	**158,469**	108,274
Basic and diluted earnings (loss) per common share	34	**R$ (0.14)**	R$ (0.72)	**R$ (0.14)**	R$ (0.72)
Basic and diluted earnings (loss) per preferred share	34	**R$ (0.14)**	R$ (0.72)	**R$ (0.14)**	R$ (0.72)

See accompanying notes.

Usinas Siderúrgicas de Minas Gerais S.A. - USIMINAS

Statements of comprehensive income (loss)

In thousands of reais

		Company		Consolidated	
		Years ended		Years ended	
	Note	12/31/2013	12/31/2012 (Restated)	12/31/2013	12/31/2012 (Restated)
Net income (loss) for the year		**(141,678)**	(706,555)	**16,791**	(598,281)
Other components of comprehensive income (loss)					
Actuarial gain (loss) on retirement benefits	26	**29,277**	(183,781)	**29,277**	(183,781)
Exchange gain/loss of affiliate abroad and other changes	16	**105**	(1,134)	**105**	(1,134)
Cash flow hedge in subsidiary	6	**118,466**	22,138	**118,466**	22,138
Total other components of comprehensive income (loss)		**147,848**	(162,777)	**147,848**	(162,777)
Total comprehensive income (loss) for the year		**6,170**	(869,332)	**164,639**	(761,058)
Attributable to:					
Controlling interests		**6,170**	(869,332)	**6,170**	(869,332)
Noncontrolling interests		**-**	-	**158,469**	108,274

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 14.

See accompanying notes.

Usinas Siderúrgicas de Minas Gerais S.A. - USIMINAS

Statements of changes in equity
In thousands of reais

		Attributable to controlling interests												
			Capital reserves				Income reserves							
	Note	Capital	Exceeding amount on subscription of shares	treasury shares	Special goodwill reserve	Stock options granted and recognized	Legal reserve	Reserve for investment and working capital	Equity adjustments	Dividends to be recognized	Retained earnings (accumulated losses)	Total	Noncontrolling interests	Total equity
At January 1, 2012 (Restated)		12,150,000	105,295	(105,295)		2,274	699,587	3,791,235	614,476	26,221	-	17,283,793	1,730,412	19,014,205
Comprehensive income (loss) for the period														
Net income (loss) for the year		-	-	-	-	-	-	-	-	-	(706,555)	(706,555)	108,274	(531,300)
Actuarial losses on retirement benefits	26	-	-	-	-	-	-	-	(183,781)	-	-	(183,781)	-	(183,781)
Exchange gain/loss of affiliate abroad		-	-	-	-	-	-	-	(1,134)	-	-	(1,134)	-	(1,134)
Cash flow hedge in the Company	6	-	-	-	-	-	-	-	22,138	-	-	22,138	-	22,138
Total comprehensive income (loss) for the period		-	-	-	-	-	-	-	(162,777)	-	(706,555)	(869,332)	108,274	(761,058)
Allocation of net income (loss) for the year	27													
Mandatory minimum dividend and Interest on equity - 2012		-	-	-	-	-	-	-	-	-	-	-	(25,152)	(25,152)
Dividends and interest on equity recognized		-	-	-	-	-	-	-	-	(26,221)	-	(26,221)	-	(26,221)
Absorption of loss		-	-	-	-			(686,419)	-	-	686,419	-	-	-
Stock option plan	39	-	-	-	-	4,821	-	-	-	-	1,870	6,691	-	6,691
Adjustment from IAS 29 on property, plant and equipment		-	-	-	-	-	-	-	(17,357)	-	17,357	-	-	-
Special goodwill reserve (CVM Rule No. 319/99 - Company		-	-	-	212,589	-	-	-	-	-	-	212,589	91,110	303,699
Dividends expired		-	-	-	-	-	-	-	-	-	909	909	-	909
at December 31, 2012 (Restated)		12,150,000	105,295	(105,295)	212,589	7,095	699,587	3,104,816	434,342	-	-	16,608,429	1,904,644	18,513,073

See accompanying notes.

Usinas Siderúrgicas de Minas Gerais S.A. - USIMINAS

Statements of changes in equity
In thousands of reais

		Attributable to controlling interests												
		Capital reserves						Income reserves						
	Note	Capital	Exceeding amount on subscription of shares	Exceeding amount on disposal 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	Noncontrolling interests	Total equity
At December 31, 2012		12,150,000	105,295	-	(105,295)	212,589	7,095	699,587	3,104,816	434,342	-	16,608,429	1,904,644	18,513,073
Comprehensive income (loss) for the period														
Net income (loss) for the year		-	-	-	-	-	-	-	-	-	(141,678)	(141,678)	158,469	16,791
Actuarial gain on retirement benefits	26	-	-	-	-	-	-	-	-	29,277	(7,683)	21,594	(285)	21,309
Exchange variation of affiliate abroad		-	-	-	-	-	-	-	-	105	-	105	-	105
Cash flow hedge in the Company	6	-	-	-	-	-	-	-	-	118,466	-	118,466	-	118,466
Total comprehensive income (loss) for the period		-	-	-	-	-	-	-	-	147,848	(149,361)	(1,513)	158,184	156,671
Allocation of net income (loss) for the year	27													
Absorption of loss		-	-	-	-	-	-	-	(105,249)	-	105,249	-	-	-
Stock option plan	39	-	-	-	-	-	9,073	-	-	-	2,479	11,552	-	11,552
Disposal of treasury shares				2,867	455	-	-	-	-	-	-	3,322	-	3,322
Capital increase in subsidiary		-	-	-	-	-	-	-	-	-	-	-	105,250	105,250
Subsidiaries dividends granted to noncontrolling interests		-	-	-	-	-	-	-	-	-	-	-	(80,771)	(80,771)
Adjustment from IAS 29 on property, plant and equipment		-	-	-	-	-	-	-	-	(16,757)	25,391	8,634	-	8,634
Changes in ownership interests without loss or acquisition of control		-	-	-	-	81,005	-	-	-	-	-	81,005	34,716	115,721
Internal changes in equity		-	-	-	-	-	-	-	-	(15,763)	15,763	-	14	14
Dividends expired		-	-	-	-	-	-	-	-	-	479	479	-	479
At December 31, 2013		12,150,000	105,295	2,867	(104,840)	293,594	16,168	699,587	2,999,567	549,670	-	16,711,908	2,122,037	18,833,945

See accompanying notes.

Usinas Siderúrgicas de Minas Gerais S.A. - USIMINAS

Cash flow statements

In thousands of reais

	Note	Company Years ended 12/31/2013	Company Years ended 12/31/2012 (Restated)	Consolidated Years ended 12/31/2013	Consolidated Years ended 12/31/2012 (Restated)
Cash flows from operating activities					
Net income (loss) for the year		**(141,678)**	(706,555)	**16,791**	(598,281)
Adjustments to reconcile income (loss)					
Charges and monetary/exchange gains/losses, net		**931,888**	619,212	**805,437**	525,215
Interest expenses		**209,786**	225,567	**242,325**	280,932
Depreciation, amortization and depletion		**918,570**	852,062	**1,072,433**	965,110
Gain (loss) on the disposal of PP&E/investment		**(48,659)**	(2,137)	**(44,427)**	(2,246)
Gain (loss) on the disposal of discontinued operations					
Interests held in subsidiaries, jointly-controlled subsidiaries and affiliates	16	**(672,828)**	(700,468)	**(181,201)**	(165,638)
Deferred income and social contribution taxes	14	**(427,511)**	(298,980)	**(479,164)**	(330,178)
Set up (reversal) of provisions		**4,125**	136,137	**62,648**	128,803
Actuarial gains (losses)	26	**46,441**	17,329	**48,257**	17,329
Stock grant plan		**9,072**	6,691	**9,073**	6,691
(Increase) decrease in assets					
Trade accounts receivable		**(206,660)**	(165,848)	**(120,154)**	(318,338)
Inventories		**(219,340)**	1,278,453	**(128,475)**	1,278,172
Taxes recoverable		**33,571**	356,895	**(11,748)**	270,614
Receivables from affiliates		**1,333**	(23,201)	**(1,195)**	(13,926)
Judicial deposits		**14,766**	26,123	**18,419**	13,825
Other		**160,152**	73,639	**148,690**	160,846
Increase (decrease) in liabilities					
Trade accounts payable, contractors and freight		**(1,484)**	562,838	**149,060**	827,952
Advances from customers		**25,560**	(1,484)	**(97,211)**	76,321
Payables to affiliates		**(54,922)**	364,083	**(55,432)**	41,326
Taxes payable		**20,816**	(7,320)	**19,363**	(6,233)
Income and social contribution taxes paid		**-**	(54)	**(161,141)**	(220,183)
Interest paid		**(546,196)**	(476,841)	**(568,571)**	(503,987)
Actuarial liabilities paid		**(178,234)**	(174,511)	**(178,234)**	(174,511)
Other		**185,523**	(134)	**540,750**	180,139
Net cash provided by operating activities		**64,091**	1,961,496	**1,106,293**	2,439,754
Cash flows from investing activities					
Marketable securities		**7,601**	115,259	**701,929**	751,825
Proceeds from divestiture		**139,499**	623,281	**135,842**	4,606
Amount paid for acquisition of subsidiaries and affiliates		**-**	(8,142)	**(206,403)**	(194,412)
Purchases of property, plant and equipment	17	**(580,677)**	(959,623)	**(956,565)**	(1,626,653)
Proceeds from the disposal of property, plant and equipment		**34,196**	5,178	**36,203**	12,890
Purchases of intangible assets		**(77,002)**	(58,631)	**(82,090)**	(66,273)
Dividends received		**454,706**	519,915	**203,433**	213,072
Net cash used in investing activities		**(21,677)**	237,237	**(167,651)**	(904,945)

See accompanying notes.

Usinas Siderúrgicas de Minas Gerais S.A. - USIMINAS

Cash flow statements
In thousands of reais

		Company		Consolidated	
		Years ended		Years ended	
	Note	12/31/2013	12/31/2012 (Restated)	12/31/2013	12/31/2012 (Restated)
Cash flows from financing activities					
Loans and financing taken out and debentures		**1,462,825**	338,368	**1,478,645**	452,653
Payment of loans and financing and debentures		**(1,980,540)**	(1,504,040)	**(2,995,804)**	(1,568,934)
Proceeds from issue of shares					
Payment of taxes in installments	23	**(13,936)**	(31,041)	**(14,958)**	(32,018)
Swap transactions settlement		**(34,372)**	(43,545)	**2,417**	(22,125)
Capital gain		**-**	-	**220,972**	-
Dividends and interest on equity paid	27	**(11)**	(81,568)	**(105,804)**	(94,099)
Net cash used in financing activities		**(566,034)**	(1,321,826)	**(1,414,532)**	(1,264,523)
Exchange gain/loss on cash and cash equivalents		**(14,241)**	10,610	**(14,241)**	10,610
Net increase (decrease) in cash and cash equivalents		**(537,861)**	887,517	**(490,131)**	280,896
Cash and cash equivalents at beginning of year	9	**1,251,103**	363,586	**3,123,318**	2,842,422
Cash and cash equivalents at end of year	9	**713,242**	1,251,103	**2,633,187**	3,123,318
Net increase (decrease) in cash and cash equivalents		**(537,861)**	887,517	**(490,131)**	280,896

See accompanying notes.

Usinas Siderúrgicas de Minas Gerais S.A. - USIMINAS

Statements of value added

In thousands of reais

	Company		Consolidated	
	Years ended		Years ended	
	12/31/2013	12/31/2012 (Restated)	12/31/2013	12/31/2012 (Restated)
Revenues				
Sales of goods, products and services	**15,130,057**	14,984,769	**17,863,766**	17,428,634
Set up of allowance for doubtful accounts	**(13,306)**	(1,786)	**(17,049)**	(2,054)
Other revenues	**148,287**	62,946	**150,737**	64,653
	15,265,038	15,045,929	**17,997,454**	17,491,233
Inputs acquired from third parties				
Cost of goods and products sold and services rendered	**(11,082,650)**	(12,044,360)	**(11,737,162)**	(12,480,651)
Materials, energy, third-party services and other expenses	**(574,496)**	(692,292)	**(887,161)**	(1,060,575)
	(11,657,146)	(12,736,652)	**(12,624,323)**	(13,541,226)
Gross value added	**3,607,892**	2,309,277	**5,373,131**	3,950,007
Depreciation, amortization and depletion	**(918,570)**	(852,062)	**(1,072,433)**	(965,110)
Net value added produced by the Company	**2,689,322**	1,457,215	**4,300,698**	2,984,897
Value added received in transfer				
Interests held in subsidiaries, jointly-controlled subsidiaries and affiliates	**672,828**	700,468	**181,201**	165,638
Financial income	**179,109**	192,220	**326,930**	401,527
Actuarial gains and losses	**(46,441)**	(17,329)	**(48,257)**	(17,329)
	805,496	875,359	**459,874**	549,836
Value added to be distributed	**3,494,818**	2,332,574	**4,760,572**	3,534,733

See accompanying notes.

Usinas Siderúrgicas de Minas Gerais S.A. - USIMINAS

Statements of value added

In thousands of reais

	Company		Consolidated	
	Years ended		Years ended	
	12/31/2013	**12/31/2012 (Restated)**	**12/31/2013**	**12/31/2012**
Personnel and related charges				
Payroll and related charges	**837,112**	936,762	**1,548,565**	1,664,389
Unemployment Compensation Fund (FGTS)	**70,739**	81,444	**102,320**	121,534
Key management personnel compensation	**31,441**	7,358	**38,451**	10,321
Employees' profit sharing	**92,584**	63,249	**138,104**	98,678
Retirement plans	**33,155**	30,723	**35,208**	33,722
	1,065,031	1,119,536	**1,862,648**	1,928,644
Taxes, fees and contributions				
Federal	**498,062**	286,805	**774,823**	625,117
State	**676,504**	531,802	**755,639**	624,623
Municipal	**102,584**	38,373	**123,814**	51,980
Tax incentives	**3,453**	6,117	**4,718**	9,979
	1,280,603	863,097	**1,658,994**	1.311,699
Debt remuneration				
Interest	**781,647**	651,572	**1,003,814**	778,552
Exchange gains/losses, net	**177,473**	220,669	**240,566**	176,534
Other	**331,742**	184,255	**(22,241)**	(62,415)
	1,290,862	1,056,496	**1,222,139**	892,671
Equity remuneration				
Retained profits (losses)	**(141,678)**	(706,555)	**(141,678)**	(706,555)
Noncontrolling interests in retained profits			**158,469**	108,274
	(141,678)	(706,555)	**16,791**	(598,281)
Value added distributed	**3,494,818**	2,332,574	**4,760,572**	3,534,733

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

See accompanying notes.

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) and is engaged in the exploration of the steel industry, sale of its products, as well as other correlate activities. The Company produces flat-rolled steel at the Intendente Câmara plant and José Bonifácio de Andrada e Silva plant, located in Ipatinga (Minas Gerais) and Cubatão (São Paulo), respectively, designated to the domestic market and export.

The Company, directly or indirectly, through its subsidiaries, jointly-controlled subsidiaries and affiliates (collectively, "Usiminas Companies"), maintains several service and distribution centers in various regions of Brazil, in addition to the Cubatão and Praia Mole ports located in the states of São Paulo and Espírito Santo, respectively, as strategic points for the shipping of its production.

The Company's shares are listed for trading on the São Paulo Stock Exchange (BM&FBOVESPA) under the USIM3, USIM5 and USIM6.

As described in Note 27, Techint Group acquired interests held in USIMINAS by the companies belonging to the groups Votorantim and Camargo Corrêa, in addition to part of the shares held by Previdência Usiminas (new name of *Caixa dos Empregados da Usiminas* - "CAIXA"), for the amount of 139.7 million of shares, or 27.7% of the Company's voting capital. The completion of transactions and, consequently, effectiveness of the New Shareholders' Agreement took place on January 16, 2012, according to the material news release disclosed to the market on January 17, 2012.

The Company has been implementing actions to improve operating and financing performance. Among these, the increase in the level of operating efficiency, the reduction of structural costs and expenses (selling and administrative); the management of working capital, principally inventories and the reduction of investments in capital expenditure (Capex); besides the reduction of indebtedness. In addition, the Company has a significant amount of cash with its foreign subsidiaries.

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

<u>Automotiva Usiminas S.A. ("Automotiva Usiminas") –</u> with head office in Pouso Alegre, state of Minas Gerais (MG), it is engaged in the manufacturing and trading of stamped steel parts. In the course of 2013, the Company divested its entirety ownership interests in Automotiva Usiminas as described in Note 16 (e) (v).

Cosipa Commercial Ltd. ("Cosipa Commercial") – with head office in the Cayman Islands, was established in April 2006, in order to optimize the fundraising abroad.

Cosipa Overseas Ltd. ("Cosipa Overseas") - with head office in the Cayman Islands, was established in February 1994, with the goal to optimize the Company's foreign trade operations, in order to facilitate purchases of imported raw materials and the export of steel products, in addition to serve as means to raise funds abroad to finance the Company's investments.

Mineração Usiminas S.A. ("Mineração Usiminas" or "MUSA") - with head office in Belo Horizonte (MG), it is a partnership between the Company (70%) and Sumitomo Group (30%), primarily engaged in the extraction and processing of iron ore as pellet feed, sinter feed and lump iron ore. Most of its production, which is extracted from mines in the Serra Azul region, in the state iron quadrangle, is designated for the consumption of the Company's steel plants. MUSA also holds 50% stake in jointly-controlled Modal Terminal de Granéis Ltda. ("Modal"), headquartered in Itaúna (MG), engaged in the operation of road and rail freight terminals, storage and handling of ore and steel products and road cargo transport. It also holds 22.2% interest in affiliate Terminal de Cargas Sarzedo Ltda. ("Terminal Sarzedo") with headquarters in Sarzedo (MG), primarily engaged in cargo storage, bus/rail terminal operation, storage and related services. In addition, it fully controls Usiminas Participações e Logística S.A. ("UPL") with head office in São Paulo (SP), is exclusively engaged in directly holding shares and other marketable securities of MRS Logística S.A.
MUSA acquired ownership interests in Mineração Ouro Negro S.A., as described in Note 16 (e) (i).

Rios Unidos Logística e Transporte de Aço Ltda. ("Rios Unidos") - Established in Itaquaquecetuba, it is primarily engaged in providing road cargo transportation services.

Soluções em Aço Usiminas S.A. ("Soluções Usiminas") - headquartered in Belo Horizonte (MG), it has 14 manufacturing plants, strategically located throughout Brazil, and is primarily engaged in the transformation of steel products, in addition to operate as a distribution center. Soluções Usiminas provides the market with differentiated and higher value added products, concentrating on small and medium-sized customer service. It comprises the Company (68.88%); Metal One (20%) and others (11.12%).

Usiminas Commercial Ltd. ("Usiminas Commercial") – Established in 2006 and headquartered in Cayman, it is engaged in raising funds abroad for the Company.

Usiminas Europa A/S (“Usiminas Europa”) – Established in 2005 and headquartered in Copenhagen, Denmark, it is primarily engaged in investments in wholly-owned subsidiaries Usiminas Galvanized Steel ApS ("Usiminas Galvanized") and Usiminas Eletrogalvanized Steel ApS (‘Usiminas Eletrogalvanized”), whose main activity is to encourage sales of galvanized steel and electrogalvanized steel produced by the Company, respectively, to foreign customers.

Usiminas International Ltd. (“Usiminas International”) – Headquartered in the Principality of Luxembourg and established in 2001, it is engaged in holding the Company's overseas investments, as well as Company’s investments in Usiminas Portugal Serviços de Consultoria Ltd. (“Usiminas Portugal”) located at Ilha da Madeira. On November 30, 2012, Usiminas Portugal was discontinued, as described in Note 16 (d) (iii).

Usiminas Mecânica S.A. (“Usiminas Mecânica”) – Headquartered in Belo Horizonte (MG) and with a plant in Ipatinga, it is primarily engaged in the manufacturing of equipment and installation for production segments of steel, oil, petrochemical, hydroelectric, mining, rail transport, cement, pulp and paper, recovery of parts, rollers, heavy industry cylinders, stamping and cutting of plates for serial automotive parts, stationary crane dumping buckets and environmental control.

(b) Jointly-controlled subsidiaries

Unigal Usiminas Ltda. (“Unigal”) – Headquartered in Belo Horizonte (MG), it is a joint venture established in 1998 by the Company (70%) and Nippon Steel & Sumitomo Metal Corporation (30%), with the purpose of transforming cold-rolled coils in hot-dip galvanized coils, mainly for the car industry. Unigal, whose plant is located in Ipatinga (MG), has an installed galvanizing capacity of 1,030 tons of steel p.a.

Fasal Trading Brasil S.A. (“Fasal Trading Brasil”) - Established on November 30, 2009 and headquartered in Belo Horizonte (MG), is engaged in the sale of steel and metal products, providing related services, as well as holding interest in other companies, domestic or foreign, performing activities that relate or complement the activities thereof.

Usiroll – Usiminas Court Tecnologia em Acabamento Superficial Ltda. (“Usiroll”) – Headquartered in Ipatinga (MG), it is engaged in providing services, especially plating cylinder and rolled steel.

c) Investments in affiliates

Codeme Engenharia S.A. (“Codeme”) – Headquartered in Betim (MG), it is engaged in manufacturing and assembling steel constructions, industrial buildings, commercial warehouses and multiple floor buildings. Codeme has plants in Betim (MG) and in Taubaté (SP).

Metform S.A. (“Metform”) - Headquartered in Betim (MG), it is engaged in the manufacturing of steel tiles, steel decks and galvanized accessories, with or without painting. Metform has plants in Betim (MG) and in Taubaté (SP).

MRS Logística S.A. ("MRS") - Headquartered in Rio de Janeiro, MRS provides railway transportation and logistics services in the southeastern region of Brazil. The Company's interest in MRS represents a strategic investment for the optimization of the supply of raw materials, finished products supply and third-party cargo transportation, mainly related to the operation of the Company's port terminals.

2 Approval of financial statements

The Board of Director authorized the issue of these financial statements on February 13, 2014.

3 Summary of significant accounting practices

Significant accounting practices adopted in the preparation of these financial statements are described below. These practices have been consistently adopted in all the years presented, unless otherwise stated.

3.1 Basis of preparation

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.

(a) Individual financial statements - Company

The individual financial statements of the Parent Company, presented herein as Company, were prepared in accordance with the accounting practices adopted in Brazil, which comprise the Brazilian Corporation Law, the rules issued by the Brazilian Securities and Exchange Commission (CVM), and pronouncements issued by the Brazilian Financial Accounting Standards Board - FASB (CPC), and are disclosed jointly with the consolidated financial statements.

In the individual financial statements, subsidiaries, jointly-controlled subsidiaries and affiliates were account for by the equity method. The same adjustments were made to both individual and consolidated financial statements so as to reach the same P&L and equity attributable to controlling interests. In the case of USIMINAS, accounting practices adopted in Brazil applied to individual financial statements differ from IFRS applicable to separate financial statements only as regards the application of the equity method to measure investments in subsidiaries, jointly-controlled subsidiaries and affiliates, which would be measured at cost or fair value under IFRS.

(b) Consolidated financial statements - Consolidated

The consolidated financial statements, presented herein as Consolidated, were prepared and are presented in accordance with the accounting practices adopted in Brazil, which comprise the Brazilian Corporation Law, the rules issued by the CVM and pronouncements issued by the Brazilian FASB (CPC), in addition to the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

As described in Note 3.22, by virtue of adoption of CPC 19 (R2) and for comparison purposes, the consolidated balances for the year and period ended December 31, 2012 and January 1, 2012 were restated and, therefore, may differ from those originally disclosed.

3.2 Consolidation

The following accounting practices were applied in the preparation of the consolidated financial statements.

(a) Subsidiaries

Subsidiaries are all entities over which Usiminas Companies have 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.

Business combinations are accounted for using the acquisition method. The consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and equity instruments issued by Usiminas Companies. The consideration transferred includes the fair value of certain assets or liabilities arising from a contingent payment agreement, where applicable. Costs directly attributable to the acquisition are recognized in P&L for the year as incurred. The identifiable assets acquired, and liabilities and contingent liabilities assumed in a business combination are initially measured at their fair value on the acquisition date. Usiminas Companies recognize noncontrolling interests in the acquiree either at its fair value or on the basis of its proportionate share in the fair value of net assets of the acquiree. Noncontrolling interests to be recognized are determined in every acquisition made.

The transferred payment and fair value exceeding amount, on the acquisition date, of any previous equity interest in the acquiree in relation to the fair value of the interests held by Usiminas Companies in the identifiable net assets acquired is recognized as goodwill. In the acquisition where Usiminas Companies attribute the fair value to noncontrolling interests, goodwill determination also includes the amount of any noncontrolling interests in the acquiree, and goodwill is determined taking into account the interests held by Usiminas Companies as well as noncontrolling interests. If the consideration received is lower than fair value of acquired net assets, the difference must be directly recognized in the statement of operations.

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. The accounting practices of subsidiaries are changed, when necessary, to ensure the consistence with those adopted by Usiminas Companies.

(b) Jointly-controlled subsidiaries and affiliates

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. Investments of Usiminas Companies in affiliates and jointly-controlled subsidiaries includes goodwill on acquisition, net of any accumulated impairment loss. See Note 3.13 on impairment of nonfinancial assets, including goodwill.

The interest held by Usiminas Companies in P&L of its affiliates and jointly-controlled subsidiaries is recognized in the statement of operations, and the interest held in changes in reserves is recognized in the Usiminas Companies' reserves. When the interest held by Usiminas Companies in the losses of an affiliate or jointly-controlled subsidiary is equal or higher than the investment book value, including any other receivables, Usiminas Companies do not recognize additional losses, unless they have incurred obligations or made payments on behalf of the affiliate or jointly-controlled subsidiary.

Unrealized gains from transactions among Usiminas Companies and their affiliates and jointly-controlled subsidiaries are eliminated at the proportion of the interest held by Usiminas Companies. Unrealized losses are also eliminated, unless the transaction provides evidence of loss (impairment) of the asset transferred. The accounting practices of affiliates and jointly-controlled subsidiaries are changed, when necessary, to ensure the consistence with those adopted by Usiminas Companies.

Dilution gains and losses from interests held in affiliates are recognized in the statement of operations.

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, 2013 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”.

When Usiminas Companies no longer hold control, any interest held in the entity is remeasured at its fair value, and the change in the book value is recognized in P&L. All amounts previously recognized in other comprehensive income (loss) related to that entity are accounted for as Usiminas Companies had directly disposed of the related assets or liabilities. In other words, the amounts previously recognized in other comprehensive income (loss) are reclassified to P&L.

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. 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 Reais (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

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.

Other cash and cash equivalents amounts, although highly liquid, were classified as marketable securities, since they refer to investments abroad and require specific procedures to enter in Brazil.

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. They are included as current assets, except those maturing after 12 months from the balance sheet date (which are classified as noncurrent assets). Loans and receivables of Usiminas Companies comprise cash and cash equivalents, except for short-term investments, trade accounts receivable, receivables from affiliates and other accounts receivable.

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. Financial assets are written off when the rights to receive cash flows from investments have expired or have been transferred; in the latter case, as long as Usiminas Companies have significantly transferred all risks and rewards of ownership. Loans and receivables are initially recognized at fair value and subsequently measured at amortized cost, using the effective interest rate method.

Gains or losses arising from changes in fair value of financial assets measured at fair value through profit or loss are presented in the statement of operations, under “Financial income (expense)”, in the period in which they occurred.

The fair value of publicly listed private equity is based on current purchase prices. For financial assets not traded in active market (or not publicly listed), 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 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

3.6.4 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. A financial asset or group of financial assets is impaired and impairment losses recognized only if there is objective evidence of impairment as a result of one or more events that have happened after the initial recognition of assets and that have an impact on estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

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.

3.6.5 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 financial liabilities measured at fair value through profit or loss, loans and financing, accounts payable, or derivatives classified as hedging instruments, as the case may be.
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, financial guarantee contracts and derivative financial instruments.

3.7.2 Subsequent measurement

Measurement of financial liabilities depends on their classification, which can be as follows:

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

These include financial liabilities held for trading and financial liabilities initially recognized at FVTPL.

Financial liabilities are classified as held for trading if acquired to be sold within short term. This category includes derivative financial instruments engaged by the Company which do not meet the hedge accounting criteria defined by CPC 38 (IAS 39), including embedded derivatives which are not related to the host contract and which must be separated, are also classified as held for trading unless classified as effective hedging instruments. Gains and losses on liabilities held for trading are recognized in the statement of operations. The Company presented no financial liability at fair value through profit or loss.

(b) Loans and financing

After initial recognition, loans and financing subject to interest are subsequently measured at amortized cost, using the effective interest rate method. Gains and losses are recognized in the statement of operations when the liabilities are derecognized and through the amortization process under 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.

The impairment loss corresponds to the difference between the book value of assets and the present value of estimated future cash flows, discounted at the original effective interest rate of the financial assets. The asset book value is decreased and the loss amount is recognized in the statement of operations. If a loan or investment held to maturity has a variable interest rate, the discount rate to measure the impairment loss is the current effective interest rate determined according to the contract. Putting it simpler, Usiminas Companies may measure the impairment based on the fair value of an instrument using an observable market price.

If in a subsequent period the impairment loss decrease and such decrease could be objectively associated with an event that happened after impairment is recognized, the loss previously recognized is recognized in the statement of operations.

3.8 Derivative financial instruments and hedging activities

(a) Derivative instruments

Initially, derivatives are recognized at fair value on the date the derivative agreement is signed and, subsequently, are remeasured at their fair value. The method to recognize the resulting gain or loss depends on whether the derivative is designated or not as a hedging instrument, in those cases of adoption of hedging accounting. In this case, the method depends on the nature of the hedged item.

Derivatives held for trading are classified as current assets or liabilities.

(b) Hedging activities

Usiminas Companies adopt the hedging accounting and designate the exchange gain/loss of certain liabilities as hedge of currency risk associated with the highly probable expected export (cash flow hedge).

Usiminas Companies document, at the beginning of the transaction, the relation between the hedging instruments and hedged items, as well as the objectives of risk management and strategy for realization of various hedging transactions. Usiminas Companies also document their evaluation, both at hedge inception and on an ongoing basis, that financial instruments used in hedging transactions are highly effective in offsetting changes in cash flows of hedged items.

Changes in the hedge amounts classified under "Cash flow hedge reserve" in equity are presented in Note 6 (c).

(c) *Cash flow hedge*

The effective portion of changes in the fair value of financial liabilities designated and qualified as cash flow hedge is recognized in equity, under “Cash flow hedge reserve”. Gains or losses associated with the non-effective portion are recognized under “Financial income (expense).”

The amounts accumulated in equity are realized in the statement of operations in the periods which the hedged item affects P&L (when the expected hedged sale occurs). Gain or loss associated with the effective portion of financial liabilities that hedge currency risk related to highly probable future exports is recognized in the statement of operations, in the account related to the hedged item, that in the case of exports is “Revenues”.

Whenever a hedging instrument expires or is settled in advance, whenever a hedge no longer meets the criteria for hedge accounting, or whenever management decides to discontinue hedge accounting, all cumulative gain or loss existing in equity at that time remains in equity, and is recognized in P&L as the expected transaction is finally recognized in the statement of operations under "Financial income (expense)." Whenever the transaction is no longer expected to occur, the cumulative gain or loss that had been stated in equity is immediately transferred to the statement of operations under "Financial income (expense)".

(d) Derivatives measured at fair value through profit or loss

Certain derivative instruments are not qualified for hedging accounting. Changes in fair value of these derivative financial instruments are immediately recognized in the statement of operations.

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. Net realizable value is the estimated selling price in the ordinary course of business, less applicable selling expenses. Imports in transit are stated at the accumulated cost of each import.

The cost of finished products and work in process comprise raw materials, direct labor, other direct costs, in addition indirect overhead, based on normal operating capacity.

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.

The judicial deposits are monetarily restated in accordance with the specific rules of each court and, as they are used as collateral, may be raised by the prevailing party. Thus, if the Company is not successful in the proceeding, the amounts deposited will be converted into revenue for the National Treasury or used to deduce the corresponding liability, if any. Otherwise, if the decision is favorable to the Company, there is the possibility of redemption of deposits made.

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. Depending on the type of asset and the time of its acquisition, the cost refers to the historical cost of acquisition, the historical cost adjusted for the hyperinflation effects, in accordance with CPC 37 and IAS 29, in the period in which the Brazilian economy was deemed hyperinflationary. Brazil was considered a hyperinflationary economy for IFRS purposes until 1997.

In thousands of reais, unless otherwise stated

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 costs of maintenance performed to restore or maintain the original performance standards are recognized in the period they incur.

Interest is monthly aggregated by Usiminas Companies to the cost of acquisition of property, plant and equipment under construction and, where applicable, the exchange gain/loss on loans and financing, taking into account the following criteria for capitalization: (a) the capitalization period occurs when the property, plant and equipment are under construction, and interest capitalization is terminated when the PP&E item is available for use; (b) interest is capitalized, less short-term investment yield, considering the weighted average rate on existing loans on the capitalization date; (c) the capitalized exchange gain/loss portion is that considered as an annual adjustment to the interest rate (interest component); (d) monthly capitalized interest and exchange gain/loss do not exceed interest expenses and exchange gain/loss calculated in the capitalization period; and (e) capitalized interest and exchange gain/loss are depreciated using the same criteria and useful life determined for the PP&E item to which they were incorporated.

Land is not depreciated. The depreciation of other assets is calculated at the straight-line method to allocate their costs to net book value throughout the estimated useful life. The weighted average useful life of depreciation of property, plant and equipment is:

	In years	
	12/31/2013	**12/31/2012**
Buildings	**29**	30
Facilities	**25**	26
Machinery and equipment	**21**	21
Vehicles	**6**	7
Furniture, fixtures and equipment	**7**	7
IT equipment	**3**	3
Tools, devices and implements	**7**	7

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.

Gains and losses on disposals are determined by comparing P&L with the book value and are recognized in "Other operating income (expense), net" in the statement of operations.

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 of subsidiaries and jointly-controlled subsidiaries is recorded as "Intangible assets" in the consolidated financial statements. If the acquirer determines negative goodwill, it must be recognized in the statement of operations of the period, on the acquisition date. 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 19.

Development costs that are directly attributable to the project and tests of identifiable and exclusive software products, controlled by Usiminas Companies, are recognized as intangible assets when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use or sale;
- management intends to complete the software and use it or sell it;
- the software can be sold or used;
- there is evidence that the software will flow future economic benefits;
- Adequate technical, financial, or other resources are available to complete the development and to use or sell the software; and
- the expenses attributable to the software during its development can be reliably measured.

Directly attributable costs are capitalized as part of the software product, including the costs with employees allocated to the development of software, and an appropriate portion of applicable direct expenses. Other development costs that do not meet these criteria are recognized as expense as incurred, and are not recognized as assets in subsequent period.

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). Impaired non-financial assets, except for goodwill, are analyzed for a possible reversal of impairment at the balance sheet date.

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 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 Company management estimates of future expenses discounted to present value. Increase in the time value of obligations is recognized as financial expenses.

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).

The Corporate Income Tax (IRPJ) is calculated based on P&L, adjusted to taxable profit by additions and exclusions provided for in legislation. The Social Contribution Tax on Net Profit ("CSLL") is calculated at the prevailing rate on P&L before income tax adjusted under the term of the prevailing legislation. Deferred income and social contribution taxes are calculated on respective tax losses, and temporary differences between the tax base on assets and liabilities and their carrying amounts contained in the financial statements. Deferred income and social contribution tax liability is fully recognized while asset depends on the realization. The applicable tax rates, currently defined, are 25% for income tax and 9% for social contribution tax.

Current income and social contribution taxes are stated net, by taxpayer entity, under liabilities when there is amounts payable, or under assets when the amounts paid in advance exceed the total amount owed on the reporting date.

The recognition of tax credits is based on a study of expected future taxable profits prepared and based on internal assumptions and in future economic scenarios which may, therefore, change. Said study was reviewed by the Supervisory Board and approved by the Board of Directors.

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 participate in retirement plans, administrated by Previdência Usiminas, which provide its employees with pensions and other post-employment 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.

Debts contracted refer to minimum requirements and are considered in the determination of an additional liability for future contributions that will not be recoverable.

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.

Costs of past services are immediately recognized in P&L, unless changes in the retirement plan are conditioned on the permanence of the employee for a specified period of time (during which the rights are vested). In this case, past service costs are amortized on a straight-line basis over the period when said rights were vested.

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. Except for the portion related to annuities for disability and death, for which and actuarial calculation is made by and independent actuary, the Company has liabilities related to additional payments. 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 and qualified 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. The total amount to be recognized is determined by reference to the fair value of the options granted, excluding the impact of any vesting conditions based on service and performance that are not in the market (e.g. profitability, increase in sales targets or remain employed for a specific period of time). The vesting conditions that are not in the market are included in assumptions on the number of options to be vested. When conditions established in the plan are met, the total expense is recognized over the period in which the right is vested.

At the balance sheet date, the Company reviews its estimates of the number of options, the rights of which must be acquired based on the vesting conditions that are not in the market. The Company recognizes any impact from the review of initial estimates in the statement of operations, with a corresponding effect in equity.

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

Social contributions payable in connection with the stock options grant are considered and integral part of the grant, and the collection will be treated as a cash-settled transaction.

3.18 Leases

Commercial lease of property, plant and equipment, in which the Company acts as a tenant, assuming substantially all the risks and rewards of ownership, is classified as finance lease. Finance leases are capitalized at lease inception by the lower of fair value of the leased asset and the present value of minimum lease payments.

Each lease portion paid is allocated part to liabilities and part to financial charges, so that a constant effective interest rate is obtained on the outstanding debt balance. The corresponding liabilities, net of financial charges are included in loans and financing segregated between current and noncurrent, considering the payment term. Financial Interest expense is recognized in the statement of operations over the lease period to produce a constant periodic interest rate on the remaining balance of the liability for each period. Property, plant and equipment acquired in finance leases are depreciated by the estimated rate of the asset's useful life.

Lease in which a significant part of the risks and rewards of ownership is held by the lessor is classified as operational lease. Payments made for operational lease arrangements (net of all incentive received from lessor) are recognized in P&L on a straight-line basis over the lease term.

3.19 Capital

Common and preferred shares are classified in equity.

Additional costs directly attributable to the issue of new shares or options are stated in equity as a deduction of the amount obtained, net of taxes.

Whenever the Company or any of Usiminas Companies acquire shares of their own capital (treasury shares), the amount paid, including any additional costs directly attributable (net of taxes), is deduced of equity attributable to the Company's shareholders until shares be cancelled or reissued.

No Company's new shares were issued and / or purchased by of Usiminas Companies for the years ended December 31, 2013 and 2012.

3.20 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of products and rendering of services in the ordinary course of the Usiminas Companies' business. Revenue is presented net of taxes, returns, rebates and discounts, and after the elimination of sales between Usiminas Companies.

Usiminas Companies recognize revenue when: (i) the revenue amount can be reliably measured and (ii) it is probable that future economic benefits will flow into the entity, and when specific criteria had been met for each one of the Company's activities, as follows: The Company's estimates are based on historical results and take into account the type of customer, transaction and specifications of each sale.

(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.

Sales revenue is recognized when all significant risks and benefits inherent to the products are transferred to purchaser. The Company adopts as policy for revenue recognition 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) Sales taxes

Revenues, expenses and assets are recognized net of sales taxes, except:

- when the sales taxes incurred on the purchase of goods or services are not recoverable from tax authorities, in which case the sales tax is recognized as part of the cost of acquiring the asset or expense item, as applicable;
- when the amounts receivable or payable are stated with the amount of sales taxes; and
- when the net amount of sales taxes, recoverable or payable, is included as a component of amounts receivable or payable in the balance sheet.

(e) Financial income

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

3.21 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.

3.22 New or reviewed pronouncements first-time adopted in 2013 and restatement of financial statements

The Company first-time adopted certain standards and amendments that require the restatement of corresponding figures. These include Accounting Pronouncements CPC 36 (R3) Consolidated Financial Statements; CPC 19 (R2) Investment in Joint Venture; CPC 33 (R1) Employee Benefits; CPC 45 Disclosure on Interests in Other Entities; CPC 46 Fair Value Measurement and amendments to CPC 26 (R1) Presentation of Financial Statements. The new or revised pronouncements that had a significant impact on the Company's financial statements and, consequently, resulted in the restatement of corresponding figures, as follows:

(a) Joint arrangements and investments in affiliate, subsidiary and jointly-controlled subsidiaries

As from 2013, the Company adopted IFRS 11 - "Joint Arrangements" issued in May 2011, and included it as amendment to the wording of CPC 19 (R2) - "Investment in Joint Venture". Accordingly, as the proportional consolidation method is no longer allowed, the Company ceased to proportionally consolidate the jointly-controlled subsidiaries Fasal Trading Brasil, Unigal and Usiroll, and subsidiary Mineração Usiminas ceased to proportionally consolidate its jointly-controlled subsidiary Modal. Consequently, as from January 1, 2013, the interests held in Fasal Trading Brasil (50%), Unigal (70%), Usiroll (50%) and Modal (50%) have been accounted for by the equity method. The adoption of CPC 19 (R2) had no impact the Company's financial statements.

(b) Employee Benefits

The Company adopted CPC 33 (R1) Employee Benefits, applicable from 1 January 2013.

Following the application of this accounting standard, the interest cost calculation and the expected return on the assets of the defined benefit plans have changed and the effects are reflected in the financial statements for the year ended December 31, 2013. For 2012, the corresponding figures are being restated to reflect these retrospective effects.

(c) Other restatements

i) Judicial deposits

The Company revaluated its form of presentation of deposits related to proceedings on accrued litigation. For 2013, the Company decided to keep the balances of these deposits classified in noncurrent assets at their total amount, and not at net amount of litigation.

ii) Cash flow statement

This refers to the change in "Marketable securities" that was reclassified from the group of "Operating activities" to the group of "Investing activities.

In thousands of reais, unless otherwise stated

iii) Statement of value added

Relates to the change in value added distributed and value added to be distributed due to the reclassification of the sales tax in the consolidated Company.

For comparison purposes the corresponding figures of December 31, 2012 and December 1, 2012 were adjusted as follow:

(a) Balance sheet

						Company
			12/31/2012			01/01/2012
	Balances originally disclosed	Other restatements	Restated balances	Balances originally disclosed	Other restatements	Restated balances
Assets						
Current assets	5,829,216	-	5,829,216	6,415,996	-	6,415,996
Noncurrent assets	23,837,938	130,095	23,968,033	23,822,554	112,838	23,935,392
Long-term assets	1,935,331	130,095	2,065,426	1,793,183	112,838	1,906,021
Investment	7,780,318	-	7,780,318	8,100,465	-	8,100,465
Property, plant and equipment	13,974,626	-	13,974,626	13,786,171	-	13,786,171
Intangible assets	147,663	-	147,663	142,735	-	142,735
Total assets	29,667,154	130,095	29,797,249	30,238,550	112,838	30,351,388
Liabilities and equity						
Current liabilities	4,690,077	-	4,690,077	3,405,007	-	3,405,007
Noncurrent liabilities	8,368,648	130,095	8,498,743	9,549,750	112,838	9,662,588
Equity	16,608,429	-	16,608,429	17,283,793	-	17,283,793
Total liabilities and equity	29,667,154	130,095	29,797,249	30,238,550	112,838	30,351,388

								Consolidated
				12/31/2012				01/01/2012
	Balances originally disclosed	Amendments - CPC 19 (R2)	Other restatements	Balances after amendments	Balances originally disclosed	Amendments - CPC 19 (R2)	Other restatements	Balances after amendments
Assets								
Current assets	10,780,645	(74,531)	-	10,706,114	12,616,945	(88,989)	-	12,527,956
Noncurrent assets	21,993,574	(94,543)	168,675	22,067,706	20,743,480	(64,703)	146,319	20,825,096
Long-term assets	2,444,744	5,951	168,675	2,619,370	1,939,992	(7,353)	146,319	2,078,958
Investment	453,062	728,990	-	1,182,052	428,382	801,278	-	1,229,660
Property, plant and equipment	16,653,120	(800,614)	-	15,852,506	15,921,154	(829,277)	-	15,091,877
Intangible assets	2,442,648	(28,870)	-	2,413,778	2,453,952	(29,351)	-	2,424,601
Total assets	32,774,219	(169,074)	168,675	32,773,820	33,360,425	(153,692)	146,319	33,353,052
Liabilities and equity								
Current liabilities	5,402,921	(1,866)	-	5,401,055	4,092,173	14,807	-	4,106,980
Noncurrent liabilities	8,858,225	(167,208)	168,675	8,859,692	10,254,047	(168,499)	146,319	10,231,867
Equity	18,513,073	-	-	18,513,073	19,014,205	-	-	19,014,205
Total liabilities and equity	32,774,219	(169,074)	168,675	32,773,820	33,360,425	(153,692)	146,319	33,353,052

In thousands of reais, unless otherwise stated

(b) Statement of operations

			Company 12/31/2012
	Balances originally disclosed	Amendments - CPC 33 (R1)	Balances after amendments
Sales and service revenue, net	11,414,421	-	11,414,421
Cost of sales and services	(11,759,451)	-	(11,759,451)
Operating income (expenses)	(422,251)	(101,487)	(523,738)
Financial income (expense)	(864,276)	-	(864,276)
Equity pickup	700,468	-	700,468
Provision for income and social contribution taxes	291,515	34,506	326,021
Net income for the period	(639,574)	(66,981)	(706,555)

				Consolidated 12/31/2012
	Balances originally disclosed	Amendments - CPC 19 (R2)	Amendments - CPC 33 (R1)	Balances after amendments
Sales and service revenue, net	12,708,799	2,082	-	12,710,881
Cost of sales and services	(12,048,300)	(181,397)	-	(12,229,697)
Operating income (expenses)	(860,142)	7,220	(101,487)	(954,409)
Financial income (expense)	(502,631)	11,487	-	(491,144)
Equity pickup	61,168	104,470	-	165,638
Provision for income and social contribution taxes	109,806	56,138	34,506	200,450
Net income or the period	(531,300)	-	(66,981)	(598,281)

In thousands of reais, unless otherwise stated

(c) Cash flow statement

	Company 12/31/2012		
	Balances originally disclosed	Other restatements	Restated balances
Net cash provided by operating activities	2,076,755	(115,259)	1,961,496
Net cash used in investing activities	121,978	115,259	237,237
Net cash used in financing activities	(1,321,826)	-	(1,321,826)
Exchange gain/loss on cash and cash equivalents	10,610	-	10,610
Net increase in cash and cash equivalents	887,517	-	887,517
Cash and cash equivalents at beginning of year	363,586	-	363,586
Cash and cash equivalents at end of year	1,251,103	-	1,251,103

	Consolidated 12/31/2012			
	Balances originally disclosed	Amendments - CPC 19 (R2)	Other restatements	Restated balances
Net cash provided by operating activities	3,409,075	(217,495)	(751,826)	2,439,754
Net cash used in investing activities	(1,843,443)	186,672	751,826	(904,945)
Net cash used in financing activities	(1,296,790)	32,267	-	(1,264,523)
Exchange gain/loss on cash and cash equivalents	10,610	-	-	10,610
Net increase in cash and cash equivalents	279,452	1,444	-	280,896
Cash and cash equivalents at beginning of year	2,901,312	(58,890)	-	2,842,422
Cash and cash equivalents at end of year	3,180,764	(57,446)	-	3,123,318

In thousands of reais, unless otherwise stated

(d) Statement of Value Added

	Company 12/31/2012		
	Balances originally disclosed	Other restatements	Restated balances
Revenues	15,045,929	-	15,045,929
Inputs	(12,738,586)	1,934	(12,736,652)
Depreciation	(852,062)	-	(852,062)
Received in transfer	978,780	(103,421)	875,359
Value added to be distributed	2,434,061	(101,487)	2,332,574
Personnel and related charges	1,119,536	-	1,119,536
Taxes	897,603	(34,506)	863,097
Debt remuneration	1,056,496	-	1,056,496
Equity remuneration	(639,574)	(66,981)	(706,555)
Value added distributed	2,434,061	(101,487)	2,332,574

	Consolidated 12/31/2012			
	Balances originally disclosed	Amendments - CPC 19 (R2)	Other restatements	Restated balances
Revenues	16,759,074	5,593	726,566	17,491,233
Inputs	(13,446,325)	(177,856)	82,955	(13,541,226)
Depreciation	(997,718)	32,608	-	(965,110)
Received in transfer	555,443	(5,607)	-	549,836
Value added to be distributed	2,870,474	(145,262)	809,521	3,534,733
Personnel and related charges	1,905,353	23,291	-	1,928,644
Taxes	585,607	(83,429)	809,521	1,311,699
Debt remuneration	910,814	(18,143)	-	892,671
Equity remuneration	(531,300)	(66,981)	-	(598,281)
Value added distributed	2,870,474	(145,262)	809,521	3,534,733

3.23 New standards, amendments and interpretations of standards not yet effective

The following new standards, standard amendments and interpretations were issued by the IASB, but are not effective for 2013. The early adoption of these standards, although encouraged by the IASB, was not adopted in Brazil by the Brazilian FASB (CPC).

- IFRIC 21 - “Levies” - This interpretation provided guidance on when an entity must recognize a liability of paying taxes according to the legislation. The liability must be recognized only when the obligating event occurs. This interpretation is applicable to annual periods beginning January 1, 2014.

- IFRS 9 - Financial Instruments - It reflects the first phase of IASB’s project to replace IAS 39 and applies to classification and measurement of financial assets and liabilities as defined by IAS 39. Initially, the pronouncement would become effective for annual periods beginning on or after January 1, 2013, but Amendments to IFRS 9: Mandatory Effective Date and Transition Disclosures, issued in December 2011, amended the effective date of IFRS 9 to annual periods beginning on or after January 1, 2015. In the subsequent phases, IASB will tackle issues such as hedge accounting and provision for impairment of financial assets. The adoption of the first phase of IFRS 9 may have immaterial impacts on the classification and measurement of the Usiminas Companies’ financial assets, but will have no impact on the classification and measurement of their financial liabilities. The Company will quantify such effects together with the effects from other phases of IASB’s project once the final consolidated standard is issued.

- IAS 32 – Offsetting Financial Assets and Liabilities - Amendment to IAS 32 - These amendments clarify the meaning of “currently has a legally enforceable right to set-off the amounts recognized” and the criteria that would cause settlement mechanisms that are nor simultaneous (such as clearing house systems) to qualify for such offsetting. These amendments will become effective for annual periods beginning on or after January 1, 2014. The Group does not anticipate any material impact therefrom on the financial statements of the Company.

- IAS 39 - Renovation of Derivatives and Continuation of Hedge Accounting – Amendment to IAS 39 - This amendment introduces a relief regarding discontinuance of hedge accounting where a derivative, which is designated as hedging instrument, is renovated if specific conditions are met. These amendments will become effective for annual periods beginning on or after January 1, 2014. The Group did not renovate its derivative over the current period. However, this amendment will be applied to future renovations in derivatives.

The Company does not anticipate any material impact from on its financial statements. There are no standards, amendments to standards or interpretations not yet effective which could have a significant impact on Usiminas Companies.

3.24 Early adoption of Provisional Executive Order No. 627/2013

The Company analyzed the provisions set forth in Provisional Executive Order No. 627 of November 11, 2013 (MP 627), and Revenue Procedure (IN) No. 1397 of September 16, 2013, as amended by IN No. 1422 of December 19, 2013 (IN No. 1397).

This Provisional Executive Order revokes the Transition Tax Regime (RTT) - set forth by Law No. 11638/07 to provide tax neutrality in determining the income and social contribution tax basis - and introduces a new system so that companies domiciled in Brazil pay taxes on P&L of their subsidiaries and affiliates abroad beginning 2015.
Although MP No. 627 will become effective on January 1, 2015, its early adoption, irreversible in 2014, may eliminate potential tax effects, especially those related to dividends and interest on equity, effectively paid from 2008 until the publication of this MP.

It should be highlighted that a significant part of the provisions in MP No. 627 is still awaiting regulation by the Brazilian Internal Revenue Service (RFB), and its provisions also may be modified by the National Congress, whose deadline for pronouncement thereon is April 6, 2014, according to the relevant legislation.

Management is awaiting the progress of amendments to the wording of said Provisional Executive Order and its conversion or not into law, so that it decides on its early adoption in 2014. According to management's preliminary assessment, the early adoption is not expected to have a significant impact on the Company's P&L.

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.

Management believes that this segregation is properly stated in the financial statements.

(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 (whenever there is indications of impairment), according to the accounting policy stated in Note 3.13. The recoverable amounts of CGUs were determined based on calculations of the value in use and net sales price, based on estimates (Note 18).

At December 31, 2013, no impairment loss was determined on assets (R$358 loss at December 31, 2012 referring to goodwill allocated in the CGU Modal).

Yet the estimated discount pre-tax rate applied to the discounted cash flows for the CGU Modal was 1% higher than management's estimates, the segment would not have recognized an impairment loss.

(b) Income and social contribution taxes

Usiminas Companies are subject to income tax in various 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. When the final outcome of from these matters is different from the amounts initially estimated and recorded, these differences will have an impact on deferred and current tax assets and liabilities in the period in which the definitive amount is determined.

Usiminas Companies recognize deferred assets and liabilities based on differences between the book value stated in the financial statements and the assets and liabilities tax base, using the prevailing rates. 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 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.

The sensitivity analyzes of financial instruments, taking into account a probable variation based on market indices and deterioration of 25% and 50% of the probable scenario, are shown in Note 5.6.

(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. Any changes in these assumptions will impact the book value of the retirement plan obligations.

Usiminas Companies calculate the appropriate discount interest rate at year end, to determine the present value of estimated future cash outflows required to settle the retirement plan obligations. Upon determining the appropriate discount rate, Usiminas Companies take into consideration the interest rates of government securities kept in the currency in which the beneficiaries will be paid and that have maturities close to the terms of the respective retirement plan obligations.

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

The Company and certain subsidiaries recognize a liability related to the debt contracted to cover the insufficiency of reserves.

(f) Provision for litigation

As described in Note 24, Usiminas Companies are parties to various legal and administrative proceedings. Provisions are set up for all litigation referring to legal proceedings that represent probable loss. Assessment of the likelihood of loss includes analysis of available evidence, including the opinion of internal and external legal advisors of Usiminas Companies. Management believes that these provisions and possible contingencies are properly recognized in the financial statements.

(g) Provision for environmental restoration

As part of its mining activities, which are carried out through subsidiary Mineração Usiminas S.A., 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

As described in Note 17, 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, and is reviewed on an annual basis. Management believes that the useful life is properly evaluated and stated in the financial statements.

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). Usiminas Companies' overall risk management program seeks to minimize potential adverse impacts on their financial performance, arising from volatility of markets. Usiminas Companies use derivative financial instruments to hedge against certain exposures to risk.

Financial risk management is performed by the Financial Executive Board, according to the policies approved by the Financial Committee and Board of Directors. 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. The Board of Directors establishes written rules and policies for overall risk management, including currency risk, interest rate risk and credit risk, by using derivative and non-derivative financial instruments, as well as cash investment.

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

Usiminas Companies manage their financial risks as the ground for their growth strategy and for a sound cash flow. The purpose is to reduce the volatility of cash flow, through the management of exchange rates, interest rates and market conditions. The financial risk management is determined by an internal rule establishing risk management strategies and an asset protection policy, allowing the realization of hedging transactions, and by means of decisions of the Financial Committee, created on June 10, 2009, which meets periodically. Usiminas Companies have no speculative transactions. The internal control procedures of Usiminas Companies provide monitoring on a consolidated manner of financial results and impacts on cash flow. The principal parameters used to manage these risks are: exchange rates, interest rates, and prices of raw materials and products. The derivative transactions are conducted with top-tier financial institutions, which are monitored regularly by USIMINAS, assessing limits and credit risk exposures of its counterparties. The key risks are summarized below:

(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 11.

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 Company adopts a policy responsible for management of their financial assets and liabilities, whose monitoring is made systematically by the Financial Committee and Board of Directors. These funds are managed through operational strategies intended for liquidity, profitability and safety.

The policy 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. In addition, the Company has credit facilities contracted to increase and strengthen its liquidity position.

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 9.

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.

In thousands of reais, unless otherwise stated

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, 2013				
Trade accounts payable, contractors and freight	**1,831,566**	**-**	**-**	**-**
Loans and financing	**2,628,858**	**4,996,392**	**3,881,897**	**336**
Debentures	**103,015**	**212,644**	**1,158,253**	**-**
Derivative financial instruments	**(5,378)**	**(3,966)**	**(8,852)**	**-**
At December 31, 2012				
Trade accounts payable, contractors and freight	1,833,050	-	-	-
Loans and financing	1,768,499	3,381,941	3,974,412	
Debentures	259,410	-	-	-
Finance lease liabilities	413	-	-	-
Derivative financial instruments	19,769	36,173	(74,719)	(227,754)
At January 1, 2012				
Trade accounts payable, contractors and freight	1,270,212	-	-	-
Loans and financing	1,261,522	1,749,961	4,302,578	1,103,932
Debentures	293,260	263,789	-	-
Finance lease liabilities	4,036	835	-	-
Derivative financial instruments	(42,161)	(21,831)	138,392	302,310

	Consolidated			
	Within 1 year	From 1 to 2 years	From 2 to 5 years	Above 5 years
At December 31, 2013				
Trade accounts payable, contractors and freight	**2,422,024**	**-**	**-**	**-**
Loans and financing	**2,601,009**	**4,378,113**	**2,872,800**	**698**
Debentures	**103,015**	**212,644**	**1,158,253**	**-**
Bond	**27,881**	**55,702**	**3,987**	**-**
Finance lease liabilities	**512**	**666**	**23**	**-**
Derivative financial instruments	**(2,466)**	**(3,966)**	**(8,852)**	**-**
At December 31, 2012				
Trade accounts payable, contractors and freight	2,280,432	-	-	-
Loans and financing	1,796,951	3,281,084	2,387,566	1,067
Debentures	259,410	-	-	-
Bond	27,492	51,799	779,034	-
Finance lease liabilities	1,247	841	127	-
Derivative financial instruments	(13,036)	11,148	9,100	22,186
At January 1, 2012				
Trade accounts payable, contractors and freight	1,452,480	-	-	-
Loans and financing	1,318,280	1,794,973	4,370,953	1,122,058
Debentures	293,260	263,789	-	-
Bond	85,348	85,348	615,731	831,917
Finance lease liabilities	7,549	1,232	-	-
Derivative financial instruments	(42,128)	(19,238)	138,138	302,310

In thousands of reais, unless otherwise stated

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 trade accounts payable, contractors and freight, loans and financing, debentures, derivatives financial instruments and other liabilities.

Out of the amounts related in column “Within 1 year", referring to loans and financing at December 31, 2013, the Company intends to amortize R$231,473 in the first quarter of 2014.

(c) Market risks

(i) Currency risk

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.

The financial policy of Usiminas Companies emphasizes that derivative transactions are intended to reduce their costs, volatility in cash flow, currency exposure and avoid mismatch among currencies.

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 (NDF) transactions and, in addition, to have its assets pegged to the exchange restatement, as follows:

	Company			Consolidated		
	12/31/2013	**12/31/2012**	**01/01/2012**	**12/31/2013**	**12/31/2012**	**01/01/2012**
Assets in foreign currency						
Cash and cash equivalents	**18,575**	76,310	85,588	**95,977**	173,209	101,718
Marketable securities	**-**	9,137	124,396	**833,558**	1,528,421	2,289,383
Accounts receivable and current accounts - Affiliates	**263,295**	155,102	231,694	**312,092**	298,815	240,933
Advances to suppliers	**3,968**	3,421	87,860	**8,460**	3,421	87,860
Derivative financial instruments (i)	**(53,538)**	246,531	374,753	**(17,680)**	(29,398)	(125,403)
Investments (ii)	**1,877,451**	1,687,894	2,207,535	**-**	-	9,617
	2,109,751	2,178,395	3,111,826	**1,232,407**	1,974,468	2,604,108
Liabilities in foreign currency						
Loans and financing	**(3,254,843)**	(3,953,711)	(4,547,737)	**(2,364,859)**	(3,653,781)	(4,077,442)
Trade accounts payable, contractors and freight	**(609,430)**	(741,560)	(606,751)	**(614,622)**	(762,571)	(615,617)
Advances from customers	**(8,243)**	(45,223)	(2,998)	**(8,243)**	(44,724)	(4,805)
Other accounts payable	**(79,082)**	-	(5,172)	**(288,416)**	10,324	(543,965)
	(3,951,598)	(4,740,494)	(5,162,658)	**(3,276,140)**	(4,450,752)	(5,241,829)
Net exposure	**(1,841,847)**	(2,562,099)	(2,050,832)	**(2,043,733)**	(2,476,284)	(2,637,721)

(i) Net income (loss) from swap transactions The Company's swap contracts in Brazil are supported by the General Derivative Contract (GDC) and registered at the Brazil’s OTC Clearing House (CETIP). Abroad, these contracts are supported by contracts of the International Swaps and Derivatives Association, Inc. (ISDA);

(ii) The Company holds interest in companies abroad, primarily focused on optimization and fundraising, as well as import of raw materials and export of goods and, therefore, is subject to currency risk.

In thousands of reais, unless otherwise stated

At December 31, 2013, together with the net position of assets and liabilities stated above, the net balance expected for 2014 must be taken into consideration, between the export and import accounts. Approximately 23.5% of net revenue (unaudited) of Usiminas Companies arises from sales to foreign market. Thus, these transactions reduce the net exposure by means of a natural hedge, of a stable source in a strong currency, which represented approximately US$106,720 thousand (R$250,003) - unaudited - for 2013.

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

	Company			Consolidated		
	12/31/2013	**12/31/2012**	**01/01/2012**	**12/31/2013**	**12/31/2012**	**01/01/2012**
Real	**4,411,165**	4,161,227	4,389,077	**4,476,122**	4,343,973	4,514,038
Euro	**23,592**	29,541	35,564	**23,592**	29,541	35,564
US dollar	**1,741,529**	2,341,716	2,890,357	**2,338,582**	3,621,388	4,038,955
Yen	**1,489,722**	1,582,454	1,621,816	**2,685**	2,852	2,923
Total loans and financing and debentures	**7,666,008**	8,114,938	8,936,814	**6,840,981**	7,997,754	8,591,480

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

(ii) Cash flow or fair value interest rate risk

The interest rate risk of Usiminas Companies derives from short-term investments and loans and financing. Loans and financing issued at variable rates expose Usiminas Companies to the cash flow interest rate risk. Borrowings issued at fixed rates expose Usiminas Companies to the fair value interest rate risk.

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					
	12/31/2013	**%**	**12/31/2012**	**%**	**01/01/2012**	**%**	**12/31/2013**	**%**	**12/31/2012**	**%**	**01/01/2012**	**%**
Loans and financing												
Fixed	**1,545,538**	**20**	1,731,391	21	1,686,101	19	**701,984**	**10**	1,497,058	19	1,282,023	15
TJLP	**820,856**	**11**	923,052	11	1,057,603	12	**836,348**	**12**	959,700	12	1,120,181	13
LIBOR	**1,464,803**	**19**	2,343,751	29	2,798,469	31	**1,464,803**	**21**	2,343,751	29	2,796,182	33
CDI	**2,525,867**	**33**	2,869,615	36	2,789,071	31	**2,526,983**	**37**	2,947,977	37	2,823,255	33
Other	**269,499**	**4**	(10,535)		81,151	1	**271,418**	**4**	(8,396)		45,420	1
	6,626,563	**87**	7,857,274	97	8,412,395	94	**5,801,536**	**84**	7,740,090	97	8,067,061	95
Debentures												
CDI	**1,039,445**	**13**	257,664	3	524,419	6	**1,039,445**	**16**	257,664	3	524,419	5
	7,666,008	**100**	8,114,938	100	8,936,814	100	**6,840,981**	**100**	7,997,754	100	8,591,480	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 ISDAs contracts and, when transactions are entered into Brazil, they are supported by General Derivative Contracts (GDCs).

(iii) Commodity and steel price risk

This risk derives from fluctuation in the price of raw materials and inputs (commodities) used in the production process, as well as steel sale price. NDF transactions are taken out for economic protection of exports and imports in the Company's flows.

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 transaction, as stated in the consolidated balance sheet), less cash and cash equivalents and marketable securities.

Usiminas Companies strategy of is to keep the financial leverage ratio at rates lower than those provided for in the loans and financing agreements (covenants) and a "BBB-" credit rating.

The gross financial leverage ratio in relation to adjusted EBITDA is of 4.4 times (unaudited) at December 31, 2013 (10.4 times at December 31, 2012).

Adjusted EBITDA is calculated by adding to net income (loss) for the year the result from discontinued 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 thousands of reais, unless otherwise stated

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 by the sum of equity, as shown in the consolidated balance sheet, plus net debt.

	Consolidated		
	12/31/2013	**12/31/2012**	**01/01/2012**
Total loans and financing, debentures and taxes in installments	**6,902,834**	8,071,340	8,682,601
Less: cash and cash equivalents and marketable securities	**(3,468,816)**	(4,660,876)	(5,131,805)
Net debt	**3,434,018**	3,410,464	3,550,796
Total equity	**18,833,945**	18,513,073	19,014,205
Total capital	**22,267,963**	21,923,537	22,565,001
Financial leverage ratio	**15%**	16%	16%

5.5. Fair value estimate

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 and NDF transactions, the long and short positions are calculated by the Company independently, using the marked-to-market methodology, accordance 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

Usiminas Companies adopted CPC 40 and IFRS 7 for financial instruments measured in the balance sheet at fair value, which requires disclosure of fair value measurement by level of the following hierarchy:

- 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).

In thousands of reais, unless otherwise stated

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.

At December 31, 2013 and 2012, Usiminas Companies had no financial instruments whose fair value has been measured by Level 1 and 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.
- Other techniques, such as the analysis of discounted cash flows, are used to determine the fair value of the remaining financial instruments.

(b) Fair value of loans and financing

The book value of loans and financing, except for capital market transactions, approximates fair value. 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					
	12/31/2013		**12/31/2012**		**01/01/2012**	
	Equity value	**Market value**	**Equity value**	**Market value**	**Equity value**	**Market value**
Bank loans - foreign currency	**1,765,121**	**1,765,121**	2,371,257	2,371,257	2,925,921	2,925,921
Bank loans - local currency	**3,371,720**	**3,371,720**	3,903,563	3,903,563	3,864,658	3,864,658
Debentures	**1,039,445**	**1,039,445**	257,664	257,664	524,419	524,642
Bonds	**1,489,722**	**1,489,722**	1,582,454	1,582,454	1,621,816	1,621,816
	7,666,008	**7,666,008**	8,114,938	8,114,938	8,936,814	8,937,037

	Consolidated					
	12/31/2013		**12/31/2012**		**01/01/2012**	
	Equity value	**Market value**	**Equity value**	**Market value**	**Equity value**	**Market value**
Bank loans - foreign currency	**1,778,580**	**1,778,580**	2,399,421	2,399,421	2,926,022	2,926,022
Bank loans - local currency	**3,436,677**	**3,436,677**	4,086,309	4,086,309	3,989,619	3,989,619
Debentures	**1,039,445**	**1,039,445**	257,664	257,664	524,419	524,642
Bonds	**586,279**	**941,113**	1,254,360	1,283,893	1,151,420	1,133,824
	6,840,981	**7,195,815**	7,997,754	8,027,287	8,591,480	8,574,107

The market values of loans and financing 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.

In thousands of reais, unless otherwise stated

(c) Other financial assets and liabilities

The market values of financial assets and liabilities 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.

5.6 Sensitivity analysis table

Upon preparing the sensitivity analysis for derivative financial instruments, financial market quotations were used that were made available by financial institutions and financial information providers (Broadcast, Bloomberg, BM&F). These quotations were used to calculate the future amounts of swap transactions for the scenario considered "probable" by management. In addition, Scenarios II and III were calculated with deterioration of 25% and 50%, respectively, in the risk variable deemed probable by management.

(a) Sensitivity analysis of derivatives - price of raw materials

		Company and Consolidated		
		Gain/(loss)		
		12/31/2013		
Transaction	**Risk**	**Probable scenario I**	**Scenario II**	**Scenario III**
Commodity swap	Decrease in zinc	**276**	**(1,721)**	**(3,719)**

		Company and Consolidated		
		Gain/(loss)		
		12/31/2012		
Transaction	**Risk**	**Probable scenario I**	**Scenario II**	**Scenario III**
Commodity Swap	Decrease in zinc	640	(803)	(2,247)

		Company and Consolidated		
		Gain/(loss)		
		01/01/2012		
Transaction	**Risk**	**Probable scenario I**	**Scenario II**	**Scenario III**
Commodity Swap	Decrease in zinc	(1,403)	(3,206)	(5,009)

(b) 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 fair value as the probable scenario at December 31, 2013. Scenario I considered an increase of 5% on the current scenario. Scenarios II and III were calculated with deterioration of 25% and 50%, respectively, on the foreign currency amount as at December 31, 2013.

In thousands of reais, unless otherwise stated

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

	12/31/2013		
Currency	Scenario I	Scenario II	Scenario III
Dollar	2.3426	2.9283	3.5139
EUR	3.2265	4.0331	4.8398
JPY	0.0223	0.0279	0.0335

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

	Company			Consolidated		
	12/31/2013			12/31/2013		
	Scenario I	Scenario II	Scenario III	Scenario I	Scenario II	Scenario III
US$	(179,616)	(898,082)	(1,796,164)	(102,193)	(510,962)	(1,021,924)
EUR	(2,193)	(10,970)	(21,940)	(2,146)	(10,730)	(21,459)
YEN	(489)	(2,444)	(4,889)	3,585	17,925	35,850

(c) 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, 2013 as the probable scenario. Scenario I considers an increase of 0.1% 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, 2013.

The rates used and their respective scenarios are as follows:

	12/31/2013		
Rate	Scenario I	Scenario II	Scenario III
CDI	8.3%	10.3%	12.3%
TJLP	5.1%	6.3%	7.5%
LIBOR	0.8%	0.9%	1.0%

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

	Company			Consolidated		
	12/31/2013			12/31/2013		
	Scenario I	Scenario II	Scenario III	Scenario I	Scenario II	Scenario III
CDI	(2,933)	(821)	(1,216)	(1,116)	(836)	(1,216)
TJLP	(57,413)	(9,440)	(860)	(21,840)	(9,618)	(860)
LIBOR	(117,760)	(19,701)	(2,936)	(44,795)	(20,072)	(2,936)

The specific interest rates to which the Company is exposed, and that are related to Loans and financing and debentures, are presented in Note 5.3 (c) (ii) and are mainly composed of Libor, TJLP and CDI.

In thousands of reais, unless otherwise stated

Derivative financial instruments linked to currency exposure were included in the sensitivity analysis of assets and liabilities in foreign currency, based on the objective of these instruments that is to minimize the impact from fluctuations in foreign currency.

Derivative financial instruments linked to interest rate 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.

6 Derivative financial instruments

Usiminas Companies participate in swap and NDF transactions in order to hedge and manage the risks inherent to the change in foreign currencies, interest rates, prices, among others. These 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 summarized below:

(a) Company

		Index		REFERENCE VALUE (amount contracted - Notional)				FAIR VALUE (MARKET) - BOOK				P&L for the period
	Maturity - month/year	12/31/2013		12/31/2013		12/31/2012		12/31/2013		12/31/2012		12/31/2013
		Long position	Short position	Long position	Short position	Long position	Short position	Long position	Short position	Long position	Short position	Gain (loss)
CURRENCY RATES HEDGE (SWAP)												
Credit Suisse	02/09 to 02/14	Libor + 4% p.a.	100% CDI	US$10,000	US$10,000	US$ 30,000	US$ 30,000	494	(370)	2.953	(3.156)	(1.337)
Prepayment Citibank **(i)**	10/09 to 03/15	Libor + 1.35% p.a.	4.23% p.a.	-	-	US$ 300,000	US$ 300,000	-	-	562.400	(580.443)	(1.872)
Prepayment HSBC	10/09 to 03/13	Libor + 1.10% p.a.	3,3375%	-	-	US$ 128,871	US$ 128,871	-	-	175.753	(176.950)	-
Banco do Brasil S.A	05/10 to 03/13	Fixed rate 11.48% p.a.	98% CDI	-	-	R$ 300.000	R$ 300.000	-	-	407.379	(387.904)	377
MERRIL LYNCH	09/10 to 03/17	Libor + 0.83%	3.05% p.a.	US$ 96,000	US$ 96,000	US$ 96,000	US$ 96,000	222.809	(231.060)	193.591	(204.104)	(1.203)
ABN AMRO	01/08 to 01/18	Yen + 4.1165% p.a.	Dollar + 7.34% p.a.	JPY 42,952,000	US$ 400,000	JPY 42,952,000	US$ 400,000	1.125.836	(1.177.887)	1.217.765	(1.070.078)	(222.603)
ABN AMRO	06/06 to 06/16	Yen + 4.275% p.a	Dollar + 8.35% p.a.	JPY 22,800,000	US$ 200,000	JPY 22,800,000	US$ 200,000	560.146	(553.778)	617.158	(510.708)	(116.165)
Bradesco	10/12 to 01/13	Dollar 2.0702	PTAX Sale	-	-	US$66,369	US$66,369	-	-	136.993	(135.630)	1.079
Votorantim	10/12 to 02/13	Dollar 2.0800	PTAX Sale	-	-	US$20,824	US$20,824	-	-	42.944	(42.747)	2.165
Credit Agricole	11/12 to 02/13	Dollar 2.0789	PTAX Sale	-	-	US$39,746	US$39,746	-	-	81.922	(81.590)	4.131
Hsbc	11/12 to 03/13	Dollar 2.0857	PTA Sale	-	-	US$34,159	US$34,159	-	-	70.251	(69.903)	3.686
								1.909.285	(1.963.095)	3.509.109	(3.263.213)	(331.742)
					Book balance (net long position/ short position)				(53.810)		245.896	(331.742)
										Gain (loss) on operations settled (i)		-
										P&L for the period - Financial income (loss)		(331.742)
PRODUCT PRICE HEDGE - COMMODITIES												
BRADESCO S.A. (ZINC)	02/28/2013	Average price(Zn) x Ptax	Purchase price(Zn) x Ptax	-	-	USD 1.312	USD 1.312	-	-	3.003	(2.681)	32
ABC BRASIL S.A. (ZINC)	02/01/2013	Average price(Zn) x Ptax	Purchase price(Zn) x Ptax	-	-	USD 1.310	USD 1.310	-	-	2.991	(2.678)	(89)
ABC BRASIL S.A. (ZINC)	01/31/2014	Average price(Zn) x Ptax	Purchase price(Zn) x Ptax	USD 1.636	USD 1.598	-	-	3.833	(3.741)	-	-	92
BRADESCO S.A. (ZINC)	02/28/2014	Average price(Zn) x Ptax	Purchase price(Zn) x Ptax	USD 1.672	USD 1.596	-	-	3.917	(3.737)	-	-	180
TOTAL								7.750	(7.478)	5.994	(5.359)	215
					Book balance (net long position/ short position)				272		635	215
										Gain (loss) on operations settled (i)		(2.915)
										P&L for the period - Cost of goods and/or services sold		(2.700)
					Book balance (net long position/ short position)				**(53.538)**		**246.531**	**(331.527)**
										Gain (loss) on operations settled (i)		**(2.915)**
										Total gain (loss) on financial instruments		**(334.442)**

(i) Transactions entered into and settled over the period.

In thousands of reais, unless otherwise stated

(b) Consolidated

	Maturity - month/year	Index		REFERENCE VALUE (amount contracted - Notional)				FAIR VALUE (MARKET) - BOOK				P&L for the period
		12/31/2013		12/31/2013		12/31/2012		12/31/2013		12/31/2012		12/31/2013
		Long position	Short position	Long position	Short position	Long position	Short position	Long position	Short position	Long position	Short position	Gain (loss)
CURRENCY RATES HEDGE (SWAP)												
Credit Suisse	02/09 to 02/14	Libor + 4% p.a.	100% CDI	US$10,000	US$10,000	US$ 30,000	US$ 30,000	494	(370)	2.953	(3.156)	(1.337)
Prepayment Citibank **(i)**	10/09 to 03/15	Libor + 1.35% p.a.	4.23% p.a.	-	-	US$ 300,000	US$ 300,000	-	-	562.400	(580.443)	(1.872)
Prepayment HSBC	10/09 to 03/13	Libor + 1.10% p.a.	3,3375%	-	-	US$ 128,871	US$ 128,871	-	-	175.753	(176.950)	-
Banco do Brasil S.A	05/10 to 03/13	Fixed rate 11.48% p.a.	98% CDI	-	-	R$ 300.000	R$ 300.000	-	-	407.379	(387.904)	377
MERRIL LYNCH	09/10 to 03/17	Libor + 0.83%	3.05% p.a.	US$ 96,000	US$ 96,000	US$ 96,000	US$ 96,000	222.809	(231.060)	193.591	(204.104)	(1.203)
ABN AMRO	01/08 to 01/18	Yen + 4.1165% p.a.	Dollar + 7.34% p.a.	JPY 42,952,000	US$ 400,000	JPY 42,952,000	US$ 400,000	1.125.836	(1.177.887)	1.217.765	(1.070.078)	(222.603)
ABN AMRO	06/06 to 06/16	Yen + 4.275% p.a.	Dollar + 8.35% p.a.	JPY 22,800,000	US$ 200,000	JPY 22,800,000	US$ 200,000	560.146	(553.778)	617.158	(510.708)	(116.165)
Bradesco	10/12 to 01/13	Dollar 2.0702	PTAX Sale	-	-	US$66,369	US$66,369	-	-	136.993	(135.630)	1.079
Votorantim	10/12 to 02/13	Dollar 2.0800	PTAX Sale	-	-	US$20,824	US$20,824	-	-	42.944	(42.747)	2.165
Credit Agricole	11/12 to 02/13	Dollar 2.0789	PTAX Sale	-	-	US$39,746	US$39,746	-	-	81.922	(81.590)	4.131
Hsbc	11/12 to 03/13	Dollar 2.0857	PTAX Sale	-	-	US$34,159	US$34,159	-	-	70.251	(69.903)	3.686
ABN AMRO	06/06 to 06/16	Dollar + 8.25 p.a.	Yen + 4.275 % p.a.	US$200,000	JPY 22,800,000	US$200,000	JPY 22,800,000	557.326	(564.933)	517.346	(627.699)	117.672
ABN AMRO	01/08 to 01/18	Dollar + 7.25 p.a.	Yen + 4.1165 % p.a.	US$400,000	JPY42,952,000	US$400,000	JPY42,952,000	1.187.597	(1.144.647)	1.101.834	(1.270.604)	233.582
ITAU BBA	06/11 to 06/14	3.7 % p.a.	106.50% CDI	US$3,777	US$3,777	US$11,331	US$11,331	2.844	(2.329)	23.172	(19.978)	2.728
								3.657.052	(3.675.004)	5.151.461	(5.181.494)	22.240
Book balance (net long position / short position)									(17.952)		(30.033)	22.240
Gain (loss) on operations settled (i)												1
P&L for the period - Financial income (loss)												22.241
PRODUCT PRICE HEDGE- COMMODITIES												
BRADESCO S.A. (ZINC)	02/28/2013	Average price(Zn) x Ptax	Purchase price(Zn) x Ptax	-	-	USD 1.312	USD 1.312	-	-	3.003	(2.681)	32
ABC BRASIL S.A. (ZINC)	02/01/2013	Average price(Zn) x Ptax	Purchase price(Zn) x Ptax	-	-	USD 1.310	USD 1.310	-	-	2.991	(2.678)	(89)
ABC BRASIL S.A. (ZINC)	01/31/2014	Average price(Zn) x Ptax	Purchase price(Zn) x Ptax	USD 1.636	USD 1.598	-	-	3.833	(3.741)	-	-	92
BRADESCO S.A. (ZINC)	02/28/2014	Average price(Zn) x Ptax	Purchase price(Zn) x Ptax	USD 1.672	USD 1.596	-	-	3.917	(3.737)	-	-	180
TOTAL								7.750	(7.478)	5.994	(5.359)	215
Book balance (net long position / short position)									272		635	215
Gain (loss) on operations settled (i)												(2.915)
P&L for the period - Cost of goods and/or services sold												(2.700)
Book balance (net long position / short position)									**(17.680)**		**(29.398)**	**22.455**
Gain (loss) on operations settled (i)												**(2.914)**
Total gain (loss) on financial instruments												**19.541**

(i) Transactions entered into and settled over the period.

The book balances of transactions with derivative financial instruments are described below:

	Company			Consolidated		
	12/31/2013	12/31/2012	01/01/2012	12/31/2013	12/31/2012	01/01/2012
Current assets	**396**	22,440	10,560	**45,637**	50,093	29,464
Noncurrent assets	**23,234**	281,356	431,772	**40,608**	286,508	435,972
Current liabilities	**(51,015)**	(42,209)	(43,589)	**(51,015)**	(42,209)	(43,589)
Noncurrent liabilities	**(26,153)**	(15,056)	(23,990)	**(52,910)**	(323,790)	(547,250)
	(53,538)	246,531	374,753	**(17,680)**	(29,398)	(125,403)

	Company		Consolidated	
	12/31/2013	12/31/2012	12/31/2013	12/31/2012
On cost of sales	**(2,700)**	(346)	**(2,700)**	(346)
On other operating income (expenses), net		12,834		12,834
On financial income (expenses)	**(331,742)**	(184,255)	**22,241**	62,415
	(334,442)	(171,767)	**19,541**	74,903

In thousands of reais, unless otherwise stated

(c) Hedging activities - cash flow hedge (hedge accounting)

On August 1, 2011, the Company designated certain pre-export financing to hedge against part of currency risk arising from highly probable future transactions (exports) and decided to discontinue hedge accounting of these exports as from October 1, 2012. Accordingly, the balance recognized in equity at December 31, 2013, amounting to R$3,131 (R$121,597 at December 31, 2012 and R$143,735 at January 1, 2012) will not suffer changes arising from exchange rate variation and will be recognized in the Company's P&L, according to the realization of exports defined as hedging instruments (Note 3.8 (c)).

The table below presents pre-export financing designated as hedging instruments:

	Company and Consolidated				
			Principal balance		
	Nominal value (US$ thousand)	**Maturity**	**12/31/2013**	**12/31/2012**	**01/01/2012**
BNP Paribas		2012	**-**	-	13,643
Club Deal (Mizuho, Tokio Mitsubishi, WestLB)		2012	**-**	-	112,548
Credit Suisse	10,000	2013 and 2014	**23,426**	61,305	93,790
Bawag PSK		2012	**-**	-	13,534
Union (HSBC)		2012 to 2015	**-**	732,476	1,045,089
	10,000		**23,426**	793,781	1,278,604
Under current liabilities			**23,426**	438,954	493,692
Under noncurrent liabilities			**-**	354,827	784,912

The recognition of hedging accounting in equity is as follows:

	Company and Consolidated		
	12/31/2013	**12/31/2012**	**01/01/2012**
Opening balance recognized in equity	**(184,238)**	(217,781)	(229,714)
Amount reversed in the period	**179,495**	33,543	11,933
Balance before income taxes	**(4,743)**	(184,238)	(217,781)
Deferred income taxes (34%)	**1,612**	62,641	74,046
Closing balance recognized in equity	**(3,131)**	(121,597)	(143,735)

Up to the date the Company discontinued hedge accounting, it performed prospective and retrospective effectiveness tests, in accordance with IAS 29/CPC 38. These tests showed approximately 100% effectiveness for operations of Pre-export financing transactions defined as hedging instruments, as well as for those defined as hedged exports.

In thousands of reais, unless otherwise stated

7 Financial instruments by category

(a) Company

	12/31/2013			12/31/2012		
	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						
Cash and cash equivalents	**-**	**713,242**	**713,242**	27,663	1,223,440	1,251,103
Marketable securities	**1,536**	**-**	**1,536**	9,137	-	9,137
Trade accounts receivable	**1,142,722**	**-**	**1,142,722**	949,368	-	949,368
Financial instruments - swap	**-**	**23,630**	**23,630**	-	303,796	303,796
Other accounts receivable (excluding prepayments)	**198,843**	**-**	**198,843**	114,557	-	114,557
	1,343,101	**736,872**	**2,079,973**	1,100,725	1,527,236	2,627,961

	1/1/2012		
	Loans and receivables	Assets measured at fair value through profit or loss	Total
Assets			
Cash and cash equivalents	73,365	290,221	363,586
Marketable securities	124,396	-	124,396
Trade accounts receivable	783,520	-	783,520
Financial instruments - swap	-	442,332	442,332
Other accounts receivable (excluding prepayments)	144,456	-	144,456
	1,125,737	732,553	1,858,290

	12/31/2013			12/31/2012		
	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	**-**	**7,666,008**	**7,666,008**	-	8,114,618	8,114,618
Finance lease liabilities	**-**	**-**	**-**	-	320	320
Financial instruments - swap	**77,168**	**-**	**77,168**	57,265	-	57,265
Trade accounts payable, contractors and freight	**-**	**1,831,566**	**1,831,566**	-	1,833,050	1,833,050
	77,168	**9,497,574**	**9,574,742**	57,265	9,947,988	10,005,253

In thousands of reais, unless otherwise stated

	1/1/2012		
	Liabilities measured at fair value through profit or loss	**Other financial liabilities**	**Total**
Liabilities			
Loans and financing and debentures	-	8,933,731	8,933,731
Finance lease liabilities	-	3,083	3,083
Financial instruments - swap	67,579	-	67,579
Trade accounts payable, contractors and freight	-	1,270,212	1,270,212
	67,579	10,207,026	10,274,605

(b) Consolidated

	12/31/2013			12/31/2012		
	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						
Cash and cash equivalents	**33,462**	**2,599,725**	**2,633,187**	114,769	3,008,549	3,123,318
Marketable securities	**835,629**	**-**	**835,629**	1,537,558	-	1,537,558
Trade accounts receivable	**1,639,551**	**-**	**1,639,551**	1,568,105	-	1,568,105
Financial instruments - swap	**-**	**86,245**	**86,245**	-	336,601	336,601
Other accounts receivable (excluding prepayments)	**326,708**	**-**	**326,708**	172,680	-	172,680
	2,835,350	**2,685,970**	**5,521,320**	3,393,112	3,345,150	6,738,262

	1/1/2012		
	Loans and receivables	**Assets measured at fair value through profit or loss**	**Total**
Assets			
Cash and cash equivalents	73,365	2,769,057	2,842,422
Marketable securities	2,289,383	-	2,289,383
Trade accounts receivable	1,253,009		1,253,009
Financial instruments - swap	-	465,436	465,436
Other accounts receivable (excluding prepayments)	304,737	-	304,737
	3,920,494	3,234,493	7,154,987

In thousands of reais, unless otherwise stated

	12/31/2013			12/31/2012		
	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	**-**	**6,839,865**	**6,839,865**	-	7,997,434	7,997,434
Finance lease liabilities	**-**	**1,116**	**1,116**	-	320	320
Financial instruments - swap	**103,925**	**-**	**103,925**	365,999	-	365,999
Trade accounts payable, contractors and freight	**-**	**2,422,024**	**2,422,024**	-	2,280,432	2,280,432
	103,925	**9,263,005**	**9,366,930**	365,999	10,278,186	10,644,185

	1/1/2012		
	Liabilities measured at fair value through profit or loss	Other financial liabilities	Total
Liabilities			
Loans and financing and debentures	-	8,584,836	8,584,836
Finance lease liabilities		6,644	6,644
Financial instruments - swap	590,839	-	590,839
Trade accounts payable, contractors and freight	-	1,452,480	1,452,480
	590,839	10,043,960	10,634,799

8 Financial asset credit quality

Credit quality of financial assets that are not overdue or impaired is assessed by reference to external credit ratings (if any) or historical information on counterparty default rates.

	Company			Consolidated		
	12/31/2013	12/31/2012	1/1/2012	12/31/2013	12/31/2012	1/1/2012
Trade accounts receivable						
Counterparties with external credit rating						
AAA to AA	**50,028**	17,278	12,960	**365,646**	158,537	12,960
BBB to B	**116,935**	78,733	37,051	**224,106**	620,652	126,704
	166,963	96,011	50,011	**589,752**	779,189	139,664
Counterparties without external credit rating						
Group 1	**6,711**	35,870	10,205	**61,685**	45,431	39,660
Group 2	**905,091**	415,334	593,408	**883,331**	140,674	731,993
Group 3	**63,957**	402,153	129,896	**104,783**	602,811	341,692
	975,759	853,357	733,509	**1,049,799**	788,916	1,113,345
Total trade accounts receivable	**1,142,722**	949,368	783,520	**1,639,551**	1,568,105	1,253,009

In thousands of reais, unless otherwise stated

- Group 1 – new trade accounts receivable/related parties (less than 6 months).
- Group 2 – existing trade accounts receivable/related parties (more than 6 months) without default in the past or default of up to 90 days.
- Group 3 – existing trade accounts receivable/related parties (more than 6 months) with default in the past above 90 days. Each default was fully recovered.

	Company			Consolidated		
	12/31/2013	12/31/2012	1/1/2012	12/31/2013	12/31/2012	1/1/2012
Current account and short-term bank deposits						
AAA	**453,401**	1,148,033	317,076	**2,042,166**	2,542,366	2,329,367
AA+	**10,776**	32,865	8,347	**301,666**	415,042	427,509
AA-	**132,491**	19,956	18,386	**135,393**	64,694	65,291
A+	**116,574**	50,249	19,727	**140,875**	88,468	19,743
Other	**-**	-	50	**13,087**	12,748	512
Total cash and cash equivalents	**713,242**	1,251,103	363,586	**2,633,187**	3,123,318	2,842,422

	Company			Consolidated		
	12/31/2013	12/31/2012	1/1/2012	12/31/2013	12/31/2012	1/1/2012
Marketable securities						
AAA	**1,536**	9,137	99,809	**309,156**	778,369	1,758,212
AA	**-**	-	24,587	**526,473**	450,907	271,426
A	**-**	-	-	**-**	-	14,642
A+	**-**	-	-	**-**	308,282	245,103
	1,536	9,137	124,396	**835,629**	1,537,558	2,289,383

	Company			Consolidated		
	12/31/2013	12/31/2012	1/1/2012	12/31/2013	12/31/2012	1/1/2012
Derivative financial assets						
AAA	**23,538**	302,847	442,332	**86,153**	335,652	465,436
AA+	**92**	197	**-**	**92**	197	**-**
Other	**-**	752	**-**	**-**	752	**-**
	23,630	303,796	442,332	**86,245**	336,601	465,436

External ratings were obtained from credit rating agencies (Standard&Poor's, Moodys, Fitch).

No financial assets fully settled were renegotiated in the last year.

No accounts receivable from related parties are overdue or impaired.

In thousands of reais, unless otherwise stated

9 Cash and cash equivalents

Cash and cash equivalents include financial assets as follows:

	Company		
	12/31/2013	**12/31/2012**	**01/01/2012**
	Total	**Total**	**Total**
Bank checking account	**40,455**	27,861	29,379
Bank checking account - abroad	**18,575**	48,647	12,223
Bank Deposit Certificates (CDBs) and repurchase agreements	**654,212**	1,146,932	248,619
Short-term investments abroad (Time Deposit)	**-**	27,663	73,365
	713,242	1,251,103	363,586

	Consolidated		
	12/31/2013	**12/31/2012**	**01/01/2012**
	Total	**Total**	**Total**
Bank checking account	**56,282**	79,006	71,636
Bank checking account - abroad	**62,515**	58,440	28,353
Bank Deposit Certificates (CDBs) and repurchase agreements	**2,480,928**	2,871,103	2,669,068
Short-term investments abroad (*Time Deposit*)	**33,462**	114,769	73,365
	2,633,187	3,123,318	2,842,422

Short-term investments in bank deposit certificates (CDBs) are highly liquid and remunerated at the average variation of 103% of the Interbank Deposit Certificate (CDI).

The fair value of CDBs is based on CDI percentages. CDI rates are obtained in the Brazil's OTC Clearing House (CETIP).

At December 31, 2013, Usiminas Companies do not have secured accounts.

10 Marketable securities

Marketable securities include financial assets as follows:

	Company		
	12/31/2013	**12/31/2012**	**1/1/2012**
Short-term investments abroad (Time Deposit)	**-**	-	124,396
Repurchase agreements	**1,536**	9,137	-
	1,536	9,137	124,396

In thousands of reais, unless otherwise stated

	Consolidated		
	12/31/2013	12/31/2012	1/1/2012
Short-term investments abroad (Time Deposit)	833,558	1,528,421	2,289,383
Repurchase agreements	2,071	9,137	-
	835,629	1,537,558	2,289,383

Short-term investments abroad are remunerated at fixed rates plus exchange gains/losses.

Maximum exposure to credit risk at the reporting date consists of the book value of debt securities classified as available for sale.

No financial assets are overdue or impaired.

11 Trade accounts receivable

	Company			Consolidated		
	12/31/2013	12/31/2012	1/1/2012	12/31/2013	12/31/2012	1/1/2012
Trade accounts receivable:						
Domestic	**757,865**	607,049	517,997	**1,345,642**	1,228,402	1,124,237
Abroad	**190,157**	142,854	144,948	**268,874**	298,815	234,717
Allowance for doubtful accounts	**(54,185)**	(98,382)	(107,868)	**(74,690)**	(116,786)	(126,149)
Trade accounts receivable, net	**893,837**	651,521	555,077	**1,539,826**	1,410,431	1,232,805
Accounts receivable from related parties						
Domestic	**174,267**	48,191	141,925	**54,670**	4,375	14,294
Abroad	**74,618**	249,656	86,518	**45,055**	153,299	5,910
Accounts receivable from related parties	**248,885**	297,847	228,443	**99,725**	157,674	20,204
	1,142,722	949,368	783,520	**1,639,551**	1,568,105	1,253,009

Trade accounts receivable are not for financial purposes and are measured and initially recorded at fair value.

At December 31, 2013, trade accounts receivable amounting to R$ 218,987 in Company and R$ 219,701 in Consolidated were overdue, but not impaired (December 31, 2012 – R$ 248,554 and R$ 366,609; January 1, 2012 - R$ 165,614 and R$ 315,450, respectively). These accounts refer to a series of independent customers for whom there is no recent history of default.

In thousands of reais, unless otherwise stated

Trade accounts receivable amounting to R$ 54,185 in Company and R$ 74,690 in Consolidated were impaired and provisioned (December 31, 2012 – R$ 98,382 and R$ 116,786; January 1, 2012 - R$ 107,868 and R$ 126,149, respectively).

The aging list of trade accounts receivable is as follows:

	Company			Consolidated		
	12/31/2013	12/31/2012	1/1/2012	12/31/2013	12/31/2012	1/1/2012
Falling due	**923,735**	700,814	617,906	**1,419,850**	1,201,495	937,559
Overdue:						
Within 30 days	**170,863**	201,061	119,378	**170,104**	302,807	174,694
Between 31 and 60 days	**16,077**	20,477	5,997	**17,290**	24,264	54,723
Between 61 and 90 days	**3,231**	5,525	10,209	**3,993**	11,919	16,933
Between 91 and 180 days	**4,128**	13,839	28,494	**4,682**	16,267	47,580
Above 181 days	**78,873**	106,034	109,404	**98,322**	128,139	147,669
(-) Allowance for doubtful accounts	**(54,185)**	(98,382)	(107,868)	**(74,690)**	(116,786)	(126,149)
	1,142,722	949,368	783,520	**1,639,551**	1,568,105	1,253,009

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

	Company			Consolidated		
	12/31/2013	12/31/2012	1/1/2012	12/31/2013	12/31/2012	1/1/2012
Real	**880,157**	794,266	552,136	**1,328,490**	1,245,473	1,167,106
US Dollar	**259,266**	151,240	227,664	**306,691**	318,740	82,183
Euro	**3,299**	3,862	3,720	**4,370**	3,892	3,720
	1,142,722	949,368	783,520	**1,639,551**	1,568,105	1,253,009

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

	Company			Consolidated		
	12/31/2013	12/31/2012	1/1/2012	12/31/2013	12/31/2012	1/1/2012
Opening balance at January 1	**(98,382)**	(107,868)	(51,233)	**(116,786)**	(126,149)	(71,156)
Reversal (set up) of provision	**44,197**	9,486	(56,635)	**42,096**	9,363	(54,993)
Closing balance at December 31	**(54,185)**	(98,382)	(107,868)	**(74,690)**	(116,786)	(126,149)

Set up and reversal of allowance for doubtful accounts for trade accounts receivable impaired were recorded in P&L for the year as “Selling expenses”. The amounts charged to provision are written off when there is no expected recovery of funds.

Maximum exposure to credit risk at the reporting date consists of the book value of each class of such accounts receivable before setting up the allowance for doubtful accounts. Usiminas Companies do not maintain any securities in guarantee for trade accounts receivable.

In thousands of reais, unless otherwise stated

12 Inventories

	Company			Consolidated		
	12/31/2013	12/31/2012	1/1/2012	12/31/2013	12/31/2012	1/1/2012
Finished products	**841,416**	799,618	1,143,730	**1,040,633**	1,017,748	1,463,147
Work-in-process	**1,057,351**	953,396	1,706,518	**1,075,145**	999,910	1,752,084
Raw materials	**474,020**	511,677	514,088	**810,576**	875,478	857,639
Supplies and spare parts	**532,253**	603,674	729,966	**586,248**	699,048	795,351
Imports in transit	**77,271**	35,654	108,890	**77,275**	42,150	108,968
Other	**206,831**	81,201	60,481	**260,543**	133,650	68,967
	3,189,142	2,985,220	4,263,673	**3,850,420**	3,767,984	5,046,156

At December 31, 2013, Company's provision for impairment and obsolete inventory items amounted to R$ 15,782 (December 31, 2012 - R$42,052; January 1, 2012 - R$ 30,516). In Consolidated, such provision totaled R$ 21,711 (December 31, 2012 - R$ 45,328; January 1, 2012 - R$ 43,481).

At December 31, 2013, a decrease in such provision positively impacted cost of sales in the statement of operations amounting to R$26,270 (December 31, 2012 - R$ 11,536 as expenses; January 1, 2012 – R$ 31,861 as income). In Consolidated, such impact totaled R$ 23,617 (December 31, 2012 – R$ 1,847 as expenses; January 1, 2012 – R$ 38,934 as income).

At December 31, 2013, Company's inventories amounted to R$ 16,182 (December 31, 2012 - R$ 15,547; January 1, 2012 – R$ 17,463) given in guarantee for legal proceedings.

13 Taxes recoverable

	Company					
	12/31/2013		12/31/2012		1/1/2012	
	Current	Noncurrent	Current	Noncurrent	Current	Noncurrent
IRPJ prepaid	**54,308**	**-**	6,093	-	86,926	-
CSLL prepaid	**169**	**-**	776	-	70,040	-
PIS	**8,713**	**-**	24,124	276	67,331	2,480
COFINS	**40,134**	**-**	111,409	1,270	305,338	11,425
ICMS	**69,142**	**46,956**	185,747	56,807	110,464	95,165
IPI	**4,970**	**-**	2,680	-	3,933	-
Export Credit – Reintegra (i)	**13,386**	**-**	37,626	-	-	-
Other	**-**	**11,710**	1,223	11,710	2,128	14,311
	190,822	**58,666**	369,678	70,063	646,160	123,381

In thousands of reais, unless otherwise stated

	Consolidated					
	12/31/2013		12/31/2012		1/1/2012	
	Current	Noncurrent	Current	Noncurrent	Current	Noncurrent
IRPJ prepaid	**66,143**	**-**	15,006	-	104,279	-
CSLL prepaid	**5,528**	**-**	4,269	-	75,782	-
PIS	**9,860**	**374**	33,652	572	79,646	2,929
COFINS	**45,545**	**1,726**	105,330	2,637	319,404	13,495
ICMS	**146,619**	**99,509**	252,908	116,509	156,115	122,791
IPI	**31,125**	**-**	29,835	-	22,190	-
Export Credit – Reintegra (i)	**13,386**	**-**	37,626	-	-	-
Other	**5,314**	**11,865**	6,467	11,865	22,482	14,466
	323,520	**113,474**	485,093	131,583	779,898	153,681

(i) It refers to the Special Regime for Reintegration of Tax Amounts for Export Trading Companies (Reintegra), purpose of which is to refund amounts arising from remaining tax costs determined in the supply chain of export trading companies. Reintegra was introduced by Provisional Executive Order (MP) 540/2011, subsequently converted into Law No. 12546/2011, and governed by Decree 7633/2011. Its tax base corresponds to 3% of export revenue. Reintegra, initially in force until 2012, was extended to December 31, 2013 by MP No. 610/2013, converted into Law No. 12844/2013, which revalidated the duration thereof from June 4 to December 31, 2013.

14 Income and social contribution taxes

(a) Income Tax (IRPJ) and Social Contribution Tax on Net Profit (CSLL)

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	
	12/31/2013	12/31/2012	12/31/2013	12/31/2012
Income (loss) before income and social contribution taxes	**(412,507)**	(1,032,576)	**(194,329)**	(798,731)
Nominal rates	**34%**	34%	**34%**	34%
Income and social contribution taxes at nominal rates	**140,252**	351,076	**66,072**	271,569
Adjustments to calculate effective income and social contribution taxes:				
Equity pickup	**231,879**	238,159	**61,608**	56,317
Interest on equity received	**(90,682)**	-	**25,593**	-
Permanent exclusions (additions)	**(10,620)**	(277,622)	**(8,239)**	(280,114)
Tax incentive	**-**	-	**3,001**	4,386
Nontaxable profit and differences between tax rates of subsidiaries abroad	**-**	-	**68,253**	125,574
Other	**-**	14,408	**(5,168)**	22,718
Income and social contribution taxes calculated	**270,829**	326,021	**211,120**	200,450
Current	**(156,682)**	27,041	**(268,044)**	(129,729)
Deferred	**427,511**	298,980	**479,164**	330,179
Income and social contribution taxes in P&L	**270,829**	326,021	**211,120**	200,450

In thousands of reais, unless otherwise stated

The differences between tax bases of assets and liabilities included in accounting records, prepared based on IFRS and CPC, were recognized as temporary differences for the purpose of recording deferred taxes against expenses (or income) in P&L.

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

	12/31/2012	Equity/ Comprehensive income (loss)	Recognized in P&L	12/31/2013
Assets				
Income and social contribution taxes				
Tax losses	886,014	-	187,204	**1,073,218**
Temporary provisions				
Actuarial liabilities	392,516	(13,634)	(42,287)	**336,595**
Provision for litigation	104,059	-	15,456	**119,515**
Allowance for doubtful accounts	772	-	4,494	**5,266**
Provision for inventory adjustments	25,259	-	3,565	**28,824**
Unrealized profits in inventories	4,209	-	3,117	**7,326**
Income (loss) from swap agreements	-	-	8,123	**8,123**
Temporary difference on adjustments 11638	-	-	63,077	**63,077**
Hedge accounting	62,642	(61,028)	-	**1,614**
Provision for profit sharing	21,820	-	11,255	**33,075**
Exchange gains/losses on loans and financing (i)	59,931	-	21,285	**81,216**
Other	16,820	-	15,873	**32,693**
Total assets	1,574,042	(74,662)	291,162	**1,790,542**
Liabilities				
Income and social contribution taxes				
Income (loss) from swap agreements	90,911	-	(90,911)	**-**
Monetary restatement on judicial deposits	30,071		1,140	**31,211**
Accelerated depreciation	34,888	-	(3,738)	**31,150**
Adjustment to actuarial liabilities	-	454	13,632	**14,086**
Tax rate depreciation	228,341	-	(24,764)	**203,577**
Temporary difference on adjustments 11638	31,708	-	(31,708)	**-**
PP&E adjustment – IAS 29	99,281	(8,634)	-	**90,647**
Total liabilities	515,200	(8,180)	(136,349)	**370,671**
Total net	1,058,842	(66,482)	427,511	**1,419,871**

(i) Arising from temporary difference between cash and accrual basis.

In thousands of reais, unless otherwise stated

	1/1/2012	Equity/ Comprehensive income (loss)	Recognized in P&L	12/31/2012
Assets				
Income and social contribution taxes				
Tax losses	715,429	-	170,585	**886,014**
Temporary provisions				
Actuarial liabilities	341,349	-	51,167	**392,516**
Provision for litigation	65,696	-	38,363	**104,059**
Allowance for doubtful accounts	19,248	-	(18,476)	**772**
Provision for inventory adjustments	-	-	25,259	**25,259**
Unrealized profits in inventories	5,024	-	(815)	**4,209**
Interest on equity	27,736	-	(27,736)	**-**
Hedge accounting	-	-	62,642	**62,642**
Provision for profit sharing	-	-	21,820	**21,820**
Exchange gains/losses on loans and financing (i)	-	-	59,931	**59,931**
Other	13,024	-	3,796	**16,820**
Total assets	1,187,506	-	386,536	**1,574,042**
Liabilities				
Income and social contribution taxes				
Income (loss) from swap agreements	131,667	-	(40,756)	**90,911**
Monetary restatement on judicial deposits	23,554	-	6,517	**30,071**
Accelerated depreciation	39,521	-	(4,633)	**34,888**
Adjustment to actuarial liabilities	-	(94,675)	94,675	**-**
Hedge accounting	-	11,405	(11,405)	**-**
Tax rate depreciation	228,341	-	-	**228,341**
Temporary difference on adjustments 11638	(20,313)	-	52,021	**31,708**
PP&E adjustment – IAS 29	108,144	-	(8,863)	**99,281**
Total liabilities	510,914	(83,270)	87,556	**515,200**
Total net	676,592	83,270	298,980	**1,058,842**

(i) Arising from temporary difference between cash and accrual basis.

In thousands of reais, unless otherwise stated

(ii) Consolidated

	12/31/2012	Equity/ Comprehensive income (loss)	Recognized in P&L	Other	12/31/2013
Assets					
Income and social contribution taxes					
Tax losses	966,114	-	186,433	(4,703)	**1,147,844**
Temporary provisions					
Actuarial liabilities	409,592	(14,648)	(40,870)	-	**354,074**
Provision for litigation	122,392	-	23,582	(7,916)	**138,058**
Allowance for doubtful accounts	1,207	-	5,215	(2)	**6,420**
Provision for environmental restoration	(577)	-	1,874	-	**1,297**
Provision for inventory adjustments	26,033	-	3,873	-	**29,906**
Unrealized profits in inventories	4,209	-	3,117	-	**7,326**
Consolidation adjustments	2,913	-	23,879	-	**26,792**
Income from swap agreements	-	-	8,123	-	**8,123**
Hedge accounting	62,642	(61,028)			**1,614**
Provision for profit sharing	24,034	-	18,608	-	**42,642**
Exchange gains/losses on loans and financing (i)	59,931	-	21,285	-	**81,216**
Temporary difference on adjustments 11638	14,393	-	71,566	-	**85,959**
Goodwill/Acquisition of companies (ii)	332,991	-	(10,311)	-	**322,680**
Other	24,149	(22)	33,158	(1,729)	**55,556**
Total assets	2,050,023	(75,698)	349,532	(14,350)	**2,309,507**
Liabilities					
Income and social contribution taxes					
Income (loss) from swap agreements	93,271	-	(92,967)	-	**304**
Monetary restatement on judicial deposits	30,071	-	1,140	-	**31,211**
Accelerated depreciation	34,888	-	(3,738)	-	**31,150**
Adjustment to actuarial liabilities	-	454	13,632	-	**14,086**
Tax rate depreciation	242,725	-	(16,650)	-	**226,075**
Temporary difference on adjustments 11638	32,586	-	(31,723)	-	**863**
PP&E adjustment – IAS 29	101,518	(8,634)	1,584	(3,821)	**90,647**
Deferral in losses from swap agreements	1,085	-	(910)	-	**175**
Total liabilities	536,144	(8,180)	(129,632)	(3,821)	**394,511**
Total net	1,513,879	(67,518)	479,164	(10,529)	**1,914,996**

(i) Arising from temporary difference between cash and accrual basis.
(ii) Merger of Summit Empreendimentos Minerais Ltda. – Note 16 (e) (ii).

In thousands of reais, unless otherwise stated

	1/1/2012	Equity/ Comprehensive income (loss)	Recognized in P&L	Other	12/31/2012
Assets					
Income and social contribution taxes					
Tax losses	762,298	-	203,816	-	966,114
Temporary provisions					
Actuarial liabilities	358,678	-	50,914	-	409,592
Provision for litigation	81,425	-	40,967	-	122,392
Allowance for doubtful accounts	20,777	-	(19,570)	-	1,207
Provision for environmental restoration	-	-	(577)	-	(577)
Provision for inventory adjustments	4,376	-	21,657	-	26,033
Unrealized profits in inventories	5,024	-	(815)	-	4,209
Consolidation adjustment	3,857	-	(944)	-	2,913
Interest on equity	27,736	-	(27,736)	-	-
Hedge accounting	-	-	62,642	-	62,642
Provision for profit sharing	-	-	24,034	-	24,034
Exchange gains/losses on loans and financing (i)	-	-	59,931	-	59,931
Temporary difference on adjustments 11638	3,003	-	11,390	-	14,393
Goodwill/Acquisition of companies (ii)	38,095	303,697	(8,801)	-	332,991
Other	15,608	-	8,954	(413)	24,149
Total assets	1,320,877	303,697	425,862	(413)	2,050,023
Liabilities					
Income and social contribution taxes					
Income (loss) from swap agreements	134,074	-	(40,803)	-	93,271
Monetary restatement on judicial deposits	23,554	-	6,517	-	30,071
Accelerated depreciation	39,521	-	(4,633)	-	34,888
Adjustment to actuarial liabilities	-	(94,675)	94,675	-	-
Hedge accounting	-	11,405	(11,405)	-	-
Tax rate depreciation	235,408	-	7,317	-	242,725
Temporary difference on adjustments 11638	(19,331)	-	51,917	-	32,586
PP&E adjustment – IAS 29	109,077	-	(7,559)	-	101,518
Deferral in losses from swap agreements	1,428	-	(343)	-	1,085
Total liabilities	523,731	(83.270)	95,683	-	536,144
Total net	797,146	386,967	330,179	(413)	1,513,879
Total noncurrent assets	797,146	386,967	330,179	(413)	1,513,879
Total noncurrent liabilities	-	-	-	-	-
Total net	797,146	386,967	330,179	(413)	1,513,879

(i) Arising from temporary difference between cash and accrual basis.
(ii) Merger of Summit Empreendimentos Minerais Ltda. – Note 16 (e) (ii).

In thousands of reais, unless otherwise stated

Long-term deferred income and social contribution taxes are expected to be realized, in accordance with future taxable profits, based on projections approved by Company management, and in accordance with accounting practices adopted in Brazil. These projections are based on assumptions that reflect the economic and operating environment of the Company.

The projections are subject to factors that may cause variations in actual data, and due to this fact the Company has evaluated the possible effects of these changes through a sensitive analysis.

In the event that the future taxable profit used in the impairment study decreases 10%, the Company will recover tax credits in the same period.

In the event that selling prices decrease 5% or costs of sales increase 5%, with relation to the assumptions used at the recoverability test, the Company would recover credits over 11 years.

Expected realization of taxes is as follows:

	Company		
	12/31/2013	12/31/2012	1/1/2012
2013	**-**	3,634	-
2014	**22,886**	114,205	148,438
2015	**179,566**	129,167	148,438
2016	**232,338**	130,043	148,438
2017	**270,068**	121,749	148,438
2018	**291,089**	172,985	148,438
2019	**300,960**	142,789	148,438
2020	**311,275**	163,616	148,438
2021 onward	**182,360**	595,854	148,440
	1,790,542	1,574,042	1,187,506

	Consolidated		
	12/31/2013	12/31/2012	1/1/2012
2012	**-**	-	24,569
2013	**-**	115,900	18,782
2014	**103,180**	196,057	166,810
2015	**259,915**	211,401	202,351
2016	**314,963**	210,462	153,972
2017	**355,026**	201,368	152,213
2018	**377,366**	187,837	151,946
2019	**386,804**	156,758	151,348
2020	**326,344**	174,137	149,880
2021 onward	**185,909**	596,103	149,006
	2,309,507	2,050,023	1,320,877

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.

In thousands of reais, unless otherwise stated

(c) Current income and social contribution tax liabilities

	Company			Consolidated		
	12/31/2013	12/31/2012	1/1/2012	12/31/2013	12/31/2012	1/1/2012
Income tax						
Current expenses	**(115,201)**	(9,795)	(5,204)	**(200,381)**	(102,130)	(233,046)
Prepayments and offsets for the period (i)	**115,201**	9,795	5,204	**196,202**	38,312	72,497
	-	-	-	**(4,179)**	(63,818)	(160,549)
Social contribution tax						
Current expenses	**(41,481)**	(17,246)	(2,720)	**(67,663)**	(27,599)	(83,400)
Prepayments and offsets for the period (i)	**41,481**	17,246	2,720	**67,663**	8,232	46,400
	-	-	-	**-**	(19,367)	(37,000)
Total income and social contribution taxes payable	**-**	-	-	**(4,179)**	(83,185)	(197,549)

(i) Prepayments in excess of current income and social contribution tax expenses are recorded in "Taxes recoverable" (Note 13).

(d) Membership in the Federal Tax Installment Payment Program (REFIS)

The Company opted for membership in the Federal Tax Installment Payment Program (REFIS) as regards income generated abroad by its subsidiaries headquartered in Luxembourg and in Denmark in periods prior to 2011, in accordance with the provisions of Law No. 12865/13, which regulates the matter. The decision aims at eliminating the uncertainties as to the interpretation of the Brazilian tax authorities, which might lead to payment of interest and fine, considering how the Brazilian IRS understands the immediate levy of tax whenever income is earned abroad. The membership in REFIS, after using credits from losses on income tax and social contribution carryforward, originated a payment in cash for R$157,000. There was no significant impact on P&L.

15 Judicial deposits

	Company								
	12/31/2013			12/31/2012			1/1/2012		
	Judicial deposits	Taxes in installments	Net balance	Judicial deposits	Taxes in installments	Net balance	Judicial deposits	Taxes in installments	Net balance
IPI	165,642	(106,138)	59,504	162,607	(100,079)	62,528	232,318	(100,079)	132,239
IR and CSLL	176,107	(57,089)	119,018	174,146	(57,089)	117,057	167,457	(57,089)	110,368
INSS	95,828	(8,405)	87,423	146,517	(8,405)	138,112	142,569	(8,405)	134,164
CIDE	26,758	(26,384)	374	26,509	(26,509)	-	26,252	(26,252)	-
Labor	164,684	-	164,684	138,607	-	138,607	113,755	-	113,755
Civil	42,525	-	42,525	39,125	-	39,125	31,521	-	31,521
Other	28,681	-	28,681	27,480	(858)	26,622	40,558	(1,114)	39,444
	700,225	(198,016)	502,209	714,991	(192,940)	522,051	754,430	(192,939)	561,491

In thousands of reais, unless otherwise stated

	Consolidated								
	12/31/2013			12/31/2012			1/1/2012		
	Judicial deposits	Taxes in installments	Net balance	Judicial deposits	Taxes in installments	Net balance	Judicial deposits	Taxes in installments	Net balance
IPI	**165,642**	**(106,138)**	**59.504**	162,607	(100,079)	62,528	232,318	(100,079)	132,239
IR and CSLL	**189,692**	**(57,089)**	**132,603**	176,485	(57,089)	119,396	181,038	(57,089)	123,949
INSS	**95,856**	**(8,405)**	**87,451**	157,763	(8,405)	149,358	142,598	(8,405)	134,193
CIDE	**26,758**	**(26,384)**	**374**	26,509	(26,509)	-	26,252	(26,252)	-
COFINS	**11,873**	**-**	**11,873**	11,873	-	11,873	11,873	-	11,873
PIS	**2,216**	**-**	**2,216**	2,216	-	2,216	2,216	-	2,216
Labor	**184,058**	**-**	**184,058**	159,566	-	159,566	131,781	-	131,781
Civil	**42,610**		**42,610**	60,275	-	60,275	48,479	-	48,479
Other	**44,715**	**-**	**44,715**	34,852	(858)	33,994	42,732	(1,114)	41,618
	763,420	**(198,016)**	**565,404**	792,146	(192,940)	599,206	819,287	(192,939)	626,348

Changes in judicial deposits are as follows:

	Company		Consolidated	
	12/31/2013	12/31/2012	12/31/2013	12/31/2012
Opening balance	714,991	754,430	792,146	819,287
Additions	23,726	29,707	80,374	40,133
Interest/adjustments	33,486	37,211	35,433	41,124
Reversals	(71,978)	(93,042)	(134,226)	(95,082)
Other	-	(13,315)	(10,307)	(13,316)
	700,225	714,991	763,420	792,146

In thousands of reais, unless otherwise stated

16 Investments

(a) Changes in investments

(i) Company

	12/31/2012	Additions (write-offs)	Equity pickup	Interest on equity and dividends	Unrealized profits in inventories	Other	12/31/2013
Subsidiaries							
Automotiva Usiminas	118,970	(137,918)	18,892	(675)	731	-	**-**
Cosipa Commercial	21,263	-	10,937	-	-	-	**32,200**
Cosipa Overseas	19,021	-	(3,014)	-	-	-	**16,007**
Mineração Usiminas	3,623,069	272,947	351,191	(176,510)	-	(663)	**4,070,034**
Rios Unidos	9,459	-	(9,459)	-	-	-	**-**
Soluções Usiminas	765,555	-	13,378	(11,336)	(11,136)	-	**756,461**
Usiminas Commercial	24,857	-	27,367	-	-	-	**52,224**
Usiminas Europa	1,588,086	-	154,259	-	-	-	**1,742,345**
Usiminas International	34,667	-	9	-	-	-	**34,676**
Usiminas Mecânica	552,926	-	(15,993)	-	1,237	(3,915)	**534,255**
UPL	51,278	-	8,469	(4,467)	-	-	**55,280**
Goodwill on subsidiaries	129,793	-	-	-	-	(693)	**129,100**
	6,938,944	135,029	556,036	(192,988)	(9,168)	(5,271)	**7,422,582**
Joint ventures							
Fasal Trading Brasil	10,078	-	302	-	-	-	**10,380**
Unigal	680,713	-	117,192	(161,000)	-	(167)	**636,738**
Usiroll	7,543	-	1,200	-	-	-	**8,743**
	698,334	-	118,694	(161,000)	-	(167)	**655,861**
Affiliates							
Codeme	45,593	-	4,754	(2,743)	-	321	**47,925**
Metform	10,955	-	1,826	(1,052)	-	256	**11,985**
MRS	7,028	-	1,264	(530)	-	-	**7,762**
Goodwill on affiliates	79,464	-	-	-	-	-	**79,464**
	143,040	-	7,844	(4,325)	-	577	**147,136**
	7,780,318	135,029	682,574	(358,313)	(9,168)	(4,861)	**8,225,579**

In thousands of reais, unless otherwise stated

Equity pickup presented in the statement of operations and cash flow statement of the Company does not include R$ 578, referring to losses from capital deficiency of subsidiaries, and R$ 9,168, referring to unrealized profits in inventories.

	1/1/2012	Additions (write-offs)	Equity pickup	Income and social contribution taxes on goodwill	Interest on equity and dividends	Other	12/31/2012
Subsidiaries							
Automotiva Usiminas	115,440	-	7,102	-	(3,407)	(165)	**118,970**
Cosipa Commercial	-	-	21,263	-	-	-	**21,263**
Cosipa Overseas	17,579	-	1,442	-	-	-	**19,021**
Mineração Usiminas	3,227,711	-	241,458	212,589	(58,689)	-	**3,623,069**
Rios Unidos	10,206	10,452	(11,205)	-	-	6	**9,459**
Soluções Usiminas	756,614	-	5,243	-	-	3,698	**765,555**
Usiminas Commercial	-	-	24,857	-	-	-	**24,857**
Usiminas Europa	1,962,976	(618,675)	243,785	-	-	-	**1,588,086**
Usiminas International	217,362	-	25,275	-	(207,970)	-	**34,667**
Usiminas Mecânica	703,521	-	(16,215)	-	(133,240)	(1,140)	**552,926**
UPL	45,944	-	8,217	-	(2,883)	-	**51,278**
Goodwill on subsidiaries	130,801	-	-	-	-	(1,008)	**129,793**
	7,188,154	(608,223)	551,222	212,589	(406,189)	1,391	**6,938,944**
Joint ventures							
Fasal Trading Brasil	9,617	-	676	-	333	(548)	**10,078**
Unigal	754,729	-	100,984	-	(175,000)	-	**680,713**
Usiroll	5,948	-	1,577	-	-	18	**7,543**
	770,294	-	103,237	-	(174,667)	(530)	**698,334**
Affiliates							
Codeme	38,290	4,146	5,029	-	(1,872)	-	**45,593**
Metform	17,840	(5,212)	2,868	-	(4,541)	-	**10,955**
MRS	6,423	-	1,228	-	(630)	7	**7,028**
Goodwill on affiliates	79,464	-	-	-	-	-	**79,464**
	142,017	(1,066)	9,125	-	(7,043)	7	**143,040**
	8,100,465	(609,289)	663,584	212,589	(587,899)	868	**7,780,318**

Equity pickup presented in the statement of operations and cash flow statement of the Company includes R$ 36,884, referring to losses from capital deficiency of subsidiaries.

In thousands of reais, unless otherwise stated

(ii) Consolidated

	12/31/2012	Additions (write-offs)	Equity pickup	Interest on equity and dividends	Other	12/31/2013
Joint ventures						
Fasal Trading Brasil	10,078	-	302	-	-	**10,380**
Modal	2,636	-	1,654	(2,007)	-	**2,283**
Unigal	680,713	-	117,192	(161,000)	(167)	**636,738**
Usiroll	7,543	-	1,200	-	-	**8,743**
Goodwill on joint ventures	28,020	-	-	-	-	**28,020**
	728,990	-	120,348	(163,007)	(167)	**686,164**
Affiliates						
Codeme	45,593	-	4,754	(2,743)	321	**47,925**
Metform	10,955	-	1,826	(1,052)	256	**11,985**
MRS	287,047	-	51,664	(34,075)	-	**304,636**
Terminal Paraopeba	-	881	-	-	-	**881**
Terminal Sarzedo	3,262	(881)	2,652	(2,833)	-	**2,200**
Other	2,916	-	(43)	-	(5)	**2,868**
Goodwill on affiliates	103,289	-	-	-	-	**103,289**
	453,062	-	60,853	(40,703)	572	473,784
Total	1,182,052	-	181,201	(203,710)	405	1,159,948

	1/1/2012	Additions (write-offs)	Equity pickup	Interest on equity and dividends	Other	12/31/2012
Joint ventures						
Fasal Trading Brasil	9,617	-	676	333	(548)	**10,078**
Modal	2,606	-	1,190	(1,160)	-	**2,636**
Unigal	754,729	-	100,984	(175,000)	-	**680,713**
Usiroll	5,948	-	1,577	-	18	**7,543**
Goodwill on joint ventures	28,378	-	-	-	(358)	**28,020**
	801,278	-	104,427	(175,827)	(888)	**728,990**
Affiliates						
Codeme	38,290	4,146	5,029	(1,872)	-	**45,593**
Metform	17,840	(5,212)	2,868	(4,541)	-	**10,955**
MRS	262,397	-	50,258	(25,614)	6	**287,047**
Terminal Sarzedo	3,381	-	3,315	(3,434)		**3,262**
Other	3,185	(23)	(259)	-	13	**2,916**
Goodwill on affiliates	103,289	-	-	-	-	**103,289**
	428,382	(1,089)	61,211	(35,461)	19	**453,062**
Total	1,229,660	(1,089)	165,638	(211,288)	(869)	**1,182,052**

(b) Financial information of affiliates

At December 31, 2013, interests held by the Company in the affiliates are as follows:

	Incorporation	Assets	Liabilities	Equity	Net revenue	Income	% interests held
Codeme	**Brazil**	**555,171**	**364,333**	**190,838**	**264,597**	**8,461**	**30.76**
Metform	**Brazil**	**77,977**	**25,182**	**52,795**	**51,725**	**5,448**	**30.76**
MRS (i)	**Brazil**	**6,724,637**	**3,946,837**	**2,777,800**	**3,038,142**	**473,128**	**11.41**

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

In thousands of reais, unless otherwise stated

Profit sharing was calculated after income and social contribution taxes and after noncontrolling interests in affiliates.

Voting capital in affiliates corresponds to the same percentage of total capital, except for MRS, voting capital percentage of which is 15.2%. USIMINAS is part of the control group and exerts significant influence, which classifies this investment as affiliate.

The Company used the balance sheets at November 30, 2013 to calculate equity pickup effects of affiliates Codeme, Metform and Terminal Sarzedo, besides jointly-controlled subsidiary Modal.

(c) Companies included in the consolidated financial statements

The financial statements comprise those of the Company and the following direct subsidiaries:

	Interests (%)		
	12/31/2013	**12/31/2012**	**1/1/2012**
Automotiva Usiminas	**-**	100	100
Cosipa Commercial	**100**	100	100
Cosipa Overseas	**100**	100	100
Mineração Usiminas	**70**	70	70
Rios Unidos	**100**	100	100
Soluções Usiminas	**68.88**	68.88	68.88
Usiminas Commercial	**100**	100	100
Usiminas Europa	**100**	100	100
Usiminas International	**100**	100	100
Usiminas Mecânica	**99.99**	99.99	99.99
UPL (i)	**100**	100	100

(i) Company's direct interests of 16.7% and indirect interests, through MUSA, of 83.3%.

(d) Joint ventures

At December 31, 2013, interests held by the Company in the joint ventures are as follows:

	Interests (%)		
	12/31/2013	**12/31/2012**	**1/1/2012**
Fasal Trading Brasil	50	50	50
Modal Terminal de Graneis	50	50	50
Unigal	70	70	70
Usiroll	50	50	50

The Company classified its investments under the terms provided for in CPC 18 (R2) Investments in Affiliates, Subsidiaries and Joint Ventures and by CPC 19 (R2) Investments in Joint Ventures.

In thousands of reais, unless otherwise stated

In addition, as from 2013, the Company adopted IFRS 11 - "Joint Arrangements" issued in May 2011, and included it as amendment to the wording of CPC 19 (R2) - "Joint Arrangements". Accordingly, as the proportional consolidation method is no longer allowed, the Company ceased to proportionally consolidate the jointly-controlled subsidiaries Fasal Trading Brasil, Unigal and Usiroll, and subsidiary Mineração Usiminas ceased to proportionally consolidate its jointly-controlled subsidiary Modal. Consequently, as from January 1, 2013, the interests held in Fasal Trading Brasil (50%), Unigal (70%), Usiroll (50%) and Modal (50%) have been accounted for by the equity method.

The summarized financial information of jointly-controlled company is show on a consolidated basis.

(i) Summarized balance sheets

	12/31/2013				12/31/2012			
	Fasal Trading Brasil	Modal	Unigal	Usiroll	Fasal Trading Brasil	Modal	Unigal	Usiroll
Current assets								
Cash and cash equivalents	**13,838**	**1,396**	**56,411**	**5,668**	12,079	1,907	70,813	1,766
Accounts receivable	**-**	**503**	**82,192**	**816**	-	436	65,707	979
Inventories	**-**	**-**	**20,362**	**1,714**	-	-	16,232	1,673
Other	**9,727**	**-**	**4,798**	**109**	8,174	8	1,104	86
Total current assets	**23,565**	**1,899**	**163,763**	**8,307**	20,253	2,351	153,856	4,504
Noncurrent assets								
Long-term assets	**-**	**-**	**10,264**	**54**	-	-	1,492	20
Investments	**-**	**-**	**-**	**-**	-	-	-	-
Property, plant and equipment	**-**	**2,898**	**1,074,711**	**25,454**	-	3,067	1,123,442	25,342
Intangible assets	**-**	**-**	**948**	**14**	-	-	1,212	3
Total noncurrent assets	**-**	**2,898**	**1,085,923**	**25,522**	-	3,067	1,126,146	25,365
Total assets	**23,565**	**4,797**	**1,249,686**	**33,829**	20,253	5,418	1,280,002	29,869
Loans	**-**	**-**	**47,121**	**-**	-	-	40,836	-
Trade accounts payable	**-**	**74**	**4,565**	**102**	-	-	4,515	104
Contingencies	**-**	**-**	**10,783**	**-**	-	-	-	-
Other	**2,805**	**156**	**265,349**	**16,243**	98	144	262,204	14,681
Equity	**20,760**	**4,567**	**921,868**	**17,484**	20,155	5,274	972,447	15,084
Total liabilities and equity	**23,565**	**4,797**	**1,249,686**	**33,829**	20,253	5,418	1,280,002	29,869

(ii) Summarized statements of comprehensive income (loss)

	12/31/2013				12/31/2012			
	Fasal Trading Brasil	Modal	Unigal	Usiroll	Fasal Trading Brasil	Modal	Unigal	Usiroll
Sales and service revenue, net	**-**	**6,016**	**373,172**	**8,102**	-	4,572	339,460	9,031
Cost of sales and services	**-**	**(1,932)**	**(88,885)**	**(4,498)**	-	(1,665)	(86,204)	(4,307)
Operating income (expenses)	**(2,086)**	**(75)**	**(10,274)**	**(158)**	(1,098)	(24)	(11,905)	(209)
Financial income (expenses)	**2,966**	**(1)**	**(21,985)**	**(670)**	2,537	123	(17,619)	(971)
Provision for income and social contribution taxes	**(275)**	**(700)**	**(72,368)**	**(376)**	(87)	(545)	(79,468)	(388)
Net income of the period	**605**	**3,308**	**179,660**	**2,400**	1,352	2,461	144,264	3,156

In thousands of reais, unless otherwise stated

(e) Other significant information on investments

(i) Mineração Ouro Negro

On November 25, 2011, subsidiary Mineração Usiminas acquired 1,214 thousand common shares from Mineração Ouro Negro, representing all of its capital.

On September 28, 2012, Mineração Ouro Negro was merged into Mineração Usiminas to facilitate the operation of assets and to simplify the organizational structure of Mineração Usiminas, causing a decrease in corporate structure costs.

(ii) Mineração Usiminas – merger of shareholder

On October 26, 2012, shareholder Summit Empreendimentos Minerais Ltda. ("SEM"), a limited liability company, headquartered in the City and State of São Paulo, was merged into Mineração Usiminas S.A. ("MUSA"), in order to obtain operational synergies, under downstream merger. As a result of such merger, the shares representing MUSA capital held by SEM were allocated to Serra Azul Iron Ore L.L.C. and Sumitomo Corporation do Brasil S.A., sole members of SEM.

The net assets of SEM on October 26, 2012, before merger, were as follows:

Current assets	608
Noncurrent assets	2,351,593
Current liabilities	(607)
Net assets	2,351,594

As a result of such merger, MUSA recorded R$ 303,697 as deferred income and social contribution taxes in noncurrent assets, matched against "Capital reserve – Special goodwill reserve".

(iii) Usiminas Portugal

On November 30, 2012, the Company restructured its equity interests abroad, suspending the activities of Usiminas Portugal, located in Portugal. This company was a subsidiary of Usiminas International.

(iv) Fasal Trading Corporation

On August 3, 2012, the Company restructured its equity interests abroad, suspending the activities of Fasal Trading Corporation, located in Florida, United States of America. This company was a subsidiary of Fasal Trading Brasil.

(v) Disposal of subsidiary

On June 14, 2013, the Stock Purchase Agreement ("Agreement") for transfer of 100% equity interests held by the Company in Automotiva Usiminas S.A. ("Automotiva") was entered into by and between the Company and Aethra Sistemas Automotivos S.A. ("Aethra").

The selling price (enterprise value), according to the balance sheet at March 31, 2013, amounted to R$ 210,000 and, as provided for in the Agreement, will be adjusted based on the working capital variation between this and the closing balance sheet, calculated in November 2013.

On December 20, 2013, after meeting the condition precedents provided for in the Agreement, the disposal was completed, for which the Company received R$ 139,501 and recognized a balance receivable amounting to R$ 15,994. Accordingly, the consolidated balance sheet of the Company, at December 31, 2013, does not comprise Automotiva's information (refer to Note 40 – Subsequent event).

(vi) Capital increase in MUSA

On September 26, 2013, capital contribution in Mineração Usiminas S.A. was completed. The Company then increased capital by transferring its land in Itaguaí – RJ, amounting to R$ 245,583, and shareholders Serra Azul Iron Ore LLC and Sumitomo Corporation do Brasil S.A., companies of the Sumitomo Corporation Group, provided R$ 220,972, R$ 105,250 of which allocated to capital and R$ 115,722 to set up capital reserve of MUSA.

(vii) Public offer for purchase of debt securities

On October 1, 2013 the Company subsidiaries headquartered in Denmark acquired US$124.2 million debt securities maturing in 2016 and US$220.2 million debt securities maturing in 2018, issued by Cosipa Commercial Ltda. and Usiminas Commercial Ltda., both subsidiaries of the Company. The operations allows a better allocation of Company funds, reduction in gross leverage and reduction in projected financial disbursements until such securities mature.

(viii) Mineração Usiminas – Port service provision contract with MMX

Mineração Usiminas S.A. (MUSA) is a party to a contract with MMX Porto Sudeste Ltda. (entered into on February 11, 2011) originally ented into with LLX Sudeste Operações Portuárias Ltda., which was renamed in November 2011, for provision of port services for receipt, movement, storage and shipment of ore owned by MUSA, at the Southeast Port Terminal, as Take or Pay and Delivery or Pay. The contract sets penalties in favor of MUSA for delay in the port entering into operation, which at December 31, 2013, including interest, reach total value of nearly R$193,600. This amount was not recorded in MUSA, and the Company is taking reasonable steps to enforce its rights.

In thousands of reais, unless otherwise stated

17 Property, plant and equipment

		Company								
		12/31/2013			12/31/2012			1/1/2012		
	Weighted average annual depreciation rate %	Cost	Accumulated depreciation	Net PP&E	Cost	Accumulated depreciation	Net PP&E	Cost	Accumulated depreciation	Net PP&E
In use										
Buildings	3	2,076,154	(1,098,352)	977,802	2,023,785	(1,048,912)	974,873	1,477,306	(1,122,663)	354,643
Machinery and equipment	5	19,697,257	(9,336,631)	10,360,626	19,151,569	(8,524,416)	10,627,153	14,295,096	(7,248,792)	7,046,304
Facilities	4	272,527	(110,815)	161,712	263,345	(95,714)	167,631	1,236,971	(506,066)	730,905
Furniture and fixtures	15	42,403	(26,899)	15,504	41,443	(23,730)	17,713	41,393	(22,365)	19,028
IT equipment	34	146,881	(131,140)	15,741	140,454	(120,484)	19,970	137,153	(122,287)	14,866
Vehicles	17	37,491	(30,576)	6,915	37,505	(28,779)	8,726	36,662	(27,048)	9,614
Tooling and devices	15	183,156	(129,852)	53,304	176,723	(118,291)	58,432	174,403	(106,819)	67,584
Other		484	(378)	106	522	(408)	114	522	(399)	123
		22,456,353	(10,864,643)	11,591,710	21,835,346	(9,960,734)	11,874,612	17,399,506	(9,156,439)	8,243,067
Land		420,932	-	420,932	603,546	-	603,546	572,332	-	572,332
Total in use		22,877,285	(10,864,643)	12,012,642	22,438,892	(9,960,734)	12,478,158	17,971,838	(9,156,439)	8,815,399
In construction										
Construction in progress		1,060,619	-	1,060,619	952,099	-	952,099	4,018,845	-	4,018,845
PP&E in processing		15,788	-	15,788	8,362	-	8,362	42,694	-	42,694
Imports in progress		80,789	-	80,789	338,405	-	338,405	274,238	-	274,238
Advances to suppliers		8,827	-	8,827	9,124	-	9,124	73,878	-	73,878
Capitalized loan charges		40,776	-	40,776	100,866	-	100,866	197,263	-	197,263
Other		152,941	-	152,941	87,612	-	87,612	363,854	-	363,854
Total in construction		1,359,740	-	1,359,740	1,496,468	-	1,496,468	4,970,772	-	4,970,772
		24,237,025	(10,864,643)	13,372,382	23,935,360	(9,960,734)	13,974,626	22,942,610	(9,156,439)	13,786,171

		Consolidated								
		12/31/2013			12/31/2012			1/1/2012		
	Weighted average annual depreciation rate %	Cost	Accumulated depreciation	Net PP&E	Cost	Accumulated depreciation	Net PP&E	Cost	Accumulated depreciation	Net PP&E
In use										
Buildings	3	2,475,500	(1,214,025)	1,261,475	2,338,403	(1,159,898)	1,178,505	1,754,702	(1,223,975)	530,727
Machinery and equipment	5	20,821,550	(9,771,767)	11,049,783	20,165,945	(8,942,677)	11,223,268	15,060,275	(7,618,398)	7,441,877
Facilities	4	451,454	(166,350)	285,104	404,133	(145,580)	258,553	1,332,728	(548,315)	784,413
Furniture and fixtures	15	59,686	(37,894)	21,792	60,087	(34,507)	25,580	59,197	(32,152)	27,045
IT equipment	34	179,497	(152,994)	26,503	167,103	(140,111)	26,992	160,475	(139,534)	20,941
Vehicles	17	96,509	(74,016)	22,493	99,010	(66,778)	32,232	96,303	(57,555)	38,748
Tooling and devices	15	203,933	(136,227)	67,706	192,587	(123,655)	68,932	189,018	(111,302)	77,716
Other		60,661	(1,971)	58,690	45,910	(1,303)	44,607	42,755	(938)	41,817
		24,348,790	(11,555,244)	12,793,546	23,473,178	(10,614,509)	12,858,669	18,695,453	(9,732,169)	8,963,284
Land		796,384	-	796,384	792,614	-	792,614	710,397	-	710,397
Total in use		25,145,174	(11,555,244)	13,589,930	24,265,792	(10,614,509)	13,651,283	19,405,850	(9,732,169)	9,673,681
In construction										
Construction in progress		1,605,545	-	1,605,545	1,535,436	-	1,535,436	4,326,243	-	4,326,243
PP&E in processing		20,952	-	20,952	64,068	-	64,068	115,664	-	115,664
Imports in progress		81,117	-	81,117	362,109	-	362,109	277,441	-	277,441
Advances to suppliers		9,470	-	9,470	49,081	-	49,081	137,731	-	137,731
Capitalized loan charges		40,776	-	40,776	-	-	-	197,263	-	197,263
Other		159,043	-	159,043	190,529	-	190,529	363,854	-	363,854
Total in construction		1,916,903	-	1,916,903	2,201,223	-	2,201,223	5,418,196	-	5,418,196
		27,062,077	(11,555,244)	15,506,833	26,467,015	(10,614,509)	15,852,506	24,824,046	(9,732,169)	15,091,877

In thousands of reais, unless otherwise stated

Changes in PP&E are as follows:

	Company							
	Buildings	**Machinery and equipment**	**Facilities**	**Tooling and devices**	**Land**	**PP&E in construction**	**Other**	**Total**
Balances at January 1, 2012	354,643	7,046,304	730,905	67,584	572,332	4,970,772	43,631	13,786,171
Additions	-	475	-	1	31,215	926,189	1,743	959,623
Write-offs	-	(6)	-		(1)	(3,523)	(54)	(3,584)
Depreciation	(40,784)	(758,412)	(10,907)	(11,639)	-	-	(17,485)	(839,227)
Capitalized loan charges	-	-	-	-	-	100,866	-	100,866
Write-off of advances	-	-	-	-	-	(9,903)	-	(9,903)
Transfers	661,014	4,338,792	(552,367)	2,486	-	(4,468,613)	18,688	-
Transfers to intangible assets	-	-	-	-	-	(10,812)	-	(10,812)
Other	-	-	-	-	-	(8,508)	-	(8,508)
Balances at December 31, 2012	**974,873**	**10,627,153**	**167,631**	**58,432**	**603,546**	**1,496,468**	**46,523**	**13,974,626**
Additions	**68**	**16,781**	**190**	**2**	**4,108**	**557,771**	**1,757**	**580,677**
Write-offs	**(8)**	**(1,588)**		**(8)**	**(190,821)**	**(7,034)**	**(24)**	**(199,483)**
Depreciation	**(49,910)**	**(813,608)**	**(15,101)**	**(11,774)**	**-**	**-**	**(16,163)**	**(906,556)**
Capitalized loan charges	**-**	**-**	**-**	**-**	**-**	**40,776**	**-**	**40,776**
Write-off of advances						**(117,089)**	**-**	**(117,089)**
Transfers	**52,779**	**531,888**	**8,992**	**6,652**	**4,099**	**(610,587)**	**6,177**	**-**
Transfers to intangible assets	**-**	**-**	**-**	**-**	**-**	**(5,792)**	**-**	**(5,792)**
Other	**-**	**-**	**-**	**-**	**-**	**5,227**	**(4)**	**5,223**
Balances at December 31, 2013	**977,802**	**10,360,626**	**161,712**	**53,304**	**420,932**	**1,359,740**	**38,266**	**13,372,382**

	Consolidated							
	Buildings	**Machinery and equipment**	**Facilities**	**Tooling and devices**	**Land**	**PP&E in construction**	**Other**	**Total**
Balances at January 1, 2012	530,726	7,441,878	784,413	77,714	710,397	5,418,196	128,553	15,091,877
Additions	2,216	32,979	2,094	1,530	43,805	1,536,333	7,696	1,626,653
Write-offs	(689)	(3,730)	(251)	(1,633)	(1)	(3,745)	(1,078)	(11,127)
Depreciation	(50,463)	(810,068)	(18,566)	(12,945)	-	-	(29,543)	(921,585)
Capitalized loan charges	-	-	-	-	-	103,097	-	103,097
Write-off of advances	-	-	-	-	-	(9,903)	-	(9,903)
Transfers	696,715	4,561,962	(509,137)	4,264	38,413	(4,816,002)	23,785	
Transfers to intangible assets	-	-	-	-	-	(18,147)	-	(18,147)
Other	-	248	-	-	-	(8,607)	-	(8,359)
Balances at December 31, 2012	**1,178,505**	**11,223,269**	**258,553**	**68,930**	**792,614**	**2,201,222**	**129,413**	**15,852,506**
Additions	**1,738**	**47,830**	**1,639**	**2,222**	**4,108**	**881,741**	**17,287**	**956,565**
Write-offs	**(68)**	**(4,678)**	**(238)**	**(42)**	**(1,215)**	**(7,271)**	**(267)**	**(13,779)**
Depreciation	**(65,222)**	**(894,384)**	**(28,193)**	**(13,364)**	**-**	**-**	**(28,811)**	**(1,029,974)**
Capitalized loan charges	**-**	**-**	**-**	**-**	**-**	**40,776**	**-**	**40,776**
Write-off of advances	**-**	**-**	**-**	**-**	**-**	**(130,258)**	**-**	**(130,258)**
Transfers	**196,678**	**756,168**	**68,417**	**12,133**	**4,099**	**(1,060,548)**	**14,663**	**(8,390)**
Transfers to intangible assets	**-**	**-**	**-**	**-**	**-**	**(6,280)**	**-**	**(6,280)**
Other	**(50,156)**	**(78,422)**	**(15,074)**	**(2,173)**	**(3,222)**	**(2,479)**	**(2,807)**	**(154,333)**
Balances at December 31, 2013	**1,261,475**	**11,049,783**	**285,104**	**67,706**	**796,384**	**1,916,903**	**129,478**	**15,506,833**

At December 31, 2013, additions to PP&E, amounting to R$ 956,565, particularly refer to Pickling 3 (R$ 45,856), Coke Oven 2 (R$ 202,378), Thick Plate Rolling Mill (R$ 74,191), technological improvements to the plants (R$ 175,517) and Friáveis Project (R$ 143,328) of Mineração Usiminas.

At December 31, 2013, interest and exchange gains/loss were capitalized on loans and financing in property, plant and equipment, the mount of which was R$40,776 in the Company and in the Consolidated. Those charges were capitalized at contracted rates, which are stated in Note 20.

In thousands of reais, unless otherwise stated

At December 31, 2013, depreciation in the Company was recognized in “Costs of sales”, “Selling expenses” and “General and administrative expenses”, amounting to R$ 891,481, R$ 3,188 and R$ 11,887 (December 31, 2012 - R$ 829,523, R$ 3,544 and R$ 6,160), respectively. In Consolidated, at the same date, depreciation was recognized in “Costs of sales”, “Selling expenses” and “General and administrative expenses”, amounting to R$ 1,008,255, R$ 3,919 and R$ 17,798 (December 31, 2012 - R$ 905,157, R$ 4,249 and R$ 12,179), respectively.

Certain PP&E items are given in guarantee for loans and financing (Note 20(f)).

Vehicles, IT equipment and machinery and equipment include the following amounts related to finance leases, to which Usiminas Companies are parties, acting as lessee:

	Company			Consolidated		
	12/31/2013	12/31/2012	1/1/2012	12/31/2013	12/31/2012	1/1/2012
Cost – capitalized finance leases	**39,386**	39,387	39,469	**49,039**	48,950	47,864
Accumulated depreciation	**(37,389)**	(36,330)	(34,079)	**(42,585)**	(40,507)	(37,243)
	1,997	3,057	5,390	**6,454**	8,443	10,621

The balances of construction in progress refer to productive process improvement projects for productive capacity maintenance and environmental protection projects.

18 Impairment of nonfinancial assets

At December 31, 2013, Usiminas Companies tested their cash-generating units and found that the recoverable amount of intangible assets and long-lived assets, which is determined as the higher of value in use and net fair value of selling expenses, is higher than book value; therefore, there is no need to set up provision for impairment.

(a) Goodwill impairment test

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

Goodwill is allocated to the Cash-Generating Units (UGCs), identified based on the operating segment.

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

	Company			Consolidated		
	12/31/2013	12/31/2012	1/1/2012	12/31/2013	12/31/2012	1/1/2012
Mining	**-**	-	-	**51,845**	51,845	52,203
Steelmaking	**200,641**	200,641	200,641	**200,641**	200,641	200,641
Steel transformation	**-**	-	-	**59,166**	59,166	59,166
	200,641	200,641	200,641	**311,652**	311,652	312,010

The recoverable amount of a UGC is determined as the higher of value in use and net fair value of selling expenses. Calculations of value in use are based on cash flow projections, before calculation of income and social contribution taxes, in accordance with budgets approved by management.

Management determined the gross margin budgeted based on the past performance and expected market development. The weighted average growth rates used are consistent with forecasts included in the respective reports. The discount rates used correspond to Company’s capital cost.

Significant assumptions used in the calculation of recoverable amount consisted of gross margin, which was determined based on the 5-year average budget for the Company’s business plan, growth rate, which considered the average operating cash generation, based on the 5-year budget for the Company’s business plan and discount rate.

The discount rate used in future cash flow projections represents an estimate of the rate that would be used by the market to meet risks of assets tested. The rate used was 10.7% p.a.

The expected inflation rate used in the projected flows was of 4.5% p.a.

These assumptions were used to test each UGC of operating segments.

For the year ended December 31, 2013, there was no goodwill impairment. At December 31, 2012, Modal UGC had R$ 358, and such amount is part of the Mining operating segment. This amount was recorded in “Other operating income (expenses)” in such period.

(b) Long-lived assets impairment test

At December 31, 2013 the Company identified no impairment losses on PP&E of its CGUs.

Despite the circumstances considered in the test indicate an improvement in the economic and steel scenario, future uncertainties still remain. Therefore, the Company believes that the scenarios used in the December impairment tests are the best estimate for results future cash generation for each of its business segments. The Company will continue to monitor results in 2014, which will indicate the reasonableness of the future projections used. Long-lived assets by operating segment are shown in Note 28.

The assumptions used in the impairment test of long-lived assets are the same used in the goodwill impairment test, which are described in item (a) above.

In thousands of reais, unless otherwise stated

19 Intangible assets

	Company			
	Goodwill paid on acquisitions	**Software acquired**	**Other**	**Total**
Net book value at January 1, 2012	110,343	32,392		142,735
Additions	-	6,951	-	6,951
Amortization	-	(12,835)	-	(12,835)
PP&E transfers	-	10,812	-	10,812
Balances at December 31, 2012	110,343	37,320	-	147,663
Total cost	153,692	172,132	-	325,824
Accumulated amortization	(43,349)	(134,812)	-	(178,161)
Net book value at December 31, 2012	**110,343**	**37,320**	**-**	**147,663**
Additions	**-**	**2,159**	**17,578**	**19,737**
PP&E transfers	**-**	**5,923**	**(131)**	**5,792**
Amortization	**-**	**(12,014)**	**-**	**(12,014)**
Balances at December 31, 2013	**110,343**	**33,388**	**17,447**	**161,178**
Total cost	**153,692**	**136,566**	**17,447**	**307,705**
Accumulated amortization	**(43,349)**	**(103,178)**	**-**	**(146,527)**
Net book value at December 31, 2013	**110,343**	**33,388**	**17,447**	**161,178**
Annual amortization rates - %	**-**	**26**	**-**	**-**

In thousands of reais, unless otherwise stated

	Consolidated				
	Mining rights (i)	Goodwill paid on acquisitions	Software acquired	Other	Total
Net book value at January 1, 2012	2,162,392	180,344	54,553	27,312	2,424,601
Additions	-	-	13,880	713	14,593
Write-offs	-	-	(39)	-	(39)
PP&E transfers	-	-	18,147	-	18,147
Amortization	(13,201)	-	(20,870)	(9,454)	(43,525)
Other	1	-	-	-	1
Balances at December 31, 2012	2,149,192	180,344	65,671	18,571	2,413,778
Total cost	2,183,247	223,693	212,569	28,025	2,647,534
Accumulated amortization	(34,055)	(43,349)	(146,898)	(9,454)	(233,756)
Net book value at December 31, 2012	**2,149,192**	**180,344**	**65,671**	**18,571**	**2,413,778**
Additions	**-**	**-**	**6,706**	**18,119**	**24,825**
PP&E transfers	**-**	**-**	**6,411**	**(131)**	**6,280**
Amortization	**(12,406)**	**-**	**(21,125)**	**(8,928)**	**(42,459)**
Other	**-**	**-**	**(1,847)**	**-**	**(1,847)**
Balances at December 31, 2013	**2,136,786**	**180,344**	**55,816**	**27,631**	**2,400,577**
Total cost	**2,183,247**	**223,693**	**223,839**	**46,013**	**2,676,792**
Accumulated amortization	**(46,461)**	**(43,349)**	**(168,023)**	**(18,382)**	**(276,215)**
Net book value at December 31, 2013	**2,136,786**	**180,344**	**55,816**	**27,631**	**2,400,577**
Annual amortization rates - %	**-**	**-**	**26**	**-**	**-**

(i) Mining rights are amortized based on depletion of mines.

Amortization in the Company was recognized in “Costs of sales” and “General and administrative expenses”, amounting to R$ 747 and R$ 11,267 (December 31, 2012 - R$ 10,424 in “Costs of sales” and R$ 2,411 in “Selling expenses”), respectively. In Consolidated, at the same date, amortization was recognized in “Costs of sales”, “Selling expenses” and “General and administrative expenses”, amounting to R$ 23,027, R$ 134 and R$ 19,300 (December 31, 2012 - R$ 32,802, R$ 2,532 and R$ 8,191), 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 into intangible assets in the consolidated financial statements.

In thousands of reais, unless otherwise stated

20 Loans and financing

(a) Company

(i) Local currency

	Currency / index	Principal maturity	Annual finance charges (%)	12/31/2013 Current	12/31/2013 Noncurrent	12/31/2012 Current	12/31/2012 Noncurrent	1/1/2012 Current	1/1/2012 Noncurrent
BNDES	URTJLP	2013	TJLP + 2.50% to 3% p.a.	**-**	**-**	13,893	-	23,882	50,733
BNDES	URTJLP	2013 to 2015	TJLP + 1.36% to 2.9% p.a.	**26,306**	**1,576**	74,935	27,805	108,222	65,571
BNDES	URTJLP	2015	TJLP + 1.76% p.a.	**73,655**	**67,165**	73,854	140,435	73,168	210,663
BNDES	URTJLP	2018, 2020 and 2021	TJLP + 1.88% p.a. and 2.88% p.a.	**105,394**	**471,799**	30,561	498,906	2,828	474,705
BNDES	URTJLP	2018	TJLP + 1.48% p.a.	**14,939**	**58,983**	175	60,735	73	45,735
BNDES	URTJLP	2018	TJLP + 5.50% p.a.	**1,286**	**4,247**	916	5,520	22	2,000
BNDES	R$	2018 and 2020	TJLP	**183**	**816**	12	992	-	-
FINAME	URTJLP	2013 and 2014	TJLP + 1.0% p.a.	**40**		709	40	1,274	749
FINAME	R$	2013 to 2023	2.5% to 10.9% p.a.	**11,565**	**15,126**	16,941	10,036	18,073	8,626
Banco do Brasil	R$	2015, 2016, 2018 and 2019	11.464% p.a., 98% CDI and 108.15% CDI	**525,867**	**2,000,000**	420,295	2,449,000	85,988	2,700,000
HP Financial – Lease	R$	2013	1.52% p.a. + 100% CDI	**-**	**-**	320	-	2,381	320
Revolving credit	R$	2013	-	**-**	**-**	85,983	-	-	-
Other	-	-	-	**-**	**-**	-	-	382	-
Commissions and other costs	-	-	-	**(3,085)**	**(4,142)**	(2,852)	(5,648)	(2,562)	(8,175)
				756,150	**2,615,570**	715,742	3,187,821	313,731	3,550,927

In thousands of reais, unless otherwise stated

(ii) Foreign currency

	Currency / index	Principal maturity	Annual finance charges (%)	12/31/2013		12/31/2012		1/1/2012	
				Current	Noncurrent	Current	Noncurrent	Current	Noncurrent
BNDES	US$	2013, 2014, 2015 and 2018	Currency basket (US$) + 1.76% to 2.40% p.a.	**21,865**	**46,125**	16,908	28,923	15,444	41,771
BNDES	US$	2013	Currency basket (US$) + 2.50% p.a.	**-**	**-**	1,453	-	2,290	1,330
BNDES	US$	2016	Currency basket (US$) + 1.76% p.a.	**44,639**	**48,132**	39,004	80,743	33,079	101,012
BNDES	US$	2018 to 2021	Currency basket (US$) + 1.88% p.a.	**20,766**	**99,737**	1,883	85,838	294	70,374
Nippon Usiminas	US$	2013, 2014, 2016 and 2017	Libor + 0.83% and 1.23% p.a.	**114,423**	**249,257**	71,529	245,218	65,917	289,408
JBIC	US$	2013 and 2016	Libor + 0.546%	**108,804**	**429,474**	29,318	70,482	27,098	90,588
JBIC	US$	2018	Libor + 0.885% p.a.	**109,585**	**429,474**	192,140	936,602	3,928	1,031,690
Credit Suisse – Export prepayment	US$	2014	Libor + 4% p.a.	**23,786**	**-**	41,882	20,434	38,963	56,274
Eurobonds	JPY	2018	4.1165% p.a.	**20,305**	**959,118**	21,569	1,018,821	22,106	1,044,163
Syndicated export prepayment	US$	2013	Libor + 1.1% to 1.35% p.a.			401,755	334,391	376,767	672,365
Syndicated export prepayment -Escrow Account	-	-	-	**-**	**-**	(246,533)	-	(168,120)	-
Eurobonds	JPY	2016	4.275% p.a.	**1,175**	**509,124**	1,248	540,816	1,279	554,268
KFW	US$	2012	Libor + 0.75% p.a.	**-**	**-**	-	-	4,921	-
KFW	EUR	2015	3.59% p.a.	**11,945**	**11,647**	10,079	19,462	9,200	26,364
Bawag PSK – Export prepayment	US$	2012	Libor + 2.317% p.a.	**-**	**-**	-	-	13,680	-
BNP – Export prepayment	US$	2011 to 2012	Libor + 1.25% p.a.	**-**	**-**	-	-	13,715	-
Club Deal - Export prepayment	US$	2011 to 2012	Libor + 0.65% p.a.	**-**	**-**		-	56,882	56,273
Commissions and other costs				**(1,678)**	**(2,860)**	(4,284)	(5,970)	(1,559)	(4,027)
				475,615	**2,779,228**	577,951	3,375,760	515,884	4,031,853
Local currency				**756,150**	**2,615,570**	715,742	3,187,821	313,731	3,550,927
				1,231,765	**5,394,798**	1,293,693	6,563,581	829,615	7,582,780

In thousands of reais, unless otherwise stated

(b) Consolidated

(i) Local currency

	Currency / index	Principal maturity	Annual finance charges (%)	12/31/2013 Current	12/31/2013 Noncurrent	12/31/2012 Current	12/31/2012 Noncurrent	1/1/2012 Current	1/1/2012 Noncurrent
BNDES	URTJLP	2013	TJLP + 2.50% to 3% p.a.	**-**	**-**	13,893	-	23,882	50,733
BNDES	URTJLP	2013 to 2015	TJLP + 1.36% to 2.9% p.a.	**26,306**	**1,576**	74,935	27,805	108,222	65,571
BNDES	URTJLP	2015	TJLP + 1.76% p.a.	**73,655**	**67,165**	73,854	140,435	73,168	210,663
BNDES	URTJLP	2018 to 2021	TJLP + 1.88% p.a. and 2.88% p.a.	**105,394**	**471,799**	30,561	498,906	2,828	474,705
BNDES	URTJLP	2018	TJLP + 1.48% p.a.	**14,939**	**58,983**	175	60,735	73	45,735
BNDES	URTJLP	2018	TJLP + 5.50% p.a.	**1,286**	**4,247**	916	5,520	22	2,000
BNDES	R$	2018 and 2020	TJLP	**183**	**816**	12	992	-	-
Revolving credit	R$	2013	-	**-**	**-**	85,983	-	-	-
BDMG	URTJLP	2014	TJLP+ 6% p.a.	**-**	**-**	7,940	6,666	15,608	23,846
FINAME	URTJLP	2013 and 2014	TJLP + 1.0% p.a.	**100**		709	40	1,274	749
FINAME	R$	2013 to 2023	2.5% to 10.9% p.a.	**11,565**	**15,126**	16,941	10,036	18,073	8,626
FINAME	URTJLP	2012	TJLP+ 1.0% to 4% p.a.	**-**	**-**	18	-	192	-
Banco do Brasil	R$	2013, 2015, 2016 and 2018	11.464% p.a., 98% CDI and 108.15% CDI	**525,867**	**2,000,000**	420,295	2,449,000	85,988	2,700,000
Other	-	-	-	**33,825**	**31,072**	75,273	93,169	16,408	71,990
Commissions and other costs	-	-	-	**(3,085)**	**(4,142)**	(2,852)	(5,648)	(2,562)	(8,175)
				790,035	**2,646,642**	798,653	3,287,656	343,176	3,646,443

In thousands of reais, unless otherwise stated

(ii) Foreign currency

	Currency / index	Principal maturity	Annual finance charges (%)	12/31/2013		12/31/2012		1/1/2012	
				Current	Noncurrent	Current	Noncurrent	Current	Noncurrent
BNDES	US$	2013, 2014, 2015 and 2018	Currency basket (US$) + 1.76% to 2.40% p.a.	**21,865**	**46,125**	16,908	28,923	15,444	41,771
BNDES	US$	2013	Currency basket (US$) + 2.50% p.a.	**-**	**-**	1,453	-	2,290	1,330
BNDES	US$	2016	Currency basket (US$) + 1.76% p.a.	**44,639**	**48,132**	39,004	80,743	33,079	101,012
BNDES	US$	2018 to 2021	Currency basket (US$) + 1.88% p.a.	**20,766**	**99,737**	1,883	85,838	294	70,374
Nippon Usiminas	US$	2013, 2014, 2016 and 2017	Libor + 0.83% and 1.23% p.a.	**114,423**	**249,257**	71,529	245,218	65,917	289,408
JBIC	US$	2016	Libor + 1.475% and 2.35% p.a.	**108,804**	**429,474**	29,318	70,482	27,098	90,588
JBIC	US$	2018	Libor + 0.546% and 0.885% p.a.	**109,585**	**429,474**	192,140	936,602	3,928	1,031,690
Credit Suisse – Export prepayment	US$	2014	Libor + 4% p.a.	**23,786**	**-**	41,882	20,434	38,963	56,274
KFW	US$	2012	Libor + 0.75% p.a.	**-**	**-**	-	-	4,921	-
KFW	EUR	2015	3.59% p.a.	**11,945**	**11,647**	10,079	19,462	9,200	26,364
BNP – Export prepayment	US$	2011 and 2012	Libor + 1.25% p.a.	**-**	**-**	-	-	13,715	-
Banco Itaú – Export Prepayment	US$	2012	Libor + 1.45% p.a.	**-**	**-**	-	-	4,101	-
Club Deal - Export prepayment	US$	2011 and 2012	Libor + 0.65% p.a.	**-**	**-**	-	-	56,882	56,273
Club Deal - Export prepayment - Escrow Account	-	-	-	**-**	**-**	-	-	(31,529)	-
UBS Eurobonds	US$	2016	8.25%	**1,825**	**165,922**	1,592	408,700	1,461	375,160
UBS Eurobonds	US$	2018	7.25%	**30,571**	**387,961**	26,668	817,400	24,479	750,320
Syndicated export prepayment	US$	2013 and 2015	Libor + 1.1% to 1.35% p.a.	**-**	**-**	401,755	334,391	376,767	672,365
Syndicated export prepayment - Escrow Account	-	-	-	**-**	**-**	(246,533)	-	(175,413)	-

In thousands of reais, unless otherwise stated

	Currency / index	Principal maturity	Annual finance charges (%)	12/31/2013 Current	12/31/2013 Noncurrent	12/31/2012 Current	12/31/2012 Noncurrent	1/1/2012 Current	1/1/2012 Noncurrent
Other	-	-	-	**12,079**	**1,380**	18,776	9,388	25,287	23,215
Commissions and other costs	-	-	-	**(1,678)**	**(2,860)**	(4,284)	(5,970)	(1,559)	(4,027)
				498,610	**1,866,249**	602,170	3,051,611	495,325	3,582,117
Local currency				**790,035**	**2,646,642**	798,653	3,287,656	343,176	3,646,443
				1,288,645	**4,512,891**	1,400,823	6,339,267	838,501	7,228,560

The aging list of noncurrent liabilities is as follows:

	Company			Consolidated		
	12/31/2013	12/31/2012	1/1/2012	12/31/2013	12/31/2012	1/1/2012
2013	**-**	-	1,256,233	**-**	-	1,293,835
2014	**-**	1,500,682	1,435,119	**-**	1,526,989	1,462,360
2015	**1,324,873**	1,349,316	1,292,884	**1,334,271**	1,366,644	1,309,950
2016	**1,596,074**	1,551,161	1,526,073	**1,261,857**	1,441,145	1,363,479
2017	**775,489**	608,226	523,998	**782,252**	636,110	538,248
2018 to 2024	**1,698,362**	1,554,196	1,548,473	**1,134,511**	1,368,379	1,260,688
	5,394,798	6,563,581	7,582,780	**4,512,891**	6,339,267	7,228,560

(c) Changes in loans and financing

Changes in loans and financing are as follows:

	Company		Consolidated	
	12/31/2013	12/31/2012	12/31/2013	12/31/2012
Opening balance	**7,857,274**	8,412,395	**7,740,090**	8,067,061
Loans and financing taken out	**462,825**	338,368	**478,645**	452,653
Accrued charges	**203,137**	255,208	**235,676**	310,573
Monetary restatement	**185,982**	216,260	**187,965**	222,558
Exchange gains/losses	**136,517**	217,625	**358,673**	364,098
Transfer of other liabilities	**-**	109,008	**-**	109,008
Amortization of charges	**(495,621)**	(435,119)	**(517,996)**	(462,265)
Amortization of principal	**(1,730,540)**	(1,254,040)	**(2,745,804)**	(1,318,934)
Deferred commissions	**6,989**	(2,431)	**64,287**	(4,662)
Closing balance	**6,626,563**	7,857,274	**5,801,536**	7,740,090

(d) Covenants

At December 31, 2013, the Company has loans and financing under certain contractual conditions, which require the compliance with covenants based on certain financial ratios, as follows:

- Consolidated Interest Coverage Ratio – payment of interest on loans and financing with relation to Ebitda;
- Total Debt to Ebitda and Net Debt to Ebitda – payment of debt with relation to Ebitda;
- Total Capitalization Ratio – relationship between equity and third-party capital;

- Liquidity level – payment of short-term liabilities;
- Capitalization level – relationship between equity and total assets.

The ratios described are calculated on a consolidated basis. Failure to comply with these requirements by the Company could result in early maturity of liabilities recorded in noncurrent liabilities with domestic and foreign creditors.

At December 31, 2013, the Company did not comply with the contractual conditions of loans and financing (financial ratio of covenants), related to Ratio Total Debt to Ebitda for certain agreements. Such fact was properly communicated to creditors, and a waiver was requested therefrom, which was successfully obtained for all agreements in December 2013.

(e) Surety bond taken out

On January 13, 2012, the Company's Board of Directors approved the surety bond taken out from Banco Safra, amounting to US$ 79,692 thousand, in order to ensure supplementary and final payment arising from acquisition of Mineração JMendes Ltda., Siderúrgica do Oeste de Minas Gerais Ltda. and Global Mineração Ltda., as provided for in the original agreement and disclosed in Material News Release, dated February 2, 2008. The surety bond balance at December 31, 2013 amounts to US$ 26,564 thousand.

(f) Guarantees for loans and financing

At December 31, 2013, loans and financing are substantially guaranteed by PP&E items, net book value of which totals R$ 4,043,657 (December 31, 2012 - R$ 4,171,372; January 1, 2012 - R$ 3,564,960) in Company and R$ 4,043,657 (December 31, 2012 - R$ 4,171,372; January 1, 2012 - R$ 3,564,960) in Consolidated.

(g) Unused credit facility

At December 31, 2013, the balance of unused credit facility, due after a year and variable rates, totaled R$ 266,028 (December 31, 2012 - R$ 2,174,540; January 1, 2012 – R$ 2,107,120). In Consolidated, the balance thereof totaled R$ 266,028 (December 31, 2012 - R$ 2,176,763; January 1, 2012 – R$ 2,113,169). At December 31, 2013, Usiminas Companies did not have unused credit facility at fixed rates.

(h) Finance leases

At December 31, 2013, the Company did not have unsettled finance leases (December 31, 2012 - R$ 320; January 1, 2012 - R$ 3,083). In Consolidated, the balance thereof totaled R$ 1,116 (December 31, 2012 - R$ 1,596; January 1, 2012 – R$ 6,644).

In thousands of reais, unless otherwise stated

(i) Fair value and segregation by currency of loans and financing

Book values and fair value of loans and financing, as well as segregation of book values by currency, are presented in Note 5.5 (b).

(j) Revolving credit facility

On March 25, 2013, management decided to cancel the revolving credit facility taken out on July 28, 2011, amounting to US$ 750 million and effective for 5 years.

21 Debentures

On February 1, 2008, the Company conducted a general public distribution of 5,000 (five thousand) nonconvertible subordinated debentures, the Fourth Public Issue of Debentures and the first within its Second Debenture Distribution Program. These debentures, totaling R$500,000, were paid up in two installments, in February 2012 and 2013.

On January 30, 2013, under the Board of Directors' approval, the Company issued nonconvertible unsecured debentures through a public offer with restricted placement efforts, pursuant to the Brazilian Securities and Exchange Commission (CVM) Rule No. 476/2009, amounting to R$1,000,000, and maturing in six years at the rate of 1% p.a. + 100% of the Interbank Deposit Certificate (CDI).

On December 31, 2013, charges payable on debentures, amounting to R$41,525, are recorded under current liabilities (R$7,664 at December 31, 2012; R$24,419 at December 1, 2012).

Changes in debentures are as follows:

	Company and Consolidated	
	12/31/2013	12/31/2012
Opening balance	**257,664**	524,419
Inflow	**1,000,000**	-
Charges reserve and other	**32,106**	9,223
Monetary change	**49,816**	14,980
Amortization of charges	**(50,141)**	(40,958)
Amortization of principal	**(250,000)**	(250,000)
Closing balance	**1,039,445**	257,664

In thousands of reais, unless otherwise stated

22 Taxes payable

	Company			Consolidated		
	12/31/2013	12/31/2012	1/1/2012	12/31/2013	12/31/2012	1/1/2012
State VAT (ICMS)	**27,547**	32,115	34,693	**36,479**	41,574	45,703
Federal value-added tax (IPI)	**30,526**	28,940	27,070	**30,752**	29,320	28,178
Withholding Income Tax (IRRF)	**10,245**	12,194	11,541	**13,310**	16,248	15,550
Service Tax (ISS)	**3,299**	2,126	4,027	**6,283**	6,840	9,776
PIS / COFINS	**22,929**	451	4,586	**29,616**	13,307	14,258
Other	**2,352**	256	1,485	**14,659**	7,555	7,612
	96,898	76,082	83,402	**131,099**	114,844	121,077

23 Taxes in installments

Taxes in installments are broken down as follows:

	Company								
	12/31/2013			12/31/2012			1/1/2012		
	Taxes in installments	Judicial deposits	Net balance	Taxes in installments	Judicial deposits	Net balance	Taxes in installments	Judicial deposits	Net balance
Social Security Tax (INSS)	**41,342**	**(8,405)**	**32,937**	46,256	(8,405)	37,851	59,931	(8,404)	51,527
IPI	**109,484**	**(100,079)**	**9,405**	108,959	(100,079)	8,880	108,375	(100,079)	8,296
Refis- Law No. 11941/09 – IPI and Contribution for Intervention in the Economic Domain (CIDE)	**32,443**	**(32,443)**		32,444	(27,367)	5,077	43,955	(27,367)	16,588
Refis – Law No. 11941/09	**8,070**	**-**	**8,070**	8,932	-	8,932	-	-	-
Refis – Law No. 11941/09 - IRPJ/CSLL – Monetary loss - *Plano Verão*	**57,089**	**(57,089)**	**-**	57,089	(57,089)		57,089	(57,089)	-
Other	**58**	**-**	**58**	1,104	-	1,104	2,808	-	2,808
	248,486	**(198,016)**	**50,470**	254,784	(192,940)	61,844	272,158	(192,939)	79,219
In current liabilities	**-**	**-**	**24,719**	-	-	31,107	-	-	57,169
In noncurrent liabilities	**-**	**-**	**25,751**	-	-	30,737	-	-	22,050

	Consolidated								
	12/31/2013			12/31/2012			1/1/2012		
	Taxes in installments	Judicial deposits	Net balance	Taxes in installments	Judicial deposits	Net balance	Taxes in installments	Judicial deposits	Net balance
INSS	**41,342**	**(8,405)**	**32,937**	46,260	(8,405)	37,855	59,939	(8,404)	51,535
IPI	**109,484**	**(100,079)**	**9,405**	108,959	(100,079)	8,880	108,375	(100,079)	8,296
Refis – Law No. 11941/09 – IPI and CIDE	**32,443**	**(32,443)**	**-**	32,444	(27,367)	5,077	43,955	(27,367)	16,588
Refis – Law No. 11941/09	**19,453**	**-**	**19,453**	20,670	-	20,670	11,894	-	11,894
Refis – Law No. 11941/09 - IRPJ/CSLL – Monetary loss - *Plano Verão*	**57,089**	**(57,089)**	**-**	57,089	(57,089)	-	57,089	(57,089)	-
Other	**58**	**-**	**58**	1,104	-	1,104	2,808	-	2,808
	259,869	**(198,016)**	**61,853**	266,526	(192,940)	73,586	284,060	(192,939)	91,121
In current liabilities	**-**	**-**	**25,770**	-	-	32,103	-	-	58,104
In noncurrent liabilities	**-**	**-**	**36,083**	-	-	41,483	-	-	33,017

In thousands of reais, unless otherwise stated

Long-term interest rate (special program for tax payment in installments – PAES) and the Central Bank Benchmark Rate - Selic (Law 11941/2009) are charged on such installments, maturing within the next 130 months, partially guaranteed by the Company's assets. Such collateral net book value was R$20,568 at December 31, 2013 (R$ 20,568 at December 31, 2012; R$34,555 at December 1, 2012).

Changes in the balance of tax in installments are shown below:

	Company		Consolidated	
	12/31/2013	12/31/2012	12/31/2013	12/31/2012
Opening balance	**254,784**	272,159	**266,526**	284,061
Additions	**-**	-	**-**	7
Reserve (reversal) of interest	**8,072**	14,362	**8,072**	14,362
Amortization of interest	**(434)**	(696)	**(434)**	(696)
Amortization of principal	**(13,936)**	(31,041)	**(14,958)**	(32,018)
Monetary change	**-**	-	**663**	810
	248,486	254,784	**259,869**	266,526
Opening balance – offsetting of judicial deposit	**(192,940)**	(192,940)	**(192,940)**	(192,940)
(-) offsetting of judicial deposit	**(5,076)**		**(5,076)**	
Closing balance – offsetting of judicial deposit	**(198,016)**	(192,940)	**(198,016)**	(192,940)
	50,470	61,844	**61,853**	73,586

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

	Company			Consolidated		
	12/31/2013	12/31/2012	1/1/2012	12/31/2013	12/31/2012	1/1/2012
2013	**-**	-	22,050	**-**	-	22,977
2014	**-**	12,075	-	**-**	13,067	927
2015	**7,186**	6,998	-	**8,237**	7,990	927
2016	**7,186**	6,998	-	**8,237**	7,990	927
2017	**7,186**	4,666	-	**8,237**	5,658	927
2018 to 2024	**4,193**	-	-	**11,372**	6,778	6,332
	25,751	30,737	22,050	**36,083**	41,483	33,017

24 Provision for litigation

Company

	12/31/2013			12/31/2012			01/01/2012		
	Provisions	Judicial deposits	Net balance	Provisions	Judicial deposits	Net balance	Provisions	Judicial deposits	Net balance
IR and CSLL	**44,395**	**(16,923)**	**27,472**	16,503	(16,503)	-	16,070	(16,070)	-
INSS	**6,104**	**(6,104)**	**-**	43,194	(5,805)	37,389	41,852	(5,498)	36,354
Labor	**211,501**	**(116,867)**	**94,634**	170,712	(97,734)	72,978	131,919	(83,461)	48,458
Civil	**140,682**	**(10,737)**	**129,945**	136,013	(10,053)	125,960	73,497	(7,809)	65,688
Other	**15,200**	**(386)**	**14,814**	9,748	-	9,748	-	-	-
	417,882	**(151,017)**	**266,865**	376,170	(130,095)	246,075	263,338	(112,838)	150,500

In thousands of reais, unless otherwise stated

	Consolidated								
	12/31/2013			12/31/2012			01/01/2012		
	Provisions	Judicial deposits	Net balance	Provisions	Judicial deposits	Net balance	Provisions	Judicial deposits	Net balance
IR and CSLL	**59,596**	**(26,825)**	**32,771**	33,276	(26,405)	6,871	32,961	(25,966)	6,995
INSS	**6,132**	**(6,132)**	**-**	43,222	(5,833)	37,389	63,892	(5,526)	58,366
COFINS	**12,335**	**(11,873)**	**462**	12,335	(11,873)	462	12,335	(11,873)	462
Labor	**261,983**	**(121,797)**	**140,186**	203,435	(109,317)	94,118	158,968	(92,252)	66,716
Civil	**145,985**	**(10,737)**	**135,248**	138,091	(10,060)	128,031	75,916	(7,809)	68,107
Other	**20,648**	**(5,758)**	**14,890**	17,574	(5,187)	12,387	6,069	(2,893)	3,176
	506,679	**(183,122)**	**323,557**	447,933	(168,675)	279,258	350,141	(146,319)	203,822

The Company also has judicial deposits, recorded in noncurrent assets, for which there are no related provisions (Note 15).

Following are changes in provisions for litigation:

	Company		Consolidated	
	12/31/2013	12/31/2012	12/31/2013	12/31/2012
Opening balance	**376,170**	263,338	**447,933**	350,140
Additions	**142,682**	173,023	**178,355**	179,971
Interest/restatements	**36,005**	34,624	**39,398**	36,756
Amortizations/write-offs	**(66,308)**	(44,905)	**(68,708)**	(45,089)
Reversals	**(70,667)**	(15,020)	**(75,640)**	(46,900)
Transfers	**-**	(34,890)	**(14,659)**	(26,945)
	417,882	376,170	**506,679**	447,933

(a) Provisions for litigation

Provisions for litigation were set up to cover probable losses in administrative and legal proceedings of tax, labor and civil nature, in amounts considered sufficient by management, based on the opinion and assessment of its internal and external legal counsel. The most significant legal proceedings at December 31, 2013 are as follows:

In thousands of reais, unless otherwise stated

(i) Company's provisions

Description	Status	12/31/2013 Balance	12/31/2012 Balance	01/01/2012 Balance
Legal proceeding seeking collection of prepaid income tax levied on export profit at 18% rate.	Legal proceeding stayed, awaiting judgment of the leading case.	**16,923**	16,503	16,070
Delinquency notice seeking collection of social contribution on additional financing of benefits granted to special retirement, in connection with work disability from environmental risks.	Awaiting judgment by the board of tax appeals.	**-**	37,389	36,355
Legal proceeding seeking removal of collection of social security contributions of SAT of free lancers.	Legal proceeding included in the amnesty of Law Nº 11941/09. Awaiting approval.	**6,104**	5,806	5,497
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.	**23,078**	12,503	8,659
Legal proceedings involving employees, own former employees and subcontractors of Usiminas/BH Office who claim various labor and social security dues.	Awaiting judgment by the Labor Court and administrative bodies at various levels.	**7,467**	11,336	5,729
Legal proceedings involving employees, own former employees and subcontractors of Cubatão TMP who claim various labor and social security dues.	Awaiting judgment by the Labor Court and administrative bodies at various levels.	**9,770**	7,923	6,408
Legal proceedings involving employees, own former employees and subcontractors of Cubatão Plant who claim various labor and social security dues.	Awaiting judgment by the Labor Court and administrative bodies at various levels.	**167,355**	132,453	103,027
Legal proceedings involving employees, own former employees and subcontractors of Praia Mole TMP who claim various labor and social security dues.	Awaiting judgment by the Labor Court and administrative bodies at various levels.	**3,831**	6,496	8,096
Legal proceedings seeking compensation for material damages (pension, fixed medical expenses, etc.) and pain and suffering for exposure to benzene gas during working hours.	Awaiting judgment.	**76,398**	67,730	22,534
Confidential arbitration procedure involving Usiminas and MRS at the Settlement, Mediation and Arbitration Chamber of São Paulo of the Center and Federation of Industries of the State of São Paulo (CIESP/FIESP).	Proceeding closed in September 2012.	**-**	-	19,694
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.	**37,611**	32,861	-
Delinquent tax collection proceedings filed by the São Paulo State Finance Office arising out of Notices of Tax Delinquency and Imposition of Fine drawn up by CETESB.	Under liquidation/payment.	**6,963**	7,758	5,603

In thousands of reais, unless otherwise stated

Description	Status	12/31/2013 Balance	12/31/2012 Balance	01/01/2012 Balance
Decision rendered by the Brazilian IRS office, through which the Company's E-Request for Federal Tax Recovery, Refund or Offset (PER/DCOMP) that offset CSLL debts with credits deriving from CSLL overpaid in January 2005 was not approved.	Awaiting judgment at the Brazilian IRS appellate division.	**25,972**	-	-
Other		**36,410**	37,412	25,666
		417,882	376,170	263,338

(ii) Subsidiary Soluções Usiminas' provisions

Description	Status	12/31/2013 Balance	12/31/2012 Balance	01/01/2012 Balance
Discussion on interpretation of Law Nº 9718/98, expansion of the calculation bases of PIS and COFINS.	Awaiting judgment.	**14,210**	14,210	14,210
Legal proceeding on deductibility of CSLL on the calculation base of IRPJ.	Awaiting judgment.	**12,824**	15,540	16,891
ICMS matching credits in disagreement with the ICMS Code arising out of the tax delinquency notice - NSG	Awaiting judgment.	**19,000**	-	-
Labor claims filed by employees seeking disputes over the amount of compensation paid on terminations.	Awaiting judgment.	**9,099**	7,689	7,016
Other		**690**	646	3,663
		55,823	38,085	41,780

	12/31/2013	12/31/2012	01/01/2012
Company's provisions	**417,882**	376,170	263,338
Soluções Usiminas' provisions	**55,823**	38,085	41,780
Provisions involving other companies	**32,974**	33,678	45,023
Total Consolidated	**506,679**	447,933	350,141

(b) Possible contingencies

Furthermore, the Company and some of its subsidiaries are party to unaccrued legal proceedings Management expects to be a possible loss, based on the opinion of its legal advisors:

In thousands of reais, unless otherwise stated

(i) Company's contingencies

Description	Status	12/31/2013 Balance	12/31/2012 Balance	01/01/2012 Balance
Legal proceeding seeking removal of collection of CSLL levied on debts arising out of temporary suspension of tax levy and on donations and sponsors to cultural projects.	Partially favorable decision handed down at the board of tax appeals level.	**27,769**	25,785	23,794
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 the Brazilian IRS appellate division level.	**93,706**	87,011	80,292
Request for offsetting of negative balance of IRPJ against CSLL and IRPJ debts and against debts of IRPJ pending validation.	Proceedings closed with a favorable decision to Usiminas.	**-**	-	32,339
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 procedures are pending judgment at the Brazilian IRS appellate division level.	**48,854**	45,364	42,267
Legal proceeding seeking annulment of notices of tax delinquency claiming ICMS on export of products the tax authorities deem to be semifinished (before EC 42/03).	Legal proceedings changed to remote loss risk.	**-**	-	728,973
Notices of tax delinquency seeking collection of ICMS levied on goods whose admission into the Manaus Tax Free Zone is not demonstrable.	Delinquent tax collection proceedings started. Four notices of tax delinquency await judgment at the administrative level.	**53,061**	49,270	42,140
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 notices of tax delinquency await judgment at the administrative level.	**849,043**	713,920	468,104
Delinquent tax collection procedure seeking reversal of ICMS credits used by Usiminas upon engagement of transportation services.	Awaiting judgment at the Brazilian IRS appellate division level.	**49,358**	45,832	42,637
Legal proceeding seeking removal of collection of PIS computed on the previous six-month billings, considering the error in the calculation base of the contribution.	Favorable judgment handed down at the Brazilian IRS appellate division level. Awaiting judgment of the tax authority appeal at the board of tax appeal division.	**11,025**	10,238	9,126
Legal proceeding declared res judicata whose waiver for membership in the installment payment set by Law No. 11941/09 was rejected.	Awaiting judgment at the board of tax appeal division.	**73,659**	68,397	63,263
Legal proceeding questioning the collection of social security contribution levied on group life insurance and on PAT.	Favorable decision handed down at the board of tax appeal division.	**-**	8,962	8,289
Delinquent tax collection proceedings seeking collection of IRPJ and CSLL on profits earned by the subsidiary abroad at the balance sheet date for domestication.	Risk of loss changed from probable to possible.	**-**	159,307	147,450
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.	**36,764**	34,138	26,515
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 the Brazilian IRS appellate division level.	**542,407**	503,658	466,021
Request for offsetting of IPI, PIS and COFINS debts against credit from payment of CSL in error, pending validation.	Awaiting judgment at the administrative level.	**29,641**	27,524	25,731

In thousands of reais, unless otherwise stated

Description	Status	12/31/2013 Balance	12/31/2012 Balance	01/01/2012 Balance
Request for validation of offsetting of CSLL debt against credits on payment in excess of CSLL pending validation.	Awaiting judgment at the administrative level.	**-**	15,180	14,080
Notice of tax delinquency seeking reversal of ICMS credits on acquisition of materials the tax authorities classified as for use and consumption.	A notice of tax delinquency has been closed at the administrative level and is pending entry to the roll of debtors, and another is pending judgment at the administrative level.	**43,159**	56,050	18,385
Notice of tax delinquency seeking collection of social security contributions to fund special retirement in connection with environmental risk.	Awaiting decision at the administrative level.	**16,612**	15,426	-
Notice of tax delinquency seeking collection of ICMS in connection with interstate transfer among branches using the sale price of goods, instead of production cost, as the calculation base for determination of credits.	Awaiting decision at the administrative level.	**24,385**	22,643	-
Notice of tax delinquency seeking reversal of ICMS credits used after running of the statutes of limitation.	Awaiting decision at the administrative level.	**25,224**	23,422	-
Delinquent tax collection proceedings started by the City of Ipatinga seeking collection of IPTU/2011 debt and Request for Review of IPTU/2012 filed by Usiminas.	Delinquent tax collection proceedings stayed. Request for review rejected.	**-**	69,388	-
Legal proceedings seeking removal of collection of social security contributions levied on gain and profit sharing paid to employees between 1995 and 1998.	Risk of loss changed from possible to remote.	**-**	15,884	-
Claims involving employees, former own employees and subcontractors of Cubatão Plant seeking various labor and social security dues.	Awaiting judgment at the Labor Court, at various levels.	**164,474**	127,454	123,215
Claims involving employees, former own employees and subcontractors of Cubatão TMP seeking various labor and social security dues.	Awaiting judgment at the Labor Court and administrative bodies, at various levels.	**8,450**	14,775	13,960
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 bodies, at various levels.	**102,332**	94,100	67,145
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.	**67,312**	60,126	50,606
Action seeking annulment of a CADE's administrative decision, which sentenced Cosipa to pay fines for violation of the economic order.	Appeal to the High Court of Justice rejected.	**54,707**	48,866	41,129
Notice of tax delinquency claiming ICMS in connection with inappropriate credit taking for use and consumption on export of goods.	Awaiting decision at the administrative level.	**196,082**	99,100	-
Fine imposed by SUNAB in connection with Cosipa's supposed sale of goods at prices higher than those listed by SUNAB and in disagreement with the specifications of such authority.	Under finding of facts.	**19,368**	16,660	14,022
Other		**201,192**	157,570	151,869
		2,738,584	2,616,050	2,701,352

In thousands of reais, unless otherwise stated

(ii) Usiminas Mecânica's contingencies

Description	Status	12/31/2013 Balance	12/31/2012 Balance	01/01/2012 Balance
Administrative proceeding on the early realization of the credit balance of inflation gains in connection with the portion of the monetary restatement of the financial statements for the base period 1990.	Risk of loss changed from possible to remote.	**-**	28,651	26,244
Claim seeking reimbursement on the grounds of direct and indirect losses due to disagreement of manufacturing and supply.	Awaiting judgment.	**326,491**	301,792	268,289
Public interest suit regarding the construction of a bridge, claiming reimbursement to the public treasury of amounts added through Addendum to the firm price contract.	Suit awaiting final decision by judge.	**308,117**	284,808	240,428
Public interest suit 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.	**63,785**	58,960	-
Other		**97,189**	55,047	45,566
		795,582	729,258	580,527

(iii) Soluções Usiminas' contingencies

Description	Status	12/31/2013 Balance	12/31/2012 Balance	01/01/2012 Balance
Various notices of tax delinquency arising out of offsetting PIS against Cofins, Finsocial, ICMS and Incra	The notice of tax delinquency has been subject matter of a protest letter.	**21,923**	20,357	32,429
Labor claims filed by employees concerning disputes over the amount of compensation paid on terminations.	Awaiting judgment.	**50,252**	46,450	17,483
Other – various tax and civil claims		**59,670**	55,408	53,202
		131,845	122,215	103,114

	12/31/2013	12/31/2012	01/01/2012
Company's contingencies	2,738,584	2,616,050	2,701,352
Usiminas Mecânica's contingencies	795,582	729,258	580,527
Soluções Usiminas' contingencies	131,845	122,215	103,114
Other companies' contingencies	474	6,333	3,715
Total Consolidated	3,666,485	3,473,856	3,388,708

Additionally, the jointly-controlled subsidiary Unigal is party to unaccrued legal proceedings Management expects to be a possible loss, based on the opinion of its legal advisors:

Description	Status	12/31/2013 Balance	12/31/2012 Balance	01/01/2012 Balance
Fiscal execution for the charge of ISS in regards to the galvanization service to Usiminas	Awaiting judgment at the Brazilian IRS appellate division	50,317	46,722	41,683
Other		313	3	-
		50,630	46,725	41,683

In thousands of reais, unless otherwise stated

(c) Contingencies of the Company as a plaintiff

Following are the contingencies of the Company as a plaintiff. The legal proceedings have not yet been declared res judicata and thus were not recognized in the balance sheet:

Description	Status	12/31/2013 Balance	12/31/2012 Balance	01/01/2012 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.	Awaiting judgment at the board of tax appeal level.	**681,231**	629,978	586,803
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.	Awaiting judgment at higher courts.	**759,644**	702,491	654,346
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 the Brazilian IRS appellate division level.	**154,523**	142,897	133,104
Other		**96,165**	88,930	57,120
		1,691,563	1,564,296	1,431,373

25 Provision for environmental restoration

The Usiminas companies have a provision for environmental restoration as follows:

	Company			Consolidated		
	12/31/2013	12/31/2012	01/01/2012	12/31/2013	12/31/2012	01/01/2012
Decontamination of the Sepetiba Bay	**-**	21,417	57,354	**-**	21,417	57,354
Recovery of areas under exploitation	**-**	-	-	**76,588**	56,286	50,906
	-	21,417	57,354	**76,588**	77,703	108,260

The expenses with environmental restoration were recorded as a portion of the costs of these assets as a contra-entry to the provision which will support these expenses and take into consideration Company management estimates as to future expenses adjusted to present value. The estimated expenses are revised from time to time, in order to adjust the amounts already recorded, whenever necessary.

In thousands of reais, unless otherwise stated

26 Post-employment benefit obligations

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

	Company		Consolidated	
	12/31/2013	12/31/2012	12/31/2013	12/31/2012
Obligations recorded in the balance sheet with				
Retirement plan benefits	**1,134,240**	1,322,845	**1,134,240**	1,322,845
Post-employment benefits - health	**90,380**	73,967	**96,076**	73,967
	1,224,620	1,396,812	**1,230,316**	1,396,812

	Company		Consolidated	
	12/31/2013	12/31/2012	12/31/2013	12/31/2012
Income (expenses) recognized in the income statement (Note 32(b))				
Retirement plan benefits	**(35,843)**	(12,284)	**(35,843)**	(12,284)
Benefit plan adjustment (regulatory change in Usiprev)	**-**	-	**-**	-
Post-employment benefits - health	**(10,598)**	(5,045)	**(12,414)**	(5,045)
	(46,441)	(17,329)	**(48,257)**	(17,329)

	Company			Consolidated		
	12/31/2013	12/31/2012	01/01/2012	12/31/2013	12/31/2012	01/01/2012
Actuarial gain (losses) recognized directly in other comprehensive income	**650,718**	(463,936)	(277,354)	**652,652**	(463,936)	(277,354)
Actuarial gains (losses) of debts contracted and directly recognized in other comprehensive income - CPC 33 (R1) and IFRIC 14	**(340,948)**	277,677	(81,607)	**(340,948)**	277,677	(81,607)
Reduction (increase) in assets (asset ceiling) in other comprehensive income – Paragraph 58 CPC 33 and IAS 19	**(282,427)**	2,478	204,787	**(282,427)**	2,478	204,787
Actuarial retained earnings (accumulated losses) recognized in other comprehensive income	**27,343**	(183,781)	(154,174)	**29,277**	(183,781)	(154,174)

26.1 Supplementary retirement plans

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

On March 29, 2012, through Administrative Ruling Nº 165, published in Federal Official Gazette (DOU) of March 30, 2012, the National Supplementary Pension 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.

(a) 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.

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.

In addition, the members of this plan are entitled to redemption, portability, funeral grant, maternity allowance, 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 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, as provided for by CPC 33 ad IFRIC 14.

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

At December 31, 2013, the debit balance of the referred to debts payable by Company to Previdência Usiminas for PB1 and PBD plans was R$1,158,463 (R$1,161,143 at December 31, 2012; R$1,218,507 at January 1, 2012).

The general characteristics of debts used in the actuarial calculation according to CPC 33, IAS 19 and IFRIC 14 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 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 204 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$519,104 at December 31, 2013 (R$583,106 at December 31, 2012; R$543,995 at January 1, 2012).

In thousands of reais, unless otherwise stated

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				
	12/31/2013				
	PB1	**PBD**	**USIPREV**	**COSIPREV**	**TOTAL**
Present value of actuarial obligations	**(2,945,562)**	**(1,283,808)**	**(1,249,068)**	**(4,827)**	**(5,483,265)**
Fair value of assets	**3,321,336**	**1,266,019**	**1,320,145**	**10,118**	**5,917,618**
	375,774	**(17,789)**	**71,077**	**5,291**	**434,353**
Asset ceiling	**(375,774)**	**-**	**(51,353)**	**(792)**	**(427,919)**
Minimum requirements (additional liabilities)	**(901,855)**	**(238,819)**	**-**	**-**	**(1,140,674)**
	(901,855)	**(256,608)**	**19,724**	**4,499**	**(1,134,240)**

	Company and Consolidated				
	12/31/2012				
	PB1	**PBD**	**USIPREV**	**COSIPREV**	**TOTAL**
Present value of actuarial obligations	(3,578,365)	(1,568,549)	(1,365,213)	(4,869)	(6,516,996)
Fair value of assets	3,252,816	1,309,922	1,270,450	7,569	5,840,757
	(325,549)	(258,627)	(94,763)	2,700	(676,239)
Unrecognized past service	-	-	(22,520)	-	(22,520)
Minimum requirements (additional liabilities)	(624,086)	-	-	-	(624,086)
	(949,635)	(258,627)	(117,283)	2,700	(1,322,845)

	Company and Consolidated				
	1/1/2012				
	PB1	**PBD**	**USIPREV**	**COSIPREV**	**TOTAL**
Present value of actuarial obligations	(2,945,698)	(1,369,337)	(1,135,452)	(2,375)	(5,452,862)
Fair value of assets	2,948,415	1,195,639	1,152,037	5,849	5,301,940
	2,717	(173,698)	16,585	3,474	(150,922)
Unrecognized past service	-	-	(24,454)	-	(24,454)
Asset ceiling	(2,717)	-	-	(685)	(3,402)
Minimum requirements (additional liabilities)	(963,701)	(81,108)	-	-	(1,044,809)
	(963,701)	(254,806)	(7,869)	2,789	(1,223,587)

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

In thousands of reais, unless otherwise stated

COSIPREV has a Pension Fund set up by funds from members' account balances not used in granting of benefits; furthermore, they may be used to fund this plan in the future, as provided for in the plan regulation. At December 31, 2013, the Pension Fund portion attributed to Empresas Usiminas amounts to R$5,187 (R$2,700 at December 31, 2012; R$2,789 at January 1, 2012).

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

	Company and Consolidated		
	12/31/2013	**12/31/2012**	**1/1/2012**
Opening balance	**(6,516,996)**	(5,452,862)	(5,041,726)
Cost of current service	**(4,918)**	(5,387)	(6,786)
Interest cost	**(539,671)**	(580,811)	(568,051)
Paid benefits	**430,336**	414,922	390,028
Adjustments - Changes in benefit plans	**685**	-	27,241
Actuarial gains (losses)	**1,147,299**	(892,858)	(253,568)
	(5,483,265)	(6,516,996)	(5,452,862)

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

	Company and Consolidated		
	12/31/2013	**12/31/2012**	**1/1/2012**
Opening balance	**5,840,757**	5,301,940	5,023,144
Expected return on assets	**332,967**	675,191	666,565
Actual contributions for the year	**174,709**	170,969	165,036
Paid benefits	**(430,336)**	(414,922)	(390,028)
Actuarial gains (losses)	**(479)**	107,579	(162,777)
	5,917,618	5,840,757	5,301,940

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

	Company and Consolidated	
	12/31/2013	**12/31/2012**
Cost of current service	(4,842)	(5,349)
Interest cost	(486,586)	(502,997)
Expected return on assets	455,231	495,870
Adjustment – Benefit plan (amendment to Usiprev regulation)	206	-
Other	148	192
	(35,843)	(12,284)

The charges shown above were recognized in "Other operating expenses (income), net" in statement of income/operations (Note 32(b)).

The actual return on plan assets was R$332,444 (R$705,059 at December 31, 2012; R$503,778 at January 1, 2012).

The contributions expected for the post-employment benefit plans for 2014 total R$191,736.

In thousands of reais, unless otherwise stated

Actuarial Assumptions

	12/31/2013	12/31/2012	1/1/2012	
	Previdência Usiminas	Previdência Usiminas	CAIXA	FEMCO
Discount rate	**(i)**	8.68% p.a.	10.35% p.a.	10.35% p.a.
Inflation rate	**4.50% p.a.**	4.50% p.a.	4.50% p.a	4.50% p.a
Expected return on assets – PB1 and PBD	**-**	8.68% p.a.	12.84% p.a.	12.07% p.a.
Expected return on assets – USIPREV and COSIPREV	**-**	8.68% p.a.	11.59% p.a.	12.03% p.a.
Future salary increase	**5.55% p.a.**	5.55% p.a.	7.64% p.a	7.64% p.a
Pension fund benefit growth	**4.50% p.a.**	4.50% p.a.	4.50% p.a	4.50% p.a

(i) At December 31, 2013, the discount rate by plan was as follows: PB1, 11.22%; PBD, 11.20%; USIPREV, 11.27%; and COSIPREV, 10.97%.

The assumptions referring to mortality rate are set according to the actuaries' opinion, based on published statistics and their experience. For 2013 and 2012, the mortality assumptions for PB1, Cosiprev and Usiprev plans are based on the mortality table AT 2000. For 2013 and 2012, the mortality assumptions for the PBD plan are based on the mortality table AT 1983. At December 31, 2013 and 2012, 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:

	12/31/2013						
	PB1	PBD	USIPREV	COSIPREV	TOTAL - RETIREMENT PLANS	HEALTH CARE PLAN	TOTAL
Present value of defined benefit obligation	**(2,945,562)**	**(1,283,808)**	**(1,249,068)**	**(4,827)**	**(5,483,265)**	**(90,380)**	**(5,573,645)**
Fair value of plan assets	**3,321,336**	**1,266,019**	**1,320,145**	**10,118**	**5,917,618**	**-**	**5,917,618**
Plan deficit (surplus)	**375,774**	**(17,789)**	**71,077**	**5,291**	**434,353**	**(90,380)**	**343,973**
Experience adjustments on plan obligations	**(73,313)**	**(12,155)**	**(5,857)**	**635**	**(90,690)**	**1,603**	**(89,087)**
Experience adjustments on plan assets	**(100,982)**	**(62,469)**	**5,741**	**1,918**	**(155,792)**	**-**	**(155,792)**

	12/31/2012						
	PB1	PBD	USIPREV	COSIPREV	TOTAL - RETIREMENT PLANS	HEALTH CARE PLAN	TOTAL
Present value of defined benefit obligation	(3,578,365)	(1,568,549)	(1,365,213)	(4,869)	(6,516,996)	(73,967)	(6,590,963)
Fair value of plan assets	3,252,816	1,309,922	1,270,450	7,569	5,840,757	-	5,840,757
Plan deficit (surplus)	(325,549)	(258,627)	(94,763)	2,700	(676,239)	(73,967)	(750,206)
Experience adjustments on plan obligations	(57,296)	7,242	(13,707)	(537)	(64,298)	(5,107)	69,405
Experience adjustments on plan assets	33,314	57,546	14,591	2,128	107,579	-	107,579

	1/1/2012						
	PB1	PBD	USIPREV	COSIPREV	TOTAL - RETIREMENT PLANS	HEALTH CARE PLAN	TOTAL
Present value of defined benefit obligation	(2,945,698)	(1,369,337)	(1,135,452)	(2,375)	(5,452,862)	(53,886)	(5,506,748)
Fair value of plan assets	2,948,415	1,195,639	1,152,037	5,849	5,301,940	-	5,301,940
Plan deficit (surplus)	2,717	(173,698)	16,585	3,474	(150,922)	(53,886)	(204,808)
Experience adjustments on plan obligations	(50,302)	(10,932)	(15,659)	(473)	(77,366)	(2,981)	(80,347)
Experience adjustments on plan assets	(225,892)	69,649	(9,389)	(2,855)	(168,487)	-	(168,487)

In thousands of reais, unless otherwise stated

26.5 Actuarial Assumptions and Sensitivity Analyses

	Company and Consolidated			
	12/31/2013			
Significant actuarial assumptions	PB1	PBD	USIPREV	COSIPREV
Obligation present value	2,945,562	1,283,808	727,349	4,827
Discount rate applied to plan obligations	11.22%	11.20%	11.27%	10.97%
Mortality table applied to plans	AT-2000	AT-1983,deductedat10%	AT-2000,deductedat40%	AT-2000,deductedat10%
Sensitivity analysis on plan obligations discount rate				
1% increase on actual rate	(234,157)	(99,091)	(48,872)	(174)
1% decrease on actual rate	274,496	115,795	60,602	188
Sensitivity analysis on Mortality Table				
Deducted at 10%	57,722	24,886	5,309	(115)

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 care plan for retirees

(i) COSaúde

Plan no longer open for new members since April 2002.

Usiminas has an integrated health care system that also assists retirees, comprising:

- Health Care Plan for out-of-pocket expenses, such as medical appointments and routine medical exams;
- Fundo de Saúde – COSaúde, for admissions in clinics and/or hospitalizations, as well as other high-cost procedures and clinical procedures.

The Company offers an allowance to retirees and members of the Health Care 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 is a self-management care plan fully prepaid by members.

(ii) Saúde Usiminas

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

- Regulated plan covering clinical and hospital procedures, in accordance with the list of covered procedures disclosed by the Brazilian Regulatory Agency for Private Health Insurance and Plans (ANS);

In thousands of reais, unless otherwise stated

- Prepaid plan from Operadora de Planos de Saúde Fundação São Francisco Xavier;
- Price set by age; 60, 70 or 80% of the monthly fee is paid by the Company, in accordance with the employee's salary;
- 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% p.a. for the year ended December 31, 2013, and 8.68% for the year ended December 31, 2012.

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

	Company			Consolidated		
	12/31/2013	12/31/2012	1/1/2012	12/31/2013	12/31/2012	1/1/2012
Present value of actuarial obligation	**(90,380)**	(73,967)	(53,886)	**(96,076)**	(73,967)	(53,886)

Changes in the defined benefit obligation over the periods presented are as follows:

	Company			Consolidated		
	12/31/2013	12/31/2012	1/1/2012	12/31/2013	12/31/2012	1/1/2012
Opening balance	**(73,967)**	(53,886)	(48,510)	**(73,967)**	(53,886)	(48,510)
Interest cost	**(10,598)**	(5,045)	(5,061)	**(12,414)**	(5,045)	(5,061)
Paid benefits	**3,705**	3,752	3,586	**3,705**	3,752	3,586
Actuarial gains (losses)	**(9,520)**	(18,788)	(3,901)	**(13,400)**	(18,788)	(3,901)
	(90,380)	(73,967)	(53,886)	**(96,076)**	(73,967)	(53,886)

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

	Company		Consolidated	
	12/31/2013	12/31/2012	12/31/2013	12/31/2012
Interest cost	**(10,598)**	(5,045)	**(12,414)**	(5,045)

The charges shown above were recognized in "Other operating expenses (income), net" in statement of income/operations.

The effect of a 1% change in the health cost estimated trend rate is as follows:

	12/31/2013	
	Increase	Decrease
Effect on total interest cost	436	(373)
Effect on defined benefit obligation	3,868	(3,308)

In thousands of reais, unless otherwise stated

26.7 Actuarial Assumptions and Sensitivity Analyses of Health Care Plans

	Company		Consolidated	
	12/31/2013		12/31/2013	
Actuarial Assumptions and sensitivity analyses	**COSaúde**	**SAÚDE USIMINAS**	**COSAÚDE**	**SAÚDE USIMINAS**
Obligation present value	**54,076**	**36,304**	54,076	42,000
Discount rate applied to health care plan obligations	**11.28%**	**11.78%**	11.28%	11.78%
Medical inflation applied to health care plans	**11% decreasing to 6.5% In 9years**	**11% decreasing to 6.5% in 9years**	11% decreasing to 6.5% in 9 years	11% decreasing to 6.5% in 9years
Sensitivity analysis on plan obligations discount rate				
1% increase on actual rate	**(4,498)**	**-**	(4,498)	-
1% decrease on actual rate	**5,296**	**-**	5,296	-
0.5% increase on actual rate	**-**	**(9,014)**	-	(10,564)
0.5% decrease on actual rate	**-**	**11,233**	-	12,167
Sensitivity analysis on medical inflation applied to plans				
1% increase on actual rate	**3,868**	**26,119**	3,868	30,622
1% decrease on actual rate	**(3,308)**	**(16,972)**	(3,308)	(19,889)

26.8 Retirement plan assets

Retirement plan assets are broken down as follows:

	12/31/2013		12/31/2012		1/1/2012	
	Value	**%**	**Value**	**%**	**Value**	**%**
Company shares	**422,961**	**7**	466,280	8	877,474	17
Government Bonds	**1,958,417**	**33**	1,764,115	30	1,835,805	35
Fixed income	**3,076,297**	**52**	2,982,605	51	1,805,986	34
Variable income	**36,900**	**1**	133,469	2	142,302	2
Real estate investments	**287,628**	**5**	289,824	5	455,625	9
Other	**135,415**	**2**	204,464	4	184,748	3
	5,917,618	**100**	5,840,757	100	5,301,940	100

The pension plan assets include 34,109,762 common shares of the Company, at the fair value of R$422,961 (34,109,762 common shares at fair value of R$466,280 at December 31, 2012; 51,164,642 common shares at fair value of R$877,474 at January 1, 2012).

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) New Shareholders’ Agreement

On January 17, 2012, through a Material News Release, the Company notified the market of its completing the purchase and sale of shares held by majority owners on January 16, 2012, under the regulation applicable to the Brazilian capital markets, as follows:

(i) Confab Industrial S.A. (“Confab”), Prosid Investments S.C.A. (“Prosid”), Siderar S.A.I.C. (“Siderar”) and Ternium Investments S.à r.l. (“Ternium” and, together with Confab, Prosid and Siderar, the “Techint Group”) have completed the shares purchase and sale transactions under the terms of purchase and sale agreements entered into with VBC Energia S.A. (“VBC”), Votorantim Industrial S.A. (“Votorantim”) and Previdência Usiminas (formerly known as Caixa dos Empregados da Usiminas; “CEU”) and the “Purchase and Sale Agreements of Techint Group”) on November 27, 2011. These companies acquired 139,741,296 common shares of Usiminas, i.e. approximately 27.66% of Usiminas common shares and approximately 13.78% of Usiminas capital, for R$36.00 per share, totaling R$5,030,687.

(ii) Nippon Steel & Sumitomo Metal Corporation (“NSSMC”) (formerly known as Nippon Steel Corporation; “NSC”) completed the shares purchase and sale transaction under the terms of shares purchase and sale agreement entered into with Previdência Usiminas on November 27, 2011. NSSMC acquired 8,527,440 common shares of Usiminas, i.e. approximately 1.69% of Usiminas common shares and approximately 0.84% of Usiminas capital, for R$36.00 per share, totaling R$306,988.

(iii) Techint Group, NSSMC, Nippon Usiminas Co. Ltd. (“NU”), Metal One Corporation (“Metal One”), Mitsubishi Corporation do Brasil S.A. (“Mitsubishi”) and Previdência Usiminas entered into a Shareholders' Agreement – Amended and Consolidated of Usinas Siderúrgicas de Minas Gerais S.A. – USIMINAS (the “New Shareholders’ Agreement”), which is essentially identical to the Shareholders' Agreement – Amended and Consolidated of Usinas Siderúrgicas de Minas Gerais S.A. – USIMINAS executed on November 27, 2011, excluding the conditions for the agreement effectiveness. The New Shareholders’ Agreement amends, consolidates and fully replaces the Shareholders' Agreement - Amended and Consolidated of Usiminas, dated November 6, 2006 ("Original Shareholders' Agreement"), and must govern the relationship between the parties thereto as shareholders and members of Usiminas control group. A copy of the New Shareholders' Agreement was delivered to Usiminas on January 17, 2012 to be executed by it as the consenting party, and to be filed in its head office as provided for by article 118 of Law No. 6404/76.

(iv) The New Shareholders’ Agreement also replaces and revokes the Usiminas Shareholders’ Agreement of February 18, 2011, between Mitsubishi, Metal One, NSC, NU, VBC and Votorantim, which was expressly annulled by its parties on that date.

In thousands of reais, unless otherwise stated

For reference, the table below shows how the voting capital of USIMINAS is divided among the parties of the New Shareholders' Agreement on this date, and after completion of the transactions referred to in items "(i)" and "(ii)":

	Original Shareholders' Agreement		New Shareholders' Agreement	
	Bound Common Shares (%)	Total Common Shares (%)	Bound Common Shares (%)	Total Common Shares (%)
NSSMC (i)	3.75	2.40	6.40	4.09
NU	37.18	23.74	37.18	23.74
Total NSC and NU	40.93	26.14	43.58	27.83
Mitsubishi and Metal One	2.54	1.62	2.54	1.62
Total NSC, NU, Mitsubishi and Metal One	43.47	27.76	46.12	29.45
Ternium	-	-	26.26	16.77
Siderar	-	-	3.10	1.98
Prosid	-	-	6.20	3.96
Confab	-	-	7.75	4.95
Techint Group			43.31	27.66
V/C Group (Votorantim and Camargo Correa)	40.67	25.97	-	-
Previdência Usiminas	15.86	10.13	10.57	6.75
Controlling interest	100.00	63.86	100.00	63.86
Noncontrolling interest	-	36.14	-	36.14

(i) The NSSMC Group owns 6,726,600 free common shares, not bound to the New Shareholders' Agreement.

(b) Capital

At December 31, 2013, the Company capital, totaling R$12,150,000, is divided into 1,013,786,190 shares as follows:

	Common shares	Preferred "A" type shares	Preferred "B" type shares	Total
Total shares	505,260,684	508,442,943	82,563	1,013,786,190
Total treasury shares	(2,526,656)	(23,757,710)	-	(26,284,366)
Total outstanding shares	502,734,028	484,685,233	82,563	987,501,824

Each common share gives the right to 1 (one) vote in the Annual Shareholders' 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 Shareholders' 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 preferred “B” type shares will have priority in capital reimbursement, without right to premium, in case the Company is liquidated. Owners of preferred "A” type shares will be entitled to the same priority level; however, only after the preferred "B” type shares are granted their priority right. The preferred “B” type shares may be converted into preferred “A” type shares, at any time and at the shareholder's sole discretion.

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

(c) Reserves

At December 31, 2013 and 2012, 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 and income reserve, redemption, reimbursement or purchase of shares, redemption by beneficiaries, incorporation into the company 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, 2013 and 2012, the Company owned 2,526,656 common shares (2,526,654 at December 31, 2012) and 23,757,710 preferred “A” type shares (24,060,356 at December 31, 2012), in treasury.

- Special goodwill reserve – refers to the recognition of the tax benefit from the reverse merger conducted by Mineração Usiminas (Note 16 (d)(iv)).

- Recognized stock option granted - refers to the recognition of shares granted under the Stock Option Plan (Note 39).

- Legal Reserve – set up at 5% of net income for each year up to 20% of the Company capital

- Investment reserve and working capital – at December 31, 2013, the balance is R$2,999,567 (R$3,104,816 at December 31, 2012; R$3,791,235 at January 1, 2012), broken down as follows:

(i) Allocation of 50% of net income for the year adjusted by the legal reserve, as provided for by the Company’s Articles of Incorporation. The investment reserve and working capital may not exceed 95% of capital, and their balance may be used to offset losses, and in distribution of dividends, redemptions, reimbursements or purchase of shares, or it may be even capitalized. At January 1, 2012, R$110,711 was used to set up this reserve.

(ii) Allocation of R$51,466 at January 1, 2012, pursuant to article 196 of Law No. 6404/76, based on the budget approved in the Board of Directors Meeting held on March 6, 2012.

In thousands of reais, unless otherwise stated

(iii) Accumulated losses balance at December 31, 2013, amounting to R$105,249 (R$686,419 at December 31, 2012), under the terms of article 189 of Law No. 6,404/76.

(d) Equity adjustments

Equity adjustments refer substantially to:

(i) Result from equity transaction: corresponds to changes in shareholding interest in other companies, not resulting in loss or acquisition of shares. The credit balance of R$871,258 at December 31, 2013, December 31, 2012 and January 1, 2012 refers to the reorganization of Mineração Usiminas (Note 16 (e) (i)).

(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, 2013, the debit balance of this account totals R$496,229 (R$525,507 at December 31, 2012; R$341,725 at January 1, 2012).

(iii) Adjustment of property, plant and equipment: corresponds to the application of IAS 29 in accordance with CPC 37 for the period when the Brazilian economy used to face hyperinflation. The referred to adjustment is based on the useful life of property, plant and equipment items against retained earnings. At December 31, 2013, the credit balance of this account totals R$177,772 (R$194,530 at December 31, 2012; R$211,887 at January 1, 2012).

(iv) Cash flow hedge reserve: corresponds substantially to the hedge transaction described in Note 6 (c). At December 31, 2013, the debit balance of this reserve totals R$3,131 (R$121,597 at December 31, 2012; R$143,735 at January 1, 2012).

(e) Dividends and interest on equity

Dividends and interest on equity at January 1, 2012 are broken down as follows:

	1/1/2012
Net income for the year (i)	233,077
Set-up of legal reserve (5%)	(11,653)
Dividend base	221,424
Interest on equity payable	81,577
Amount per common share	R$0.078769
Amount per preferred share	R$0.086646
Total	81,577
Percentage on the dividend base in relation to net income for the year	35%

(i) Company's net income in accordance with accounting practices adopted in Brazil.

In thousands of reais, unless otherwise stated

Dividends and interest on equity recognized at January 1, 2012 are as follows:

Type	R$/common share	R$/preferred share	1/1/2012
Interest on equity payable	R$0.078769	R$0.086646	55,356
Interest on equity (i)	R$0.136908	R$0.150599	176,833
Total dividends			232,189

(i) Supplementary interest on equity for the prior year income/loss, approved in the current year.

Changes in dividends and interest on equity payable are shown below:

	Company			Consolidated		
Type	12/31/2013	12/31/2012	1/1/2012	12/31/2013	12/31/2012	1/1/2012
Dividends payable at beginning of year	**915**	57,171	145,175	**26,635**	69,704	159,819
Dividends and interest on equity referring to income for prior year	**-**	26,221	176,833	**-**	26,221	176,833
Payment of taxes and interest on equity	**(11)**	(81,568)	(319,684)	**(105,804)**	(94,099)	(371,896)
Interest on equity and dividends disclosed	**-**	-	55,356	**80,770**	25,718	105,457
Dividends expired	**(479)**	(909)	(509)	**(479)**	(909)	(509)
Total dividends payable at end of year	**425**	915	57,171	**1,122**	26,635	69,704

Interest on equity referring to 2011, amounting to R$81,577, were recorded as financial expense for tax purposes. In 2011, the Company decided to pay interest on equity corresponding to 35% of net income for the year.

The dividends not claimed within a three-year period expire and are reversed to the Company.

For the years 2013 and 2012, considering the loss for the year calculated by the Company, dividends and/or interest on equity were not distributed/decided.

In thousands of reais, unless otherwise stated

(f) Retained earnings

Changes in retained earnings (accumulated losses) are as follows:

At December 31, 2011	-
Loss for the year	(706,555)
Stock option plan	1,870
Realization of IAS 29 adjustment in property, plant and equipment	17,357
Dividends expired	909
Transfer of investment reserve and working capital	686,419
At December 31, 2012	**-**
Loss for the year	**(141,678)**
Stock option plan	**2,479**
Realization of IAS 29 adjustment in property, plant and equipment	**25,391**
Dividends expired	**479**
Actuarial loss (gain) on retirement benefits	**(7,683)**
Fair value of goodwill on investment	**15,763**
Transfer of investment reserve and working capital	**105,249**
At December 31, 2013	**-**

28 Business segment information

The management defines operating segments of the Usiminas companies based on reports used for strategic decision making, reviewed by the Board of Directors. The Board of Directors analyzes its business, segmenting it under the perspective of the products marketed.

The revenue generated by the reported operating segments is mostly a result of the manufacturing and marketing of steel products and related services.

In thousands of reais, unless otherwise stated

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

	12/31/2013						
	Mining and logistics	**Steel**	**Steel transformation**	**Capital assets**	**Subtotal**	**Eliminations and adjustments**	**Total**
Revenue	**1,136,097**	**11,336,465**	**2,463,791**	**972,332**	**15,908,685**	**(3,079,218)**	**12,829,467**
Cost of sales	**(502,900)**	**(10,569,533)**	**(2,228,537)**	**(921,618)**	**(14,222,588)**	**2,868,924**	**(11,353,664)**
Gross profit (loss)	**633,197**	**766,932**	**235,254**	**50,714**	**1,686,097**	**(210,294)**	**1,475,803**
Operating income / (expenses)	**(124,177)**	**(567,193)**	**(198,332)**	**(71,765)**	**(961,467)**	**5,343**	**(956,124)**
Selling expenses	**(70,643)**	**(147,062)**	**(99,450)**	**(16,910)**	**(334,065)**	**(2,378)**	**(336,443)**
General and administrative expenses	**(49,036)**	**(397,457)**	**(81,714)**	**(53,876)**	**(582,083)**	**14,101**	**(567,982)**
Other income (expenses)	**(4,498)**	**(22,674)**	**(17,168)**	**(979)**	**(45,319)**	**(6,380)**	**(51,699)**
Operating income (loss)	**509,020**	**199,739**	**36,922**	**(21,051)**	**724,630**	**(204,951)**	**519,679**
Assets	**6,461,039**	**28,575,585**	**1,476,610**	**915,319**	**37,428,553**	**(6,070,559)**	**31,357,994**
Total assets include:							
Investments in affiliates (except goodwill)	**299,957**	**67,734**	**-**	**2,803**	**382,907**	**-**	**370,494**
Additions to noncurrent assets (except financial instruments and deferred tax assets)	**570,516**	**898,884**	**92,721**	**20,851**	**1,582,972**	**(520,327)**	**1,062,645**
Current and noncurrent liabilities	**500,339**	**11,863,677**	**351,295**	**378,522**	**13,093,833**	**(569,784)**	**12,524,049**

	12/31/2012						
	Mining and logistics	**Steel**	**Steel transformation**	**Capital assets**	**Subtotal**	**Eliminations and adjustments**	**Total**
Revenue	898,537	11,452,533	2,077,086	1,017,371	15,445,527	(2,734,646)	12,710,881
Cost of sales	(341,994)	(11,488,927)	(1,887,065)	(997,214)	(14,715,200)	2,485,503	(12,229,697)
Gross profit (loss)	556,543	(36,394)	190,021	20,157	730,327	(249,143)	481,184
Operating income / (expenses)	(151,246)	(571,188)	(183,228)	(55,967)	(961,629)	7,220	(954,409)
Selling expenses	(108,989)	(156,090)	(91,918)	(15,940)	(372,937)	(1,778)	(374,715)
General and administrative expenses	(58,924)	(283,701)	(93,810)	(61,408)	(497,843)	16,927	(480,916)
Other income (expenses)	16,667	(131,397)	2,500	21,381	(90,849)	(7,929)	(98,778)
Operating income (loss)	405,297	(607,582)	6,793	(35,810)	(231,302)	(241,923)	(473,225)
Assets	6,070,150	29,889,276	1,573,484	1,119,479	38,652,389	(5,878,569)	32,773,820
Total assets include:							
Investments in affiliates (except goodwill)	283,283	63,640	-	2,850	349,773	-	349,773
Additions to noncurrent assets (except financial instruments and deferred tax assets)	560,836	1,014,905	60,136	56,372	1,692,249	(2,727)	1,689,522
Current and noncurrent liabilities	834,980	13,272,675	321,407	562,789	14,991,851	(731,104)	14,260,747

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

Management assesses the performance of operating segments based on adjusted EBITDA measuring (unaudited), the reconciliation of which with the operating income is shown in the table above.

In thousands of reais, unless otherwise stated

The adjusted EBITDA is calculated by adding the results of discontinued operations, income and social contribution tax, profit sharing in subsidiaries, jointly controlled and affiliates, financial income (expense), depreciation, amortization and depletion and other additions and exclusions, to the net income (loss) for the year.

The turnover is dispersed, and the Company and subsidiaries do not have customers individually representing more than 10% of turnover. More than 95% of revenue is revenue from goods and services.

28.2 Reconciliation of revenue of reporting segments

	12/31/2013	12/31/2012
Analysis of revenue per category		
Gross sales revenue – domestic market	**15,540,973**	14,115,356
Gross sales revenue – foreign market	**1,622,408**	2,782,821
Deductions from gross revenue, especially sales taxes	**(4,333,914)**	(4,187,296)
Net sales revenue – domestic market	**11,533,164**	10,112,876
Net sales revenue – foreign market	**1,296,303**	2,598,005

29 Revenue

Reconciliation between gross revenue and net revenue is as follows:

	Company		Consolidated	
	12/31/2013	12/31/2012	12/31/2013	12/31/2012
Product sales				
Domestic market	**14,012,119**	12,638,859	**15,169,515**	13,824,553
Foreign market	**1,185,478**	2,390,168	**1,591,902**	2,763,522
	15,197,597	15,029,027	**16,761,417**	16,588,075
Sales of service				
Domestic market	**18,688**	55,880	**371,458**	290,803
Foreign market	**30,506**	19,299	**30,506**	19,299
	49,194	75,179	**401,964**	310,102
Gross revenue	**15,246,791**	15,104,206	**17,163,381**	16,898,177
Deductions from revenue	**(3,909,822)**	(3,689,785)	**(4,333,914)**	(4,187,296)
Net revenue	**11,336,969**	11,414,421	**12,829,467**	12,710,881

In thousands of reais, unless otherwise stated

30 Expenses by nature

	Company		Consolidated	
	12/31/2013	12/31/2012	12/31/2013	12/31/2012
Depreciation and amortization	**(918,570)**	(852,062)	**(1,072,433)**	(965,110)
Expenses with benefits to employees	**(1,287,607)**	(1,319,905)	**(2,179,541)**	(2,243,366)
Share option plan	**(11,552)**	(6,691)	**(11,552)**	(6,691)
Raw material and store and supplies	**(7,760,240)**	(8,243,034)	**(7,051,806)**	(7,769,670)
Distribution costs	**(60,555)**	(74,908)	**(177,465)**	(219,593)
Cost of services/sundry sales	**(129,621)**	(122,210)	**(164,918)**	(168,857)
Third-party services	**(1,072,526)**	(1,240,939)	**(1,208,890)**	(1,185,599)
Revenue (expenses) with litigation, net	**(73,706)**	(147,206)	**(86,015)**	(133,071)
Gain (loss) on sale of PP&E, intangible assets and investment	**48,659**	2,137	**44,427**	2,246
Other expenses	**(44,833)**	(278,371)	**(401,595)**	(494,395)
	(11,310,551)	(12,283,189)	**(12,309,788)**	(13,184,106)
Cost of sales	**(10,767,767)**	(11,759,451)	**(11,353,664)**	(12,229,697)
Selling expenses	**(146,432)**	(155,945)	**(336,443)**	(374,715)
General and administrative expenses	**(389,499)**	(274,316)	**(567,982)**	(480,916)
Other operating income (expenses), net	**(6,853)**	93,477	**(51,699)**	98,778
	(11,310,551)	(12,283,189)	**(12,309,788)**	(13,184,106)

31 Expenses on benefits to employees

	Company		Consolidated	
	12/31/2013	12/31/2012	12/31/2013	12/31/2012
Payroll and related charges (I)	**(918,188)**	(1,003,853)	**(1,667,299)**	(1,773,296)
Pension charges	**(168,529)**	(170,527)	**(254,944)**	(277,299)
Post-employment pension and health care plans	**(46,441)**	(17,329)	**(48,257)**	(17,329)
Bonus	**(21,104)**	(21,711)	**(22,037)**	(22,948)
Employee profit sharing	**(92,584)**	(63,249)	**(138,104)**	(98,678)
Pension plan costs	**(33,155)**	(30,723)	**(35,208)**	(33,722)
Other	**(19,158)**	(19,204)	**(25,244)**	(26,785)
	(1,299,159)	(1,326,596)	**(2,191,093)**	(2,250,057)

(I) Include 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.

In thousands of reais, unless otherwise stated

32 Operating income (expenses)

(a) Selling expenses and general & administrative expenses

	Company		Consolidated	
	12/31/2013	**12/31/2012**	**12/31/2013**	**12/31/2012**
Selling expenses				
Personnel expenses	**(29,547)**	(34,453)	**(76,368)**	(83,422)
Third-party services	**(26,296)**	(28,141)	**(29,228)**	(33,017)
Depreciation and amortization	**(3,188)**	(5,955)	**(4,053)**	(6,781)
Distribution costs	**(60,555)**	(74,908)	**(177,465)**	(219,593)
Sales commission	**(6,528)**	(1,886)	**(15,761)**	(9,275)
Allowance for doubtful accounts	**(13,306)**	(1,786)	**(17,049)**	(2,054)
General expenses	**(7,012)**	(8,816)	**(16,519)**	(20,573)
	(146,432)	(155,945)	**(336,443)**	(374,715)
General and administrative expenses				
Personnel expenses	**(215,946)**	(155,655)	**(310,910)**	(265,019)
Third-party services	**(65,255)**	(50,273)	**(101,063)**	(94,424)
Depreciation and amortization	**(23,154)**	(6,160)	**(37,098)**	(19,363)
Management fees	**(31,441)**	(7,358)	**(38,451)**	(10,321)
General expenses	**(53,703)**	(54,870)	**(80,460)**	(91,789)
	(389,499)	(274,316)	**(567,982)**	(480,916)

In thousands of reais, unless otherwise stated

(b) Other operating income (expenses)

	Company		Consolidated	
	12/31/2013	**12/31/2012**	**12/31/2013**	**12/31/2012**
Other operating income				
Gain (loss) on disposal/write off of investments, PP&E and intangible assets	**48,659**	2,137	**44,427**	2,246
Reintegra Project (Special Tax Regime for Tax Values Reintegration for Exporting Companies)	**29,121**	71,881	**29,121**	71,881
Post-employment pension and health care plans	**(46,441)**	(17,329)	**(48,257)**	(17,329)
Real estate lease	**7,125**	6,712	**7,630**	6,712
Credit on contracts with suppliers	**39,335**	131	**39,335**	131
Shared services and other reimbursable expenses	**16,632**	40,186	**11,552**	39,358
Tax recovery	**-**	84,906	**1,280**	87,716
Premium with payroll	**14,056**	17,445	**14,056**	17,445
Cost recovery	**8,170**	17,382	**15,665**	23,797
Other revenues	**9,835**	10,964	**27,358**	17,509
	126,492	234,415	**142,167**	249,466
Other operating expenses				
(Reversal of) provision for litigation	**(73,706)**	(147,206)	**(86,015)**	(133,071)
Stock grant plan	**(7,036)**	(6,691)	**(7,036)**	(6,691)
Taxes	**(19,819)**	(11,627)	**(29,764)**	(16,665)
Gain (loss) on sundry sales and freight	**52,094**	(22,360)	**39,059**	(30,977)
Technological research	**(30,557)**	(33,708)	**(30,557)**	(33,708)
Incentive to culture and sports, FIA, audiovisual	**-**	(5,439)	**(1,765)**	(9,301)
Environmental control	**(9,813)**	(23,472)	**(9,813)**	(23,472)
Consulting in investment project assessment	**(1,198)**	(1,114)	**(3,926)**	(7,199)
Legal charges	**(8,120)**	(18,249)	**(8,966)**	(18,469)
Fines	**(2,265)**	(3,477)	**(3,674)**	(4,459)
Personnel and pre-operating training sessions	**(862)**	(13,666)	**(862)**	(13,666)
Provision for sundry losses	**-**	(18,308)	**(8,854)**	(20,782)
Incentive to employment termination	**(9,760)**	(10,018)	**(9,760)**	(10,018)
Other expenses	**(22,303)**	(12,557)	**(31,933)**	(19,766)
	(133,345)	(327,892)	**(193,866)**	(348,244)
	(6,853)	(93,477)	(51,699)	(98,778)

In thousands of reais, unless otherwise stated

33 Financial income (expense)

Below is a summary of financial income (expenses):

	Company		Consolidated	
	12/31/2013	12/31/2012	12/31/2013	12/31/2012
Financial income				
Interest from trade accounts receivable	**8,569**	22,205	**13,100**	28,343
Short-term investment yield	**11,714**	7,900	**70,392**	98,126
Monetary effects	**34,172**	20,297	**119,463**	134,408
Restatement of judicial deposits	**33,486**	37,211	**35,433**	40,651
Interest on tax credits	**815**	6,057	**850**	6,129
Realization of adjustment to present value of trade accounts receivable	**82,861**	84,951	**82,892**	84,984
Other financial income	**7,492**	13,599	**4,800**	8,886
	179,109	192,220	**326,930**	401,527
Financial expenses				
Interest on financing and taxes in installments	**(199,470)**	(214,497)	**(237,171)**	(246,115)
Income (loss) from swap transactions	**(331,742)**	(184,255)	**22,241**	62,415
Monetary effects	**(214,478)**	(234,712)	**(228,769)**	(249,026)
Interest, commissions and late payment interest	**(522)**	(10,675)	**(2,970)**	(17,823)
Tax on Financial Transactions (IOF)	**(1,406)**	(4,031)	**(2,585)**	(5,403)
PIS/COFINS on IOE	**(24,670)**	-	**(24,670)**	-
Interest on provision for litigation	**(36,005)**	(34,624)	**(39,398)**	(36,756)
Realization of adjustment to present value of trade accounts payable	**(62,117)**	(63,920)	**(86,281)**	(99,443)
Commissions on financing and other	**(50,643)**	(27,121)	**(146,030)**	(28,914)
Realization of hedge accounting	**(179,495)**	(47,492)	**(179,495)**	(47,492)
Credit assignment	**-**	-	**(42,566)**	-
Other financial expenses	**(12,841)**	(14,500)	**(13,879)**	(47,580)
	(1,113,389)	(835,827)	**(981,573)**	(716,137)
Exchange losses, net	**(117,473)**	(220,669)	**(240,566)**	(176,534)
	(1,111,753)	(864,276)	**(895,209)**	(491,144)

Foreign exchange gains (losses) recorded in the statement of operations arise from foreign exchange changes on assets and liabilities in foreign currency (loans and financing, trade accounts payable, checking accounts, short-term investments, and trade accounts receivable).

The Company segregates the Amplified Consumer Price Index (IPCA) from loans and financing, and short-term investments, which are adjusted at CDI and TJLP. Consequently, the portion referring to IPCA is segregated from interest on loans and financing and from yield from financial investments.

In thousands of reais, unless otherwise stated

34 Earnings (loss) per share

Basic and diluted

Basic earnings per share is calculated by dividing the profit attributable to stockholders of the Company 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. The Stock Option Plan does not offer common or preferred shares for dilution purposes (see Note 39).

	Company and Consolidated					
	12/31/2013			12/31/2012		
	Common	Preferred	Total	Common	Preferred	Total
Basic and diluted						
Basic and diluted numerator Net earnings (loss) available to controlling interests	**(72,128)**	**(69,550)**	**(141,678)**	(359,815)	(346,740)	(706,555)
Basic and diluted denominator Weighted average of shares, excluding treasury shares	**502,734,029**	**484,616,474**	**987,350,503**	502,734,030	484,465,150	987,199,180
Loss per share in R$ – basic and diluted	**(0.14)**	**(0.14)**	**-**	(0.72)	(0.72)	-

35 Commitments

Equity expenses at the balance sheet date, still to be incurred:

	Company		Consolidated	
	12/31/2013	12/31/2012	12/31/2013	12/31/2012
Steel mill	**160,178**	5,762	**160,178**	5,762
Blast furnace	**135,359**	18,501	**135,359**	18,501
Thick plates	**23,356**	188,408	**23,356**	188,408
Coking plant	**694,227**	467,014	**694,227**	467,014
Pickling	**23,128**	65,294	**23,128**	65,294
Rolling	**27,604**	1,349	**27,604**	1,349
Sintering	**57,640**	35,253	**57,640**	35,253
Mining	**-**	-	**75,641**	98,252
Other	**166,383**	35,879	**166,383**	35,879
	1,287,875	817,460	**1,363,516**	915,712

In thousands of reais, unless otherwise stated

36 Transactions with related parties

The Company's shareholding position breaks down as under:

	12/31/2013					
	Common shares		Preferred shares		Total	
Shareholder	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)	84,741,296	16.77	-	-	84,741,296	8.36
Caixa de Previdência dos Funcionários do Banco do Brasil	52,769,592	10.45	6,748,050	1.33	59,517,642	5.87
Companhia Siderúrgica Nacional ("CSN")	59,786,302	11.83	85,599,100	16.83	145,385,402	14.34
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	0.74
Usiminas – treasury stock	2,526,656	0.50	23,757,710	4.67	26,284,366	2.59
Other shareholders	60,800,700	12.04	389,281,888	76.55	450,082,588	44.40
Total	505,260,684	100.00	508,525,506	100.00	1,013,786,190	100.00

	12/31/2012					
	Common shares		Preferred shares		Total	
Shareholder	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)	84,741,296	16.77	-	-	84,741,296	8.36
Caixa de Previdência dos Funcionários do Banco do Brasil	53,034,392	10.50	6,695,350	1.32	59,729,742	5.89
Companhia Siderúrgica Nacional ("CSN")	43,038,800	8.52	79,793,800	15.69	122,832,600	12.12
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 stock	2,526,654	0.50	24,060,356	4.73	26,587,010	2.63
Other shareholders	77,283,404	15.30	394,837,242	77.64	472,120,646	46.57
Total	505,260,684	100.00	508,525,506	100.00	1,013,786,190	100.00

(i) Controlling shareholders, through shareholders' agreement.

As described in Note 27 (a), as from January 16, 2012, the Company shareholding structure changed with a new shareholder: Techint Group.

In thousands of reais, unless otherwise stated

Main balances and transactions with related parties are the following:

(a) Current assets

	Company								
	12/31/2013			12/31/2012			1/1/2012		
	Trade accounts receivable	Dividends receivable	Other accounts receivable	Trade accounts receivable	Dividends receivable	Other accounts receivable	Trade accounts receivable	Dividends receivable	Other accounts receivable
Controlling interest									
Confab	7,373		-	2,546	-	-	-	-	-
Mitsubishi	-		327	-	-	313	-	-	-
Previdência Usiminas	4		-	-	-	-	1	-	-
Siderar	660		-	12,587	-	-	-	-	-
Noncontrolling interest									
CSN	-	-	-	-	-	-	63	-	-
Subsidiaries									
Automotiva Usiminas	-	-	-	3,571	8,999	-	30,372	5,593	-
Cosipa Overseas	-	-	-	92,986	-	-	53,324	-	-
Mineração Usiminas	816	-	-	734	58,689	1,212	40	29,238	695
Rios Unidos	-	-	9,050	-	-	-	1,354	-	9,222
Soluções Usiminas	158,406	1,533	-	23,601	-	-	83,050	-	-
Usiminas Eletrogalvanized	5,202	-	9,228	106,004	-	1,415	7,012	-	-
Usiminas Galvanized	27,305	-	16,803	25,831	-	8,909	20,089	-	-
Usiminas Mecânica	1,643	29,999	6,081	16,585	59,999	336	17,147	23,647	9,963
UPL	-	2,011	-	-	1,952	-	-	2,806	-
Jointly-controlled subsidiaries									
Fasal Trading Brasil	1,791	-	-	-	-	-	-	333	-
Fasal Trading Corporation	-	-	-	-	-	-	366	-	-
Unigal	110	-	-	-	-	-	91	-	-
Usiroll	47	-	-	41	-	-	1	-	14,421
Affiliates									
Codeme	1,014	-	-	944	-	-	8,494	-	-
Metform	3,063	-	-	169	-	-	1,312	-	-
MRS	-	-	-	-	297	-		335	-
Other related parties									
Metal One Corporation	-	-	9	-	-	5	5,727	-	9
Ternium Procurement	-	-	-	11	-	-	-	-	-
Ternium International Uruguai	37,206	-	-	12,237	-	-	-	-	-
Ternium International Costa Rica	2,408	-	-	-	-	-	-	-	-
Ternium International Paramá	1,837	-	-	-	-	-	-	-	-
	248,885	33,543	41,498	297,847	129,936	12,190	228,443	61,952	34,310

In thousands of reais, unless otherwise stated

	Consolidated								
	12/31/2013			12/31/2012			1/1/2012		
	Trade accounts receivable	Dividends receivable	Other accounts receivable	Trade accounts receivable	Dividends receivable	Other accounts receivable	Trade accounts receivable	Dividends receivable	Other accounts receivable
Controlling interests									
Confab	**7,400**	**-**	**-**	2,546	-	384	-	-	-
Previdência Usiminas	**4**	**-**	**-**	-	-	-	1	-	-
Mitsubishi	**-**	**-**	**327**	-	-	313	-	-	-
Siderar	**3,604**	**-**	**-**	14,212	-	-		-	-
Votorantim	**-**	**-**	**-**	-	-	-	462	-	-
Noncontrolling interest									
CSN	**30,442**	**-**	**-**	-	-	-	63	-	-
Jointly-controlled subsidiaries									
Fasal Trading Brasil	**2,806**	**-**	**-**	-	**-**	**-**	-	333	-
Fasal Trading Corporation	**-**	**-**	**-**	-	**-**	**-**	366	-	-
Unigal	**145**	**-**	**-**	-	**-**	**-**	3,058		
Usiroll	**47**	**-**	**-**	41	-	-	1	-	14,421
Affiliates									
Codeme	**1,014**	**-**	**301**	944	-	4,348	8,539	-	-
Metform	**3,063**	**-**	**-**	169	**-**	**-**	1,312	-	-
MRS	**9,749**	**12,413**	**-**	675	12,134	-	675	13,587	-
Terminal Sarzedo									
Other related parties									
Metal One Corporation	**-**	**-**	**9**	-	-	5	5,727	-	9
Ternium Internacional	**-**	**-**	**-**	691	-	-	-	-	-
Ternium Internacional España	**-**	**-**	**-**	41,288	-	-	-	-	-
Ternium México	**-**	**-**	**-**	42,821	-	-	-	-	-
Ternium Procurement	**-**	**-**	**-**	54,287	-	-	-	-	-
Ternium Internacional Uruguai	**37,206**	**-**	**-**	-	-	-	-	-	-
Ternium International Costa Rica	**2,408**	**-**	**-**	-	-	-	-	-	-
Ternium International Paramá	**1,837**	**-**	**-**	-	-	-	-	-	-
	99,725	**12,413**	**637**	157,674	12,134	5,050	20,204	13,920	14,430

Trade accounts receivable classified as related parties are primarily due to sales transactions and mature within up to 30 days. Accounts receivable are unsecured and are subject to interest. At December 31, 2013 and 2012, no provisions were set up for accounts receivable from related parties.

(b) Noncurrent assets - receivables from affiliates

	Company			Consolidated		
	12/31/2013	12/31/2012	1/1/2012	12/31/2013	12/31/2012	1/1/2012
Controlling interests						
Previdência Usiminas (i)	**5,345**	5,626	5,710	**5,345**	5,626	5,710
Subsidiaries						
Usiminas Europa	**-**	-	74	**-**	-	-
Usiminas Mecânica (ii)	**47,698**	50,226	51,329	**-**	-	-
Affiliates						
Usiroll (iii)	**15,486**	14,010	-	**15,486**	14,010	-
	68,529	69,862	57,113	**20,831**	19,636	5,710

(i) Refers to actuarial deficit.
(ii) Refers to actuarial deficit and the sale of PP&E.
(iii) Refers to advances due to unbilled services.

In thousands of reais, unless otherwise stated

(c) Current liabilities

	12/31/2013					
	Company			Consolidated		
	Related-party liabilities			Related-party liabilities		
	Trade accounts payable	Other	Loans and financing	Trade accounts payable	Other	Loans and financing
Controlling interests						
Mitsubishi	15,016	-	-	15,016	-	-
Nippon Steel & Sumitomo Metal Corporation	-	5,102	-	-	5,102	-
Nippon Usiminas (i)	-	-	114,424	-	-	114,424
Previdência Usiminas (ii)	-	191	-	494	231	-
Confab Industrial S.A	-	109	-	555	109	-
Noncontrolling interest						
Companhia Siderúrgica Nacional	14,178	-	-	14,178	-	-
Sumitomo Corporation do Brasil	-	-	-	8	-	-
Subsidiaries						
Cosipa Commercial	-	-	1,175	-	-	-
Mineração Usiminas	590,537	-	-	-	-	-
Rios Unidos	7,251	-	-	-	-	-
Soluções Usiminas	2,925	-	-	-	-	-
Usiminas Commercial	-	-	20,305	-	-	-
Usiminas Eletrogalvanized	980	-	-	-	-	-
Usiminas Mecânica	9,396	-	-	-	-	-
Usiminas Galvanized APS	1,679	-	-	-	-	-
Jointly-controlled subsidiaries						
Modal Terminal de Granéis	-	-	-	434	-	-
Unigal	82,192	-	-	82,192	-	-
Usiroll	690	-	-	690	-	-
Affiliates						
Metform	37	-	-	37	-	-
MRS	1,281	-	-	4,611	15,238	-
Terminal de Cargas Sarzedo	-	-	-	1,030	-	-
Metal One Corporation	-	-	-	-	445	-
Techint	-	-	-	117	-	-
	726,162	5,402	135,904	119,362	21,125	114,424

In thousands of reais, unless otherwise stated

	12/31/2012					
	Company			Consolidated		
	Related-party liabilities			Related-party liabilities		
	Trade accounts payable	Other	Loans and financing	Trade accounts payable	Other	Loans and financing
Controlling interests						
Mitsubishi	92,118	-	-	92,118	-	-
Nippon Steel & Sumitomo Metal Corporation	-	852	-	-	852	-
Nippon Usiminas (i)	-		100,847	-	-	100,847
Previdência Usiminas (ii)	-	611	-	32	695	-
Siderar	-	3,589	-	-	3,589	-
Noncontrolling interest						
Serra Azul (iii)	-	-	-	-	24,524	-
Sumitomo Corporation (iii)	-	-	-	-	629	-
Subsidiaries						
Automotiva Usiminas	193	-	-	-	-	-
Cosipa Commercial	-	-	1,248	-	-	-
Mineração Usiminas	500,303	-	-	-	-	-
Rios Unidos	5,873	-	-	-	-	-
Soluções Usiminas	14,602	-	-	-	-	-
Usiminas Commercial	-	-	21,569	-	-	-
Usiminas Eletrogalvanized	-	39,498	-	-	-	-
Usiminas Mecânica	46,319	-	-	-	-	-
Jointly-controlled subsidiaries						
Modal	-	-	-	660	-	-
Unigal	65,707	-	-	65,707	-	-
Usiroll	717	-	-	717	-	-
Affiliates						
Metform	4	-	-	4	-	-
MRS	4,125	19,805	-	10,689	27,661	-
Terminal Sarzedo	-	-	-	2,196	-	-
	729,961	64,355	123,664	172,123	57,950	100,847

(i) Loans in USD subject to charges ranging from 0.83% to 2.35% p.a. + Libor.
(ii) Refers to contributions made to the retirement plan.
(iii) In consolidated, column "others", the amounts refer to dividends payable to subsidiary Mineração Usiminas.

In thousands of reais, unless otherwise stated

	1/1/2012					
	Company			Consolidated		
	Related-party liabilities			Related-party liabilities		
	Trade accounts payable	Other	Loans and financing	Trade accounts payable	Other	Loans and financing
Controlling interests						
Nippon Steel & Sumitomo Metal Corporation	4	-	-	4	-	-
Nippon Usiminas (i)	-	-	93,015	-	-	93,015
Previdência Usiminas (ii)	-	199	-	36	221	-
Votorantim	-	-	-	-	17	-
Noncontrolling interests						
CSN	15,641	-	-	15,641	-	-
Summit Empreendimentos	-	-	-	-	12,531	-
Subsidiaries						
Automotiva Usiminas	271	-	-	-	-	-
Cosipa Commercial	-	-	1,279	-	-	-
Cosipa Overseas	-	-	13,680	-	-	-
Mineração Usiminas	91,450	1	-	-	-	-
Rios Unidos	2,796	-	-	-	-	-
Soluções Usiminas	559	100	-	-	-	-
Usiminas Commercial	-	-	22,106	-	-	-
Usiminas Mecânica	193,396	-	-	-	-	-
Jointly-controlled subsidiaries						
Modal	-	-	-	602	-	-
Unigal	90,067	-	-	90,660	-	-
Usiroll	534	-	-	534	-	-
Affiliates						
Codeme	-	24,624	-	-	24,624	-
Metform	99	7,776	-	99	7,776	-
MRS	1,075	-	-	8,343	7,289	-
Terminal Sarzedo	-	-	-	998	-	-
	395,892	32,700	130,080	116,917	52,458	93,015

The liabilities with related parties classified as suppliers are mainly due to purchases maturing up to 45 days, in addition to credit assignment with Mineração Usiminas. Liabilities with related parties are not subject to interest.

In thousands of reais, unless otherwise stated

(d) Noncurrent liabilities

	Company					
	12/31/2013		12/31/2012		1/1/2012	
	Loans and financing	Related-party liabilities	Loans and financing	Related-party liabilities	Loans and financing	Related-party liabilities
Controlling interests						
Nippon Usiminas (i)	**249,257**	**-**	315,700	-	379,996	-
Subsidiaries						
Cosipa Commercial (ii)	**509,124**	**-**	540,816	-	554,268	-
Usiminas Commercial (iii)	**959,118**	**-**	1,018,821	-	1,044,163	-
Usiminas Eletrogalvanized	**-**	**17,014**	-	14,321	-	12,709
Usiminas Galvanized	**-**	**31,632**	-	26,624	-	23,626
Usiminas International	**-**	**628**	-	499	-	-
Affiliates	**-**	**-**				
Codeme	**-**	**-**	-	-	-	5,130
Metform	**-**	**-**	-	-	-	1,620
	1,717,499	**49,274**	1,875,337	41,444	1,978,427	43,085

(i) Loans in USD subject to charges ranging from 0.83% to 2.35% p.a. + Libor.
(ii) Loans in yen (JPY) subject to charges of 4.275% p.a.
(iii) Loans in yen (JPY) subject to charges of 4.1165% p.a.

	Consolidated					
	12/31/2013		12/31/2012		1/1/2012	
	Loans and financing	Related-party liabilities	Loans and financing	Related-party liabilities	Loans and financing	Related-party liabilities
Controlling interests						
Nippon Usiminas (i)	**249,257**	**-**	315,700	-	379,996	-
Affiliates						
Codeme	**-**	**-**	-	-	-	5,130
Metform	**-**	**-**	-	-	-	1,620
	249,257	**-**	315,700	-	379,996	6,750

(i) Loans in USD subject to charges ranging from 0.83% to 2.35% p.a. + Libor.

In thousands of reais, unless otherwise stated

(e) Purchase and sale

	Company				Consolidated			
	Sale		Purchase		Sale		Purchase	
	12/31/2013	12/31/2012	12/31/2013	12/31/2012	12/31/2013	12/31/2012	12/31/2013	12/31/2012
Controlling interests								
Confab	**294,881**	447,295	**-**	-	**294,908**	447,329	**-**	-
Mitsubishi	**-**	-	**29,579**	214,517	**-**	-	**29,579**	214,517
Nippon Steel & Sumitomo Metal Corporation	**-**	-	**7,163**	9,468	**-**	-	**7,163**	9,468
Siderar	**2,423**	76,994	**1,279**	-	**45,385**	117,594	**1,279**	-
Noncontrolling interests								
CSN	**-**	-	**18,317**	48,321	**249,168**	-	**57,589**	48,321
Sumitomo Corporation do Brasil	**-**	-	**-**	-	**-**	-	**283**	-
Subsidiaries								
Automotiva Usiminas	**86,289**	84,732	**7,893**	7,996	**-**	-	**-**	-
Cosipa Overseas	**74,484**	412,785	**-**	-	**-**	-	**-**	-
Mineração Usiminas	**-**	3,114	**1,129,697**	1,085,300	**-**	-	**-**	-
Rios Unidos	**-**	-	**42,367**	58,498	**-**	-	**-**	-
Soluções Usiminas	**2,471,082**	1,872,972	**26,204**	26,853	**-**	-	**-**	-
Usiminas Eletrogalvanized	**87,906**	280,290	**-**	-	**-**	-	**-**	-
Usiminas Galvanized	**165,384**	459,231	**-**	-	**-**	-	**-**	-
Usiminas Mecânica	**85,840**	276,151	**120,396**	290,678	**-**	-	**-**	-
Jointly-controlled subsidiaries								
Fasal Trading Corporation	**-**	41	**-**	-	**-**	41	**-**	-
Modal	**-**	-	**-**	1,102	**-**	-	**3,143**	4,872
Unigal	**801**	498	**512,950**	477,139	**2,472**	6,685	**512,950**	477,139
Usiroll	**-**	-	**9,314**	10,237	**-**	-	**9,314**	10,237
Affiliates								
Codeme	**39,356**	43,475	**-**	8,141	**39,838**	43,475	**-**	8,141
Metform	**25,793**	21,465	**421**	444	**25,793**	21,465	**513**	1,112
MRS	**361**	190	**123,103**	200,547	**30,115**	2,039	**343,957**	399,875
Terminal Sarzedo	**-**	-	**393**	-	**-**	-	**18,768**	19,409
Other related parties								
Metal One Corporation	**6**	622	**-**	16,118	**6**	622	**-**	16,118
Techint	**-**	-	**-**		**-**	-	**117**	-
Ternium Internacional	**-**	65,211	**-**	-	**-**	121,984	**-**	-
Ternium Internacional El Salvador	**272**	-	**-**	-	**272**	-	**-**	-
Ternium Internacional Uruguai	**37,676**	-	**-**	-	**37,688**	-	**-**	-
Ternium Internacional Nicaragua	**181**	-	**-**	-	**181**	-	**-**	-
Ternium Internacional Costa Rica	**4,410**	-	**-**	-	**4,410**	-	**-**	-
Ternium Internacional Panamá	**1,843**	-	**-**	-	**1,843**	-	**-**	-
Ternium Internacional España	**88,451**	12,237	**-**	-	**95,603**	107,419	**-**	-
Ternium México	**-**	-	**-**	-	**8,770**	42,821	**-**	-
Ternium Procurement	**-**	82,775	**35**	-	**-**	224,851	**35**	-
Nippon Steel Engineering	**-**	-	**1,636**	-	**-**	-	**1,636**	-
	3,467,439	4,140,078	**2,030,747**	2,455,359	**836,452**	1,136,325	**986,326**	1,209,209

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

In thousands of reais, unless otherwise stated

(f) Operating and financial income

	Company		Consolidated	
	12/31/2013	12/31/2012	12/31/2013	12/31/2012
Controlling interests				
Confab	**-**	1,799	**-**	1,799
Mitsubishi	**4,572**	(1,295)	**4,572**	(1,295)
Nippon Steel & Sumitomo Metal Corporation	**(56,525)**	-	**-**	-
Nippon Usiminas	**-**	(12,055)	**(56,525)**	(12,055)
Previdência Usiminas	**606**	751	**606**	751
Siderar	**(1,408)**	(3)	**(803)**	(3)
Ternium Investiments S.à r.l	**(155)**	-	**(155)**	-
Noncontrolling interests				
CSN	**-**	(410)	**-**	(410)
Subsidiaries				
Automotiva Usiminas	**293**	106	**-**	-
Cosipa Commercial	**7,134**	(14,783)	**-**	-
Cosipa Overseas	**(1,021)**	1,721	**-**	-
Mineração Usiminas	**9,542**	9,398	**-**	-
Rios Unidos	**429**	(429)	**-**	-
Soluções Usiminas	**(4,142)**	(12,902)	**-**	-
Usiminas Commercial	**14,877**	(23,629)	**-**	-
Usiminas Europa	**-**	(19)	**-**	-
Usiminas Eletrogalvanized	**6,579**	(31,076)	**-**	-
Usiminas Galvanized	**4,434**	(9,695)	**-**	-
Usiminas International	**(81)**	-	**-**	-
Usiminas Mecânica	**6,492**	6,707	**-**	-
Usiminas Portugal	**-**	(3)	**-**	-
Jointly-controlled subsidiaries				
Fasal Trading Brasil	**1,060**	-	**1,060**	-
Fasal Trading Corporation	**-**	(426)	**-**	(426)
Modal	**-**	(4)	**-**	(4)
Usiroll	**1,215**	1,637	**1,215**	1,637
Affiliates				
Codeme	**321**	11,206	**321**	11,206
Metform	**254**	3,096	**254**	3,096
MRS	**(507)**	(535)	**(1,182)**	(535)
Other related parties				
Exiros	**(6,344)**	-	**(6,344)**	-
Ternium Internacional España	**(149)**	-	**(149)**	-
	(12,524)	(70,843)	**(57,130)**	3,761

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

In thousands of reais, unless otherwise stated

(g) Key management personnel compensation

Following is the key management personnel compensation paid and payable, which includes Company's Executive Board, Board of Directors and Supervisory Board:

	Company and Consolidated	
	12/31/2013	12/31/2012
Management fees	**30,975**	25,041
Payroll charges	**5,559**	7,238
Retirement plans	**131**	311
	36,665	32,590

In 2013, R$5,224 referring to excess accrual for variable compensation and charges (R$25,231 at December 31, 2012) were reversed to income/loss. The net amount is recorded in the statement of operations, under "General and administrative expenses".

At December 31, 2013, the amount paid to key management personnel was R$26,798 (R$22,676 at December 31, 2012).

The Company has a payment plan based on shares as described in Note 39.

(h) 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.
- Mitsubishi's purchase of equipment for the hot strip mill No. 2 of the Cubatão plant.
- 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.
- Sale of products to Automotiva Usiminas to be used in the stamping of parts for the car industry.
- Purchase of iron ore from Mineração Usiminas to be used in Ipatinga and Cubatão plants.
- Credit assignment operation with Mineração Usiminas invoices related to the supply of iron ore.
- Purchase from Rios Unidos of road cargo transportation services of steel products and sundry materials.

In thousands of reais, unless otherwise stated

- 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.
- Sale of products to Ternium México, Ternium Procurement, Ternium Internacional and Ternium Internacional España.

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 Cash flow statements

(a) Cash and cash equivalents

Breakdown of cash and cash equivalents included in cash flow statements is shown in Note 9.

(b) Supplementary information

	Company		Consolidated	
	12/31/2013	12/31/2012	12/31/2013	12/31/2012
Investment and financing transactions with no cash impact	**272,947**	4,775	-	(5,677)

On September 26, 2013, as described in Note 16 (e) (vi) the Company made a capital contribution to Mineração Usiminas S.A., by transferring a land located in Itaguaí, Rio de Janeiro State. The increase in investments made by the Company and related to this transfer, with no cash impact, was R$191,942, in addition to R$ 81,005, referring to changes in interest held in companies not resulting in loss or acquisition of control. At December 31, 2012, the amounts refer to capital increase in Rios Unidos (R$10,452) and write-off of investments in Codeme (R$3,972) and Metform (R$1,705).

38 Insurance coverage

The insurance policies held by the Company and by certain subsidiaries offer coverage deemed sufficient by management.
At December 31, 2013, 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, Automotiva Usiminas, Usiminas Mecânica, Unigal and Usiroll, their value at risk being US$28,299,921 thousand (US$28,299,921 thousand at December 31, 2012), and an all-risks insurance policy having maximum indemnity limit of US$1,000,000 thousand per loss. At December 31, 2013 and 2012, the maximum indemnity for property damage was US$ 7,500 thousand, and for coverage of loss of profit, the maximum indemnity was 21 days (waiting period). This insurance will expire on June 30, 2014.

39 Stock option plan

The Special Shareholders' 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, 2013, the Plan had 3 effective programs:

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

(a) The Plan key guidelines

The Plan key guidelines are summarized below:

- All employees are potentially entitled to the Plan. The potential beneficiaries will be submitted to evaluation and approval by the Board of Directors.

- Every year, the Board of Directors will define the employees entitled to the Plan, after analysis of the Human Resources Committee.

- All shares granted under the Stock Option Plan will be preferred shares.

In thousands of reais, unless otherwise stated

- The Company may do the following to meet the Stock Option Plan requirements: (i) issue new preferred shares, subject to its authorized capital limit; or (ii) use preferred shares held in treasury.

- Any Preferred Share underlying a Stock Option granted according to the Plan, that is cancelled or terminated before call, for any reason, will become once more available for the Stock Option Plan. The Options call must not result, in any event, in the issue or distribution of fractional shares, and the Board of Directors may determine how to address a fractional share.

- In the event new shares are issued by the Company by virtue of share split, grouping or bonus payment, the Board of Directors may replace or adjust it as required, at its own discretion, (i) the number of shares arising from the call option conducted under the Plan; (ii) the number of shares related to Options previously granted but not used; and (iii) the Options Price.

(b) Call Option Types

The 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.

(c) 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:

		Price		Granted options		
Program	**Grant date**	**(USIM5)**	**Grace period**	**Basic**	**Bonus**	**Total**
2011	10/03/2011	R$11.98	3 years, 33% for each year	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		2,851,733	-	2,851,733
				9,018,147	485,900	9,504,047

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.

In thousands of reais, unless otherwise stated

(d) Fair value of Options

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 price	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
Dividends estimate	2.94%	2.94%	2.94%
Return rate free of risk	11.62% p.a.	11.65% p.a.	11.69% p.a.
Adjusted effective 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 price	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
Dividends estimate	0.63%	0.63%	0.63%
Return rate free of risk	8.13% p.a.	8.25% p.a.	8.37% p.a.
Adjusted effective period	4 years	4.5 years	5 years

Program 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 price	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
Dividends estimate (*)	-	-	-
Return rate free of risk	11.34% p.a.	11.37% p.a.	11.40% p.a.
Adjusted effective period	4 years	4.5 years	5 years

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

The 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.

The fair value of the options granted is accounted for as expense over the grace period.

In thousands of reais, unless otherwise stated

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

	12/31/2013			12/31/2012		1/1/2012
	Program			Program		Program
	2013	2012	2011	2012	2011	2011
Options:						
Outstanding options at beginning of year	-	3,660,561	1,604,880	-	2,991,753	-
Options granted over the year	2,851,733	-	-	3,660,561	-	2,991,753
Options exercised over the year	-	(216,646)	(86,000)	-	-	-
Options cancelled over the year	-	(399,188)	(225,048)	-	(1,386,873)	-
Outstanding options at end of year	2,851,733	3,044,727	1,293,832	3,660,561	1,604,880	2,991,753

At December 31, 2013, the impact on P&L of the above-mentioned Stock Option Plan resulted in a total expense of R$11,552 (R$6,691 at December 31, 2012), the amount of which was accounted for in the statement of income/operations. Of this amount, R$2,479 were reversed to "Retained earnings (accumulated losses)" account due to the cancellation of these options; therefore, the impact on equity totaled R$9,073.

Considering that all contractual assumptions remain unaltered and no new grants occur, plan expenses expected for 2014 amount to R$13,682.

40 Subsequent events

Disposal of subsidiary

On January 28, 2014, the Company completed the process for disposal of its entirety interest held in capital of Automotiva Usiminas S.A. (see Note 16.e.v). On that date, the amount received was R$16,486, out of which R$15,994 were recognized in the financial statements as at December 31, 2013.

Board of Directors

Paulo Penido Pinto Marques
Chairman of the Board of Directors

Alcides José Morgante
Member of the Board of Directors

Aloísio Macário Ferreira de Souza
Member of the Board of Directors

Daniel Agustín Novegil
Member of the Board of Directors

Fumihiko Wada
Member of the Board of Directors

José Oscar Costa de Andrade
Member of the Board of Directors

Marcelo Gasparino da Silva
Member in Office

Eiji Hashimoto
Member of the Board of Directors

Rita Rebelo Horta de Assis Fonseca
Member of the Board of Directors

Roberto Caiuby Vidigal
Member of the Board of Directors

Fiscal Council

Paulo Frank Coelho da Rocha
Chairman of the Fiscal Council

Jânio Carlos Macedo
Member of the Fiscal Council

Lúcio de Lima Pires
Member of the Fiscal Council

Masato Ninomiya
Member of the Fiscal Council

Telma Suzana Mezia
Member of the Fiscal Council

Executive Board

Julián Alberto Eguren
CEO

Marcelo Rodolfo Chara
Industrial Vice-President

Rômel Erwin de Souza
Vice-President of Technology and Quality

Ronald Seckelmann
Vice-President of Finance and Investor Relations

Sérgio Leite de Andrade
Vice-President of the Commercial Area

Paolo Felice Bassetti
Vice-President of Subsidiaries

Nobuhiro Yamamoto
Vice-President of Corporate Planning

Marcos Aurélio Alves
Accounting Manager
Accountant in Charge CRC-MG 34.381/O