



Usiminas.
Fazer melhor sempre.

USIMINAS U

Public Disclosure - Belo Horizonte, October 28th, 2016 Usinas Siderúrgicas de Minas Gerais S.A. - Usiminas (BM&FBOVESPA: USIM3, USIM5 e USIM6; OTC: USDMY and USNZY; LATIBEX: XUSIO and XUSI) today releases its third quarter (3Q16) results. Operational and financial information of the Company, except where otherwise stated, are presented based on consolidated figures, in Brazilian Real, according to International Financial Reporting Standards (IFRS). All comparisons made in this release take into consideration the second quarter of 2016 (2Q16), unless stated otherwise.

Release of the 3Q16 Results

The main operating and financial indicators were:

- Steel sales volume of 1.0 million tons;
- Iron ore sales volume of 0.8 million tons;
- Consolidated Adjusted EBITDA of R\$306.9 million and Adjusted EBITDA margin of 13.5%;
- Working capital on 09/30/16 of R\$2.4 billion;
- Investments of R\$37.3 million;
- Cash position on 09/30/16 of R\$2.3 billion.

Main Highlights

R\$ million - Consolidated	3Q16	2Q16	3Q15	Change 3Q16/2Q16	9M16	9M15	Change 9M16/9M15
Steel Sales Volume (000 t)	959	899	1,179	7%	2,761	3,710	-26%
Iron Ore Sales Volume (000 t)	789	786	775	0%	2,550	3,120	-18%
Net Revenue	2,265	2,028	2,424	12%	6,334	7,781	-19%
COGS	(1,999)	(2,025)	(2,534)	-1%	(6,106)	(7,542)	-19%
Gross Profit (Loss)	266	3	(110)	-	228	239	-
Net Income (Loss)	(107)	(123)	(1,042)	-13%	(382)	(2,058)	-81%
EBITDA (Instruction CVM 527)	301	61	(97)	396%	411	(498)	-
EBITDA Margin (Instruction CVM 527)	13%	3%	-4%	+ 10 p.p.	7%	-6%	+ 13 p.p.
Adjusted EBITDA	307	68	(65)	353%	426	541	-21%
Adjusted EBITDA Margin	14%	3%	-3%	+ 10 p.p.	7%	7%	- 0 p.p.
Investments (CAPEX)	37	50	156	-26%	158	615	-74%
Cash Position	2,340	2,713	2,397	-14%	2,340	2,397	-2%

Market Data – 09/30/16

BM&FBOVESPA: **USIM5** R\$3.53/share
USIM3 R\$9.45/share

EUA/OTC: **USNZY** US\$1.11/ADR

LATIBEX: **XUSI** €1.00/share
XUSIO €2.39/share

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Economic Outlook

The global outlook remained stable during the 3Q16 and, in October 2016, the IMF estimated a 3.1% growth in 2016 and 3.4% in 2017. These forecasts are based on growth expectations in the United States and other developed countries. With the abated risks of the Chinese economic activity and the expectation that global interest rates will remain at low levels, the global scenario remains favorable to emerging markets. Within this scenario, commodities prices increased and funds flow to these countries remained stable. This has contributed to exchange rate stability and the inflation slow down perspectives in Latin American economies. Nevertheless, the economic activity remains weak, with the two main economies in the region, Brazil and Argentina, in deep recession due to domestic issues.

In Brazil, indicators point to that the 3Q16 had still remained in recession, however, there are already signs of economic activity stabilization. The 2016 GDP forecast, according to the Focus Report of the Brazilian Central Bank of September, is for a 3.2% decline. For 2017, the forecast is for a 1.3% growth. Expectations of the main banks are that the 2017 GDP will grow between 1.3% and 2.0%.

Inflation measured by the *Índice Nacional de Preços ao Consumidor Amplo* – IPCA index is falling, albeit slowly, and has accumulated 8.5% in the 12 months through September. The expectation is to reach 7.0% by this year's end, according to Focus Report. The deep recession and exchange rate appreciation this year sustain the forecast for resumption of the cycle of interest rate reduction, with the expectation of Selic rate reaching 13.5% by the end of the year, against the current 14.0% level.

Brazilian industry has shown mixed signals, on the negative side, the steep decline in industrial production of 3.8%, interrupting five months of consecutive increases, and on the positive side, maintenance of the trend of recovery in capital goods production. Confidence of industry is rising and adjusted inventory indicators also favor production recovery in short and medium terms.

From the main steel consumer segments in Brazil are: on the negative side: White Goods, which, according to the Brazilian Institute of Geography and Statistics (IBGE), has been performing poorly due to the continuous increase of unemployment resulting in family income downfall; and Civil Construction, which, according to *Tendências* Consulting, continued weak in the 3Q16, in spite of the expectation of improvement in the coming quarters; and the Industrial sector, which, according to *Tendências* Consulting, continued in recession. On the positive side, the Automobile Industry has been increasing its production and sales volumes, and the Distribution segment has increased its steel purchasing and sales volume. According to the Steel Distribution National Institute (INDA), at the end of September, inventories remained below 900 thousand tons with a 3.6 month turnover.

Economic and Financial Performance Comments on Consolidated Results

Net Revenue

Net revenue in the 3Q16 was R\$2.3 billion, against R\$2.0 billion in the 2Q16, an 11.7% increase. The Steel Unit and the Steel Processing Unit contributed the most to this increase, driven by the higher sales volume and prices.

Net Revenue Breakdown					
	3Q16	2Q16	3Q15	9M16	9M15
Domestic Market	88%	89%	73%	87%	79%
Exports	12%	11%	27%	13%	21%
Total	100%	100%	100%	100%	100%

Cost of Goods Sold (COGS)

COGS in the 3Q16 totaled R\$2.0 billion, stable when compared with the 2Q16. For detailed information, see the Business Unit sections of this document. Gross margin was 11.7% in the 3Q16, against 0.1% in the 2Q16, an improvement of 1,160 basis points, as per demonstrated below:

Gross Margin				
3Q16	2Q16	3Q15	9M16	9M15
11.7%	0.1%	-4.5%	3.6%	3.1%

Operating Expense and Income

In the 3Q16, selling expenses were R\$52.0 million, against R\$55.7 million in the 2Q16, a 6.7% decrease, mainly due to the negative impact of R\$5.8 million in provisions for doubtful accounts occurred in the 2Q16.

General and administrative expenses totaled R\$87.4 million in the 3Q16, against R\$86.2 million in the 2Q16, stable comparing both periods.

In the 3Q16, other operating expenses totaled R\$160.5 million, against R\$154.1 million in the 2Q16, a 4.1% increase. The highlights were:

- higher expenses with non-absorbed costs with idle production in the amount of R\$134.7 million, of which R\$118.3 million were related to depreciation, against R\$126.4 million in the 2Q16, of which R\$119.0 million were related to depreciation;
- higher provisions for legal liabilities by R\$31.3 million in the 3Q16;
- lower negative result of sale of surplus electric energy, which totaled a negative R\$35.7 million in the 3Q16, against a negative R\$44.5 million in the 2Q16.

Net operating expenses were stable, totaling R\$299.9 million in the 3Q16, against R\$296.0 million in the 2Q16. Thus, the Company's Operating Margin presented the following performance:

EBIT Margin				
3Q16	2Q16	3Q15	9M16	9M15
-1.6%	-14.4%	-18.2%	-10.3%	-19.3%

Adjusted EBITDA

Adjusted EBITDA is calculated from net income (loss), reversing profit (loss) from discontinued operations, income tax and social contribution, financial result, depreciation, amortization and depletion, equity in the results of Associate, Joint Subsidiary and Subsidiary Companies and not consider the impairment of assets. The adjusted EBITDA includes the proportional participation of 70% of Unigal and others joint subsidiary companies.

EBITDA Breakdown					
Consolidated (R\$ thousand)	3Q16	2Q16	3Q15	9M16	9M15
Net (Loss) Income	(107,138)	(123,357)	(1,042,156)	(381,872)	(2,058,334)
Income Tax / Social Contribution	(59,193)	(18,675)	(223,219)	(93,228)	(620,673)
Financial Result	159,277	(114,621)	820,075	(56,897)	1,221,604
Depreciation, Amortization	307,630	317,273	348,727	942,989	959,499
EBITDA - Instruction CVM - 527	300,576	60,620	(96,573)	410,992	(497,904)
Equity in the Results of Associate and Subsidiary Companies	(27,047)	(36,655)	4,260	(115,547)	(41,702)
Joint Subsidiary Companies proportional EBITDA	33,561	44,212	28,640	123,370	97,627
Impairment of Assets	(194)	(393)	(1,674)	7,443	983,372
Adjusted EBITDA	306,896	67,784	(65,347)	426,258	541,393

Adjusted EBITDA totaled R\$306.9 million in the 3Q16, against R\$67.8 million in the 2Q16, an increase of 352.8%, due to the better performance in the Steel Unit and in the Steel Processing Business Unit, which increased sales volume and prices and reduced costs and expenses in the 3Q16. In the 3Q16, Adjusted EBITDA margin was 13.5%, against 3.3% in the 2Q16, representing an increase of 1,020 basis points. The Adjusted EBITDA margins are shown below:

Adjusted EBITDA Margin				
3Q16	2Q16	3Q15	9M16	9M15
13.5%	3.3%	-2.7%	6.7%	7.0%

Financial Results

Financial results were a negative R\$159.3 million in the 3Q16, against a positive R\$114.6 million in the 2Q16, a difference of R\$273.9 million, mainly due to foreign exchange gains accounted for in the 2Q16 of R\$328.1 million, as a result of the Real appreciation against the Dollar of 9,8% in the 2Q16, against a foreign exchange loss of R\$29.5 million in the 3Q16, due to the Real depreciation against the Dollar of 1,1% in this period. Additionally, there was an increment of R\$89.7 million in interest expenses over financing and other financial expenses resulting from Usiminas' debt renegotiation, concluded in September 2016. As some original loans, object of renegotiation, were liquidated and replaced by new debt instruments, the interest in these original contracts was fully paid in September 2016, thus contributing to increasing these expenses.

Financial Result - Consolidated								
R\$ thousand	3Q16	2Q16	3Q15	Change 3Q16/2Q16	9M16	9M15	Change 9M16/9M15	
Net Currency Exchange Variation	(29,528)	328,090	(834,420)	-	645,519	(1,139,405)	-	
Swap Transactions Market Cap.	1,640	(165,904)	168,093	-	(293,315)	226,811	-	
Income and Inflationary Variation	130,338	115,983	66,115	12%	302,501	155,135	95%	
Other Financial Income	54,895	63,393	44,532	-13%	168,320	139,451	21%	
Interest and Inflationary Variation over Financing and Taxes Payable in Installments	(204,455)	(166,918)	(182,703)	22%	(548,286)	(439,366)	25%	
Other Financial Expenses	(112,167)	(60,023)	(81,692)	87%	(217,842)	(164,230)	33%	
FINANCIAL RESULT	(159,277)	114,621	(820,075)	-	56,897	(1,221,604)	-	
+ Appreciation / - Depreciation of Exchange Rate (R\$/US\$)	-1.1%	9.8%	-28.1%	-	16.9%	-49.6%	-	

Equity in the Results of Associate and Subsidiary Companies

In the 3Q16, equity in the results of associate and subsidiary companies was R\$27.0 million, against R\$36.7 million in the 2Q16, a 26.2% decrease, mainly due to lower contribution of Unigal in the period.

Net Profit (Loss)

In the 3Q16, the company accounted a net loss of R\$107.1 million, a 13.1% decrease when compared with the 2Q16, which was R\$123.4 million.

Working Capital

In the 3Q16, the Company presented working capital of R\$2.4 billion, against R\$2.1 billion in the 2Q16, mainly due to the reduction in the Accounts Payable. Although there was an increase in Accounts Receivable, due to the growth in net revenue (due to higher prices and sales volume), this was practically compensated by the reduction in steel and raw materials inventories value in Reais. It's worthwhile to mention that the average tenor for Accounts Receivables remained stable comparing the periods.

Investments (CAPEX)

In the 3Q16, CAPEX totaled R\$37.3 million, 25.9% lower when compared with the 2Q16, which was R\$50.4 million, reduced to the operational level in order to preserve the Company's operations, according to the current demand. The main investments made were with sustaining CAPEX, with 66% in the Steel Unit, 28% in the Mining, 4% in the Steel Transformation and 2% in the Capital Goods Unit.

Indebtedness

On 09/30/16, consolidated gross debt was R\$6.9 billion, against R\$7.2 billion on 06/30/16, a 4.0% decrease. Debt by maturity composition was 1% in the short term and 99% in the long term. This new composition is the result of the conclusion of debt renegotiation of approximately 92% of the Company's total debt, which obtained a maturity date of ten years, of which three years are the grace period.

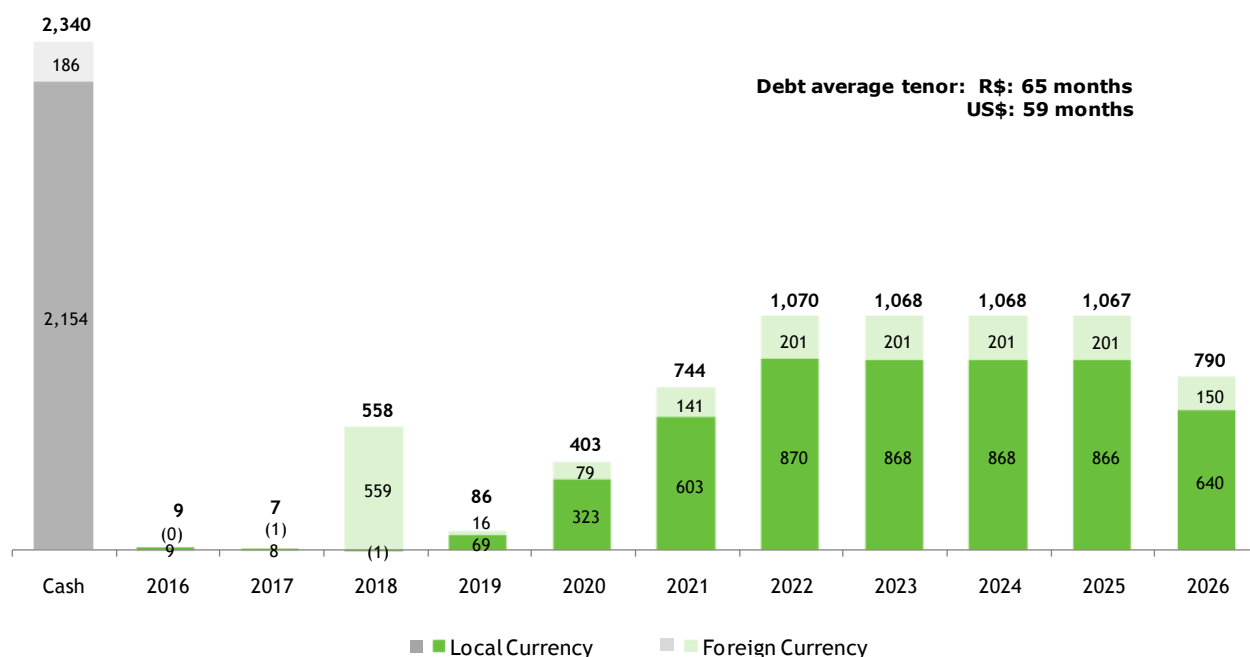
The chart below demonstrates the consolidated debt indexes:

Total Indebtedness by Index - Consolidated

R\$ thousand	30-Sep-16			%	30-Jun-16	Change Sep16/Jun16	30-Sep-15	Change Sep16/Set15
	Short Term	Long Term	TOTAL		TOTAL		TOTAL	
Local Currency	80,801	5,107,672	5,188,473	75%	4,201,719	23%	4,176,626	24%
TJLP	3,608	0	3,608	-	380,318	-99%	455,556	-99%
CDI	60,165	4,699,694	4,759,859	-	3,618,234	32%	3,584,923	33%
Others	17,028	407,978	425,006	-	203,167	109%	136,147	212%
Foreign Currency*	10,865	1,748,958	1,759,823	25%	3,035,945	-42%	3,934,164	-55%
Gross Debt	91,666	6,856,630	6,948,296	100%	7,237,664	-4%	8,110,790	-14%
Cash and Cash Equivalents	-	-	2,339,789	-	2,712,903	-14%	2,396,616	-2%
Net Debt	-	-	4,608,507	-	4,524,761	2%	5,714,174	-19%

(*) 99% of total foreign currency is US dollars denominated

The graph below demonstrates the cash position and debt profile (principal only) in millions of Real on 09/30/16, after concluding the debt renegotiation:



Performance of the Business Units

Intercompany transactions are on arm's-length basis (market prices and conditions) and sales between Business Units are carried out as sales between independent parties.

Usiminas - Business Units

Mining

Mineração Usiminas

Steel

**Ipatinga Mill
Cubatão Mill
Unigal**

Steel Processing

Soluções Usiminas

Capital Goods

Usiminas Mecânica

Income Statement per Business Units - Non Audited - Quarterly

R\$ million	Mining		Steel*		Steel Processing		Capital Goods		Adjustment		Consolidated	
	3Q16	2Q16	3Q16	2Q16	3Q16	2Q16	3Q16	2Q16	3Q16	2Q16	3Q16	2Q16
Net Revenue	80	101	2,043	1,778	510	432	137	155	(506)	(438)	2,265	2,028
Domestic Market	81	77	1,765	1,570	510	432	137	155	(506)	(438)	1,988	1,796
Exports	(0)	25	278	207	0	0	0	-	-	-	277	232
COGS	(63)	(80)	(1,788)	(1,780)	(470)	(398)	(133)	(141)	455	374	(1,999)	(2,025)
Gross Profit (Loss)	18	21	255	(3)	40	34	4	14	(51)	(64)	266	3
Operating Income (Expenses)	(44)	(39)	(222)	(220)	(25)	(27)	(9)	(10)	1	1	(300)	(296)
EBIT	(27)	(18)	32	(223)	15	7	(5)	4	(50)	(63)	(34)	(293)
Adjusted EBITDA	13	21	295	50	22	14	1	10	(24)	(27)	307	68
Adj.EBITDA Margin	16%	21%	14%	3%	4%	3%	1%	6%	-	-	14%	3%

*Consolidated 70% of Unigal

Income Statement per Business Units - Non Audited - 9M16

R\$ million	Mining		Steel*		Steel Processing		Capital Goods		Adjustment		Consolidated	
	9M16	9M15	9M16	9M15	9M16	9M15	9M16	9M15	9M16	9M15	9M16	9M15
Net Revenue	288	316	5,560	7,051	1,373	1,500	462	658	(1,348)	(1,743)	6,334	7,781
Domestic Market	214	316	4,812	5,457	1,372	1,494	462	630	(1,348)	(1,743)	5,511	6,154
Exports	74	-	748	1,594	1	6	0	28	-	-	823	1,627
COGS	(248)	(298)	(5,355)	(6,900)	(1,278)	(1,466)	(427)	(565)	1,201	1,687	(6,106)	(7,542)
Gross Profit (Loss)	39	18	205	151	95	34	35	92	(147)	(56)	228	239
Operating Income (Expenses)	(136)	(1,127)	(631)	(494)	(77)	(72)	(35)	(49)	4	3	(875)	(1,738)
EBIT	(97)	(1,110)	(426)	(343)	18	(38)	1	44	(143)	(53)	(648)	(1,499)
Adjusted EBITDA	22	14	391	461	40	(16)	19	63	(45)	20	426	541
Adj.EBITDA Margin	8%	4%	7%	7%	3%	-1%	4%	10%	-	-	7%	7%

*Consolidated 70% of Unigal

I) MINING

In the 3Q16, the average price quotation for iron ore on the international market presented a slight increase of around 5% in relation to the 2Q16, with the quarterly average staying at around US\$59/t (Platts Fe 62%, CFR China). Price behavior in the period was relatively stable, since the difference between minimum and maximum values varied only US\$8/t, between US\$55/t and US\$63/t. Comparing with the 2Q16, the difference between these edges was greater than US\$20/t.

Based on these figures, the supply versus demand scenario remained stable in the 3Q16, even though iron ore imports by China grew around 9% compared with the same period in 2015. This growth was followed by new additional iron ore production, mainly by the Australian producers.

In 2017, the market expects that the supply-demand balance tends to reduce, causing prices to be adjusted downward in function of the new increments to production due to new operations start up. However, the announcement made by Vale, informing that it intends to gradually implement its Carajás expansion project (S11D), along with possible mine exhaustion in Australia in the near future, may act as factors to reduce iron ore price pressure, helping to mitigate a possible decline in price.

Operational and Sales Performance - Mining

In the 3Q16, production volume totaled 713 thousand tons, a 3.2% increase compared with the 2Q16. Sales volume accounted for was 789 thousand tons, stable when compared with the 2Q16. In spite of not having exports in the 3Q16, 181 thousand tons were sold in the domestic market, showing sales volume stability on a quarterly comparison.

Production and sales volumes are demonstrated in the chart below:

Iron Ore

Thousand tons	3Q16	2Q16	3Q15	Change 3Q16/2Q16	9M16	9M15	Change 9M16/9M15
Production	713	691	738	3%	2,105	3,208	-34%
Sales - Third Parties - Domestic Market	181	23	41	687%	220	267	-18%
Sales - Exports	0	171	0	-	515	0	-
Sales to Usiminas	608	592	734	3%	1,815	2,853	-36%
Total Sales	789	786	775	0%	2,550	3,120	-18%

Comments on the Business Unit Results - Mining

Net revenue was R\$80.2 million in the 3Q16, against R\$101.3 million in the 2Q16, 20.8% lower, mainly due to not having exports in the 3Q16, which include costs with logistics in its price. Additionally, it contributed to the decline in net revenue in the period, the average exchange appreciation of the Real against the Dollar of 7.5% and a 1.7% fall in the PLATTS iron ore average price (62% Fe, CFR China) adjusted for the period of sales price formation of the Mining Unit.

In the 3Q16, cash cost per ton was R\$50.4/t, against R\$53.3/t in the 2Q16, a 5.4% decline, mainly due to labor force adjustments. In the 3Q16, Cost of Goods Sold (COGS) was R\$62.6 million, against R\$80.3 in the 2Q16. COGS/t was R\$78.9/ton in the 3Q16, against R\$101.7/ton in the 2Q16, a 22.4% decrease, mainly due to lower sea freight costs in function of not having exports in the 3Q16 and to lower inventory adjustment in the period.

In the 3Q16, net operating expenses totaled R\$44.3 million, against R\$39.5 million in the 2Q16, mainly in function of increased non-absorbed expenses with idle equipment.

Adjusted EBITDA was R\$12.8 million in the 3Q16, against R\$20.8 million in the 2Q16. Adjusted EBITDA margin was 15.9% in the 3Q16, against 20.5% in the previous quarter.

Investments (CAPEX)

In the 3Q16, investments totaled R\$10.3 million, against R\$5.9 million in the 2Q16, referring to sustaining CAPEX.

Stake in MRS Logística

Mineração Usiminas holds a stake in the MRS Logística through its subsidiary UPL – Usiminas Participações e Logística S.A.

MRS Logística is a concession that controls, operates and monitors the Brazilian Southeastern Federal Railroad Network (Malha Sudeste da Rede Ferroviária Federal). The company operates in the railway transportation segment, connecting the states of Rio de Janeiro, Minas Gerais and São Paulo, and its core business is transporting, with integrated logistics, cargo in general, such as iron ore, finished steel products, cement, bauxite, agricultural products, pet coke and containers.

In the 3Q16, MRS transported 46 million tons, a 5% increase over the volume transported in the 2Q16, as a result of higher iron ore flow in the period. Accumulated volume until September 2016 is 5% higher than those in the same period of 2015, with improvements in the flow of ore and in general cargo.

II) STEEL

Brazilian flat steel consumption returned to grow in the 3Q16, with an 8.3% increase compared with the 2Q16. Volume was 2.4 million tons in the 3Q16, with 93% supplied by local plants and 7% by imports. Domestic sales grew 7.7%, while imports grew 17.5%, although at a low level when compared with the historical average.

There was growth in all flat steel consumer segments. The greatest growth contribution came from the Distribution segment, with 9.4%. The Industrial segment was also noteworthy, with an increase of 21.5%, led by the Large Diameter Tubes segment, which grew 405%, and by the Shipbuilding industry, which grew 180%. Consumption in the Automotive industry grew 1.6% and White Goods, 4.0%.

In terms of product lines, the positive highlight was for Heavy Plate, which grew 30.5% over the 2Q16. Quarterly volume was 164 thousand tons, nonetheless, 35% lower than the quarterly average consumption in 2015. The greatest positive contribution came from higher

consumption of Hot Rolled products with an increase of 6.2%, Cold Rolled products of 10.4% and Coated products of 5.7%.

Production - Ipatinga and Cubatão Plants

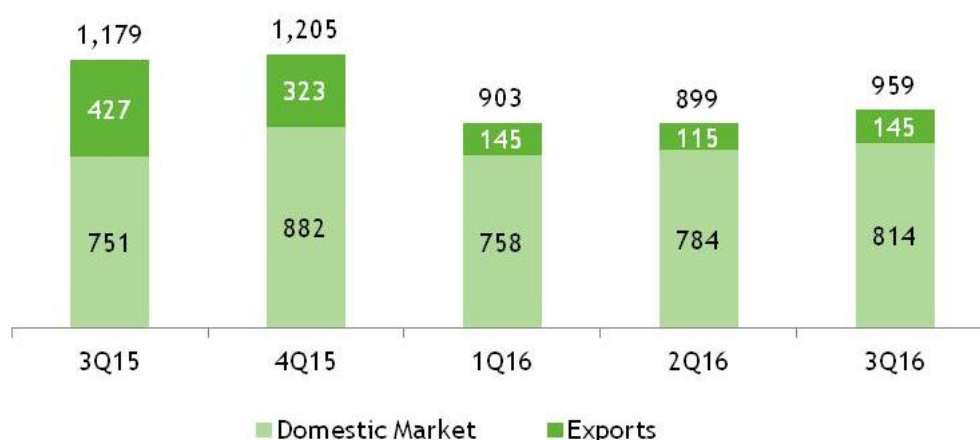
Crude steel production in the Ipatinga plant was 796 thousand tons in the 3Q16, a 2.6% increase in relation to the 2Q16. The Cubatão plant did not produce crude steel due to the temporary shutdown of its primary production areas occurred at the beginning of the 1Q16.

Production (Crude Steel)

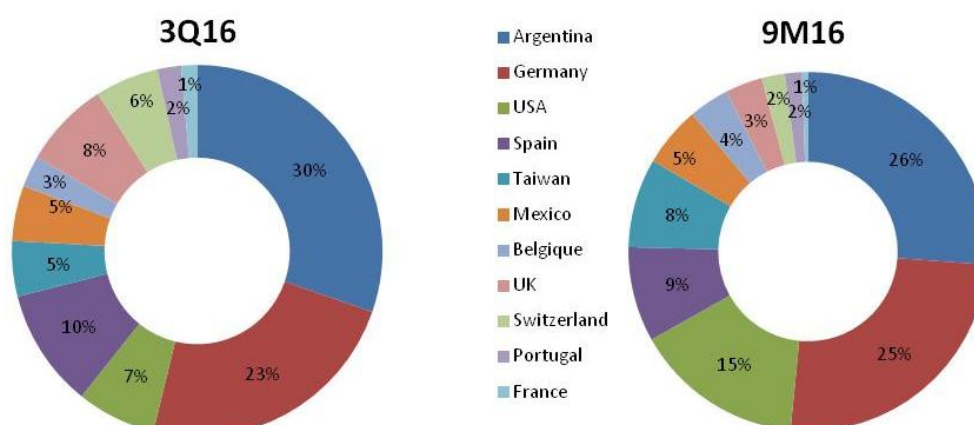
Thousand tons	3Q16	2Q16	3Q15	Change 3Q16/2Q16	9M16	9M15	Change 9M16/9M15
Ipatinga Mill	796	776	676	3%	2,349	2,161	9%
Cubatão Mill	0	0	438	-	17	1,658	-99%
Total	796	776	1,114	3%	2,366	3,819	-38%

Sales

In the 3Q16, sales totaled 959 thousand tons of steel, a 6.6% increase compared with the 2Q16. Domestic market sales totaled 814 thousand tons, 4.0% higher than in the 2Q16, and exports increased 25.6%, totaling 145 thousand tons. Market mix registered was 85% to the domestic market and 15% to exports. The domestic market highlight was sales of Heavy Plate and Cold Rolled products, which grew 17.0% and 15.8%, respectively. In the export market, the highlight was the exports of Cold Rolled products, which grew 115% in the 3Q16.



The main export destinations are shown in the charts below:



Sales Volume Breakdown

Thousand tons	3Q16		2Q16		3Q15		Change 3Q16/2Q16	9M16		9M15		Change 9M16/9M15
Total Sales	959	100%	899	100%	1,179	100%	7%	2,761	100%	3,710	100%	-26%
Heavy Plates	124	13%	109	12%	196	17%	14%	379	14%	727	20%	-48%
Hot Rolled	230	24%	240	27%	409	35%	-4%	730	26%	1,218	33%	-40%
Cold Rolled	363	38%	277	31%	252	21%	31%	878	32%	811	22%	8%
Galvanized	222	23%	251	28%	192	16%	-12%	703	25%	602	16%	17%
Slabs	19	2%	20	2%	127	11%	-4%	69	2%	337	9%	-80%
Domestic Market	814	85%	784	87%	751	64%	4%	2,355	85%	2,708	73%	-13%
Heavy Plates	120	12%	102	11%	159	13%	17%	357	15%	637	17%	-44%
Hot Coils	211	22%	219	24%	192	16%	-4%	650	28%	749	20%	-13%
Cold Coils	275	29%	237	26%	220	19%	16%	715	30%	730	20%	-2%
Galvanized	189	20%	205	23%	165	14%	-8%	573	24%	523	14%	9%
Slabs	19	2%	20	2%	15	1%	-4%	59	2%	56	2%	4%
Exports	145	15%	115	13%	427	36%	26%	406	15%	1,002	27%	-60%
Heavy Plates	5	0%	7	1%	37	3%	-36%	22	5%	91	2%	-76%
Hot Rolled	19	2%	21	2%	217	18%	-6%	80	20%	470	13%	-83%
Cold Rolled	88	9%	41	5%	33	3%	115%	163	40%	82	2%	99%
Galvanized	33	3%	47	5%	27	2%	-29%	130	32%	79	2%	65%
Slabs	0	-	-	-	112	10%	-	10	3%	281	8%	-96%

Comments on the Business Unit Results – Steel

In the 3Q16, net revenue in the Steel Unit was R\$2.0 billion, 14.9% higher than in the 2Q16, which was R\$1.8 billion. The increase was due to higher average prices by 9.4% in the domestic market and by 8.6% in the exports, in addition to higher total sales volume by 6.6%.

In the 3Q16, cash cost per ton of steel was R\$1,373/t, 7.0% lower in relation to the 2Q16, which was R\$1,476/t. The main points were:

- greater dilution of fixed costs of the Cubatão plant which has been increasing its rolled production. In the 3Q16, 268 thousand tons of slabs were purchased, against 172 thousand in the 2Q16;
- cost reduction of 17.6% in direct labor force and third party services, due to layoffs and greater dilution of fixed costs in function of higher rolled production in the Ipatinga and Cubatão plants;
- iron ore cost reduction of 15.1% due to the mix and to the appreciation of the Real against the Dollar of 7,5%, that overcame the increase of the PLATTS iron ore average price of 5,2% (62% Fe, CFR China).
- coal cost reduction of 16,7% due to the mix and to the appreciation of the Real against the Dollar of 7,5%, that overcame the increase on the average cost of coal due to higher average price of the Hard Coking Coal – HCC by around 10%. It's worthwhile to highlight that the coal prices tend to impact the plant costs in Ipatinga with a time lag of one to two quarters (see note on coal in the Highlights section).

Cost of Goods Sold (COGS) was R\$1.8 billion in the 3Q16, stable in relation to the 2Q16 even though the sales volume growth of 6.6%. COGS per ton was R\$1,865, against R\$1,980 in the 2Q16, a 5.8% decrease comparing both periods, mainly due to low cost of idle production capacity, as a result of the increase in the sale volume.

In the 3Q16, selling expenses totaled R\$35.2 million, against R\$30.8 million in the 2Q16, a 14.4% increase, mainly due to the increase in total sales volume.

General and administrative expenses totaled R\$66.3 million in the 3Q16, a 3.2% increase in relation to the 2Q16, mainly in function of labor force adjustments.

Other operating expenses totaled R\$120.9 million, against R\$125.2 million in the 2Q16, a 3.4% decrease, the highlights were:

- lower negative result of the sale of surplus electric energy, which was a negative R\$35.0 million in the 3Q16, against a negative R\$41.9 million in the 2Q16;
- increase of R\$29.5 million in provisions for legal liabilities;
- higher non-absorbed costs with idle equipment in the amount of R\$104.6 million, of which R\$97.6 million were related to depreciation, against R\$106.6 million in the 2Q16, of which R\$99.1 million were related to depreciation.

Net operating expenses totaled R\$222.2 million in the 3Q16, stable in relation to the 2Q16, which were R\$220.2 million.

Thus, Adjusted EBITDA in the 3Q16 totaled R\$295.1 million, against R\$49.7 million in the 2Q16, a 493.9% increase. Adjusted EBITDA margin was 14.4% in the 3Q16, against 2.8% in the 2Q16, an increase of 1,160 basis points. This remarkable increase in EBITDA was the result of higher net sales revenue, due to higher volume and price, reduction in COGS per ton and stability in operating expenses.

Investments (CAPEX)

Investments totaled R\$24.6 million in the 3Q16, against R\$41.8 million in the 2Q16, mainly applied to sustaining CAPEX. Investments were reduced to the operational level in order to preserve the Company's operations, according to the current demand.

III) STEEL PROCESSING

Soluções Usiminas – SU

Soluções Usiminas operates in the distribution, services and small-diameter tubes' markets nationwide, offering its customers high-value added products. It serves several economic segments, such as automotive, auto parts, civil construction, distribution, electro-electronics, machinery and equipment and household appliances, among others.

Sales in the Distribution, Services/Just-in-Time and Tubes segments were responsible for 48%, 44% and 8% of total sales volume, respectively, in the 3Q16.

Comments on the Results of Business Unit – Steel Processing

In the 3Q16, net revenue was R\$510.4 million, 18.2% higher in comparison with the 2Q16, due to an increase in the domestic market average price by 3.6% and to higher sales volume by 14.1%, both compared with the 2Q16.

Cost of goods sold totaled R\$470.1 million in the 3Q16, against R\$397.9 million in the 2Q16, an 18.1% increase, due to higher volume of sales and services.

Net operating expenses totaled R\$25.2 million in the 3Q16, against R\$26.9 million in the 2Q16, a 6.2% decrease, resulting from adjusting the Company's operational structure to its current activity levels.

Thus, Adjusted EBITDA in the 3Q16 was R\$22.3 million, against R\$14.4 million in the 2Q16. Adjusted EBITDA margin was 4.4% in the 3Q16, against 3.3% in the 2Q16.

IV) CAPITAL GOODS

Usiminas Mecânica S.A.

Usiminas Mecânica is a Brazilian capital goods company dedicated to the fabrication and assembly of metallic structures and industrial equipment, supplying the oil and gas industry, including offshore platforms, shipbuilding and railcars, as well as fabrication of foundry products.

Main Contracts

In the 3Q16, the main projects were for the mining sector.

Comments on the Business Unit Results - Capital Goods

In the 3Q16, net revenue was R\$137.1 million, against R\$155.1 million in the 2Q16, 11.6% lower, as a consequence of market stagnation in the oil and gas and infrastructure sectors.

In the 3Q16, gross profit was R\$3.8 million, against R\$14.3 million in the 2Q16, 73.1% lower than in the 2Q16.

Thus, in the 3Q16, Adjusted EBITDA was R\$1.0 million, against R\$9.9 million in the 2Q16, a 89.9% downfall. Adjusted EBITDA margin was 0.7% in the 3Q16, against 6.4% in the 2Q16.

Highlights

Debt Restructuring

On 09/12/16, the Company concluded the execution of all final documents related to the renegotiation of its debt and confirms that the signing of the Final Instruments settles the conclusion of the Company's financial restructuring process with Creditors (representing approximately 92% of the Company's total debt), which, in the Management's view, preserves its financial and operational capabilities, adjusting its debt profile to the short, medium and long term outlooks.

Coal Price Increase

Spot Market: according to PLATTS data, the quarterly average price for premium coal was US\$136 FOB, approximately 45% above the average in the 2Q16. In September, premium coal reached the peak of US\$214 FOB, the highest price since July 2012.

Besides the maintenance of production cuts by some producers in Australia and the USA, the factors that most influenced this strong price rise in coal were: flooding in China and declaration of force majeure in the AUS Valley in July, problems in the railroad that transports the coal in Mozambique in August, strong trend in China and India to increase inventories before the winter season and after monsoons in August and demand increase in Europe. Added to all these factors, the Chinese government disclosed in May a decrease in the number of production work days from 336 to 276, further reducing coal supply and pressuring prices in the domestic and in the international markets.

Contract: the closing of the benchmark reference in the 3Q16 at US\$92 FOB, around 10% increase over the previous closing, in line with the spot market at that time.

The market outlook is that the benchmark be agreed to near US\$180 FOB.

Usiminas: the coal price increase should impact the Steel Unit costs from the 1Q17 on, in function of the inventory levels and lead time (import) of this raw material.

In 2015, approximately 50% of our supply was made by contract and 50% from the spot market. In 2016, coal supply by contract was increased to approximately 65% as a result of coal price volatility. These contracts define volume and prices, either indexed to be negotiated or fixed.

Best Company Investor Relations Award with Latin American Investors

Usiminas was recognized as one of the best companies in Investor Relations in Latin America in the mining and steel industry. The award is granted annually by the specialized publication Institutional Investor Magazine and evaluates the performance of the best professionals in the categories CEO, CFO, IR and IR team, as well as the best Investor Relations program, Analyst Day and Investor Relations website according to the opinion of more than 900 market analysts.

General Manager of Investor Relations, Cristina Morgan, was recognized in the category Best Investor Relations Professional. In addition, the entire IR team was granted in the Best IR by Team category.

Usiminas' Investor Relations Program and Investor Relations website were recognized and are among the three best in Latin America.

Recognition of its Partner

Usiminas and Fiat Chrysler Automobiles - FCA concluded an important cycle of tests for the manufacturing adjustment of the Jeep Renegade and the Fiat Toro. All of the 63 items from *Soluções Usiminas* selected for automobile production were tested and approved at the FCA plant in Pernambuco. The tryout process had the support of engineering application of Usiminas special steel grades and exclusive product adjustments service to FCA.

Subsequent Events

Reestablishment of the Executive Board

On 10/05/16, the Company informed the Court decision that made null the Executive Board election occurred on 05/25/16. Mr. Rômél Erwin de Souza took place again the position of Chief Executive Officer and Vice-President of Technology and Quality. The current executive officers are listed below:

NAME	POSITION
Rômél Erwin de Souza	CEO and Vice-President of Technology and Quality
Ronald Seckelmann	CFO and Vice-President of Investor Relations and of Subsidiaries
Sergio Leite de Andrade	Commercial Vice-President
Tulio Cesar do Couto Chipoletti	Industrial Vice-President
Takahiro Mori	Corporate Planning Vice-President

Capital Markets

Usiminas Performance Summary - BM&FBOVESPA (USIM5)

	3Q16	2Q16	Change 3Q16/2Q16	3Q15	Change 3Q16/3Q15
Number of Deals	877,132	738,205	19%	555,502	58%
<i>Daily Average</i>	<i>13,494</i>	<i>11,718</i>	<i>15%</i>	<i>8,680</i>	<i>55%</i>
Traded - thousand shares	1,945,861	1,741,154	12%	528,426	268%
<i>Daily Average</i>	<i>29,936</i>	<i>27,637</i>	<i>8%</i>	<i>8,257</i>	<i>263%</i>
Financial Volume - R\$ million	6,487	3,665	77%	2,003	224%
<i>Daily Average</i>	<i>99</i>	<i>58</i>	<i>71%</i>	<i>31</i>	<i>219%</i>
Maximum	4.04	2.60	55%	4.65	-13%
Minimum	2.02	1.45	39%	2.68	-25%
Closing	3.53	1.97	79%	3.35	5%
Market Capitalization - R\$ million	3,579	1,997	79%	3,396	5%

Performance on the BM&FBOVESPA

Usiminas' Common shares (USIM3) closed the 3Q16 quoted at R\$9.45 and its Preferred share (USIM5) at R\$3.53. In the 3Q16, USIM3 and USIM5 appreciated 86.0% and 79.2%, respectively. In the same period, the IBOVESPA index appreciated 13.3%.

Foreign Stock Markets

OTC – New York

Usiminas has American Depositary Receipts (ADRs) traded on the over-the-counter market: USDMY is backed by common shares and USNZY, by Class A preferred shares. On 09/30/16, USNZY ADRs, which have higher liquidity, were quoted at US\$1.11, presenting an appreciation of 76.2% in the quarter.

LATIBEX – Madrid

Usiminas' shares are traded on the LATIBEX – the Madrid Stock Exchange: XUSI as preferred shares and XUSIO as common shares. On 09/30/16, XUSI closed quoted at €1.00, appreciating 72.4% in the quarter. XUSIO shares closed quoted at €2.39, registering an appreciation of 99.2% in the period.

For further information:

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ADR – Depositary Receipt Bank

Visit the Investor Relations site: www.usiminas.com/ri
or access by your mobile phone: m.usiminas.com/ri

3Q16 Conference Call Results - Date 10/28/2016	
In Portuguese - Simultaneous Translation into English	
Brasília time: at 11:00 a.m.	New York time: at 09:00 a.m.
Dial-in Numbers:	Dial-in Numbers:
Brazil: (55 11) 3193-1001 / 2820-4001	USA: (1 786) 924-6977
Audio replay available at (55 11) 3193-1012	
Pincode for replay: 1494981# - Portuguese	Pincode for replay: 3357910# - English
Audio of the conference call will be transmitted live via Internet	
See the slide presentation on our website: www.usiminas.com/ri	

Statements contained in this release, relative to the business outlook of the Company, forecasts of operating and financial income and references to growth prospects are mere forecasts and were based on the expectations of Management in relation to future performance. These expectations are highly dependent on market conduct, the economic situation in Brazil, its industry and international markets and, therefore, are subject to change.

Balance Sheet - Assets - Consolidated | IFRS - R\$ thousand

Assets	30-Sep-16	30-Jun-16	30-Sep-15
Current Assets	6,314,895	6,739,085	7,584,430
Cash and Cash Equivalents	2,339,789	2,712,903	2,396,616
Trade Accounts Receivable	1,340,983	1,233,438	1,364,568
Taxes Recoverable	203,209	284,585	345,647
Inventories	2,237,419	2,305,591	3,106,307
Advances to suppliers	9,249	8,709	24,934
Financial Instruments	36,372	58,746	149,603
Other Securities Receivables	147,874	135,113	196,755
Non-Current Assets	20,004,131	20,117,670	22,002,302
Long-Term Receivable	4,552,386	4,432,189	4,212,599
Deferred Income Tax & Social Contribution	3,434,099	3,361,515	2,727,748
Deposits at Law	636,348	625,730	565,101
Accounts Receiv. Affiliated Companies	4,104	4,300	4,537
Taxes Recoverable	197,191	83,011	84,048
Financial Instruments	87,729	170,670	537,808
Others	192,915	186,963	293,357
Investments	1,184,155	1,157,844	1,133,587
Property, Plant and Equipment	13,935,528	14,191,715	15,262,483
Intangible	332,062	335,922	1,393,633
Total Assets	26,319,026	26,856,755	29,586,732

Balance Sheet - Liabilities and Shareholders' Equity - Consolidated | IFRS - R\$ thousand

Liabilities and Shareholders' Equity	30-Sep-16	30-Jun-16	30-Sep-15
Current Liabilities	1,691,103	5,843,359	4,615,940
Loans and Financing and Taxes Payable in Installments	91,666	3,075,907	1,805,475
Suppliers, Subcontractors and Freight	596,751	852,326	1,719,521
Wages and Social Charges	257,059	245,170	343,189
Taxes and Taxes Payables	108,082	108,447	113,906
Accounts Payable Forfeiting	477,537	478,837	238,960
Financial Instruments	39,246	119,314	216,766
Dividends Payable	140	140	143
Customers Advances	53,463	80,077	54,653
Advances to Future Capital Increase	-	821,159	-
Others	67,159	61,982	123,327
Long-Term Liabilities	9,036,294	6,303,747	8,367,978
Loans and Financing and Taxes Payable in Installments	6,856,630	4,161,757	6,305,315
Actuarial Liability	1,120,370	1,184,437	1,226,822
Provision for Legal Liabilities	600,406	539,918	511,288
Financial Instruments	81,697	44,838	198,843
Environmental Protection Provision	138,879	134,838	94,638
Others	238,312	237,959	31,072
Shareholders' Equity	15,591,629	14,709,649	16,602,814
Capital	13,200,295	12,200,295	12,150,000
Reserves & Revenues from Fiscal Year	791,972	916,997	2,598,434
Non-controlling shareholders participation	1,599,362	1,592,357	1,854,380
Total Liabilities and Shareholders' Equity	26,319,026	26,856,755	29,586,732

Income Statement - Consolidated | IFRS

R\$ thousand	3Q16	2Q16	3Q15	Change 3Q16/2Q16
Net Revenues	2,265,154	2,028,012	2,424,262	12%
Domestic Market	1,987,765	1,795,984	1,764,747	11%
Exports	277,389	232,028	659,515	20%
COGS	(1,999,357)	(2,025,315)	(2,533,957)	-1%
Gross Profit	265,797	2,697	(109,695)	9755%
Gross Margin	11.7%	0.1%	-4.5%	+ 11.6 p.p.
Operating Income (Expenses)	(299,898)	(296,005)	(331,345)	1%
Selling Expenses	(51,993)	(55,746)	(82,650)	-7%
Provision for Doubtful Accounts	384	(5,778)	(14,725)	-
Other Selling Expenses	(52,377)	(49,968)	(67,925)	5%
General and Administrative	(87,410)	(86,152)	(101,168)	1%
Other Operating Income (expenses)	(160,495)	(154,107)	(147,527)	4%
Provision for Legal Liabilities	(34,902)	(3,579)	(21,018)	875%
Result of the Non Operating Asset Sale/Write-Off	(1,775)	883	(11,084)	-
Result of the Sale of the Surplus Electric Energy	(35,676)	(44,465)	(2,161)	-20%
Temporary Equipments Shutdown (includes depreciation)	(134,741)	(126,375)	(71,030)	7%
Impairment of Assets	194	393	1,674	-
Other Operating Income (Expenses), Net	46,405	18,474	(45,947)	151%
EBIT	(34,101)	(293,308)	(441,040)	-88%
EBIT Margin	-1.6%	-14.4%	-18.2%	+ 12.8 p.p.
Financial Result	(159,277)	114,621	(820,075)	-
Financial Income	189,200	145,707	360,612	30%
Financial Expenses	(348,477)	(31,086)	(1,180,687)	1021%
Equity in the Results of Associate and Subsidiary Companies	27,047	36,655	(4,260)	-26%
Operating Profit (Loss)	(166,331)	(142,032)	(1,265,375)	17%
Income Tax / Social Contribution	59,193	18,675	223,219	217%
Net Income (Loss)	(107,138)	(123,357)	(1,042,156)	-13%
Net Margin	-4.8%	-6.0%	-43.0%	+ 1.2 p.p.
Attributable:				
Shareholders	(114,141)	(129,432)	(1,029,615)	-12%
Minority Shareholders	7,003	6,075	(12,541)	15%
EBITDA (Instruction CVM 527)	300,576	60,620	(96,573)	396%
EBITDA Margin (Instruction CVM 527)	13.3%	3.0%	-4.0%	+ 10.3 p.p.
Adjusted EBITDA - Joint Subsidiary Companies proportional EBITDA	306,896	67,784	(65,347)	353%
Adjusted EBITDA Margin	13.5%	3.3%	-2.7%	+ 10.2 p.p.
Depreciation and Amortization	307,630	317,273	348,727	-3%

Income Statement - Consolidated | IFRS

R\$ thousand	9M16	9M15	Change 9M16/9M15
Net Revenues	6,334,056	7,781,446	-19%
Domestic Market	5,511,498	6,154,427	-10%
Exports	822,558	1,627,019	-49%
COGS	(6,106,142)	(7,542,142)	-19%
Gross Profit	227,914	239,304	-5%
Gross Margin	3.6%	3.1%	+ 0.5 p.p.
Operating Income (Expenses)	(875,458)	(1,738,409)	-50%
Selling Expenses	(187,429)	(194,339)	-4%
Provision for Doubtful Accounts	(22,304)	(15,457)	44%
Other Selling Expenses	(165,125)	(178,882)	-8%
General and Administrative	(263,306)	(331,460)	-21%
Other Operating Income (Expenses)	(424,723)	(1,212,610)	-65%
Provision for Legal Liabilities	(51,219)	(64,661)	-21%
Result of the Non Operating Asset Sale/Write-Off	71,080	(6,626)	-
Result of the Sale of the Surplus Electric Energy	(120,938)	66,642	-
Temporary Equipments Shutdown (includes depreciation)	(379,741)	(102,050)	272%
Impairment of Assets	(7,443)	(983,372)	-99%
Other Operating Income (Expenses), Net	63,538	(122,543)	-
EBIT	(647,544)	(1,499,105)	-57%
EBIT Margin	-10.3%	-19.3%	+ 9.0 p.p.
Financial Result	56,897	(1,221,604)	-
Financial Income	434,029	782,148	-45%
Financial Expenses	1,741,754	(2,003,752)	-
Equity in the Results of Associate and Subsidiary Companies	115,547	41,702	177%
Operating Profit (Loss)	(475,100)	(2,679,007)	-82%
Income Tax / Social Contribution	93,228	620,673	-85%
Net Income (Loss)	(381,872)	(2,058,334)	-81%
Net Margin	-6.1%	-26.5%	+ 20.4 p.p.
Attributable:			
Shareholders	(396,343)	(1,879,262)	-79%
Minority Shareholders	14,471	(179,072)	-
EBITDA (Instruction CVM 527)	410,992	(497,904)	-
EBITDA Margin (Instruction CVM 527)	6.5%	-6.4%	+ 12.9 p.p.
Adjusted EBITDA - Joint Subsidiary Companies proportional EBITDA	426,258	541,393	-21%
Adjusted EBITDA Margin	6.7%	7.0%	- 0.3 p.p.
Depreciation and Amortization	942,989	959,499	-2%

R\$ thousand	3Q16	2Q16
Operating Activities Cash Flow		
Net Income (Loss) in the Period	(107,138)	(123,357)
Financial Expenses and Monetary Var. / Net Exchge Var.	111,782	-90,664
Interest Expenses	54,190	88,477
Depreciation and Amortization	307,630	317,273
Losses/(gains) on Sale of Property, Plant and Equipment	1,775	(883)
Equity in the Results of Subsidiaries/Associated Companies	(27,047)	(36,655)
Impairment of Assets	(194)	(393)
Difered Income Tax and Social Contribution	(64,220)	(20,855)
Constitution (reversal) of Provisions	41,357	(9,422)
Actuarial Gains and losses	(244)	(372)
Stock Option Plan	922	(5,515)
Total	318,813	117,634
(Increase)/Decrease of Assets		
Accounts Receivables Customer	(107,545)	51,725
Inventories	63,338	192,095
Recovery of Taxes	(32,454)	37,836
Judicial Deposits	(18,298)	(17,311)
Accounts Receiv. Affiliated Companies	196	2
Others	(18,422)	44,097
Total	(113,185)	308,444
Increase /(Decrease) of Liabilities		
Suppliers, Contractors and Freights	(255,575)	15,643
Amounts Owed to Affiliated Companies	4,856	4,697
Customers Advances	(26,614)	21,075
Tax Payable	482	(18,918)
Securities Payable Forfaiting	58,604	(21,351)
Actuarial Liability Payments	(84,342)	(21,575)
Others	7,841	(50,474)
Total	(294,748)	(70,903)
Cash Generated from Operating Activities	(89,120)	355,175
Interest Paid	(285,577)	(126,129)
Income Tax and Social Contribution	(6,224)	(3,835)
Net Cash Generated from Operating Activities	(380,921)	225,211
Investments activities cash flow		
Marketable Securities	224,366	(923,314)
Amount Received on Disposal of Investments	-	-
Amount Paid on the Acquisition of Investments	-	-
Fixed Asset Acquisition	(30,605)	(36,772)
Fixed Asset Sale Receipt	1,180	54,699
Additions to / Payments of Intangible Assets	-	-
Dividends Received	745	1,624
Purchase of Software	(3,143)	(4,575)
Net Cash Employed on Investments Activities	192,543	(908,338)
Financial Activities Cash Flow		
Assigned Credits	-	19,007
Settled Credits assignments	(43,832)	(109,975)
Inflow of Loans, Financing and Debentures	-	-
Payment of Loans, Financ. & Debent.	(163,172)	(12,741)
Shares Issued / Capital Increase	178,841	871,454
Payment of Taxes Installments	(404)	(316)
Swap Operations Liquidations	63,748	(20,786)
Dividends and Interest on Capital	-	-
Net Cash Generated from (Employed on) Financial Activities	35,181	746,643
Exchange Variation on Cash and Cash Equivalents	4,449	(9,554)
Net Increase (Decrease) of Cash and Cash Equivalents	(969,907)	875,121
Cash and Cash Equivalents at the Beginning of the Period	1,497,757	622,636
Cash and Cash Equivalents at the End of The Period	527,850	1,497,757
RECONCILIATION WITH BALANCE SHEET		
Cash and Cash Equivalents at the Beginning of the Period	676,598	622,636
Marketable Securities at the Beginning of the Period	2,036,305	1,112,991
Cash and Cash Equivalents at the Beginning of the Period	2,712,903	1,735,627
Net Increase (Decrease) of Cash and Cash Equivalents	(148,748)	53,962
Net Increase (Decrease) of Marketable Securities	(224,366)	923,314
Cash and Cash Equivalents at the End of the Period	527,850	676,598
Marketable Securities at the End of the Period	1,811,939	2,036,305
Cash and Cash Equivalents at the End of the Period	2,339,789	2,712,903

R\$ thousand	9M16	9M15
Operating Activities Cash Flow		
Net Income (Loss) in the Period	(381,872)	(2,058,334)
Financial Expenses and Monetary Var. / Net Exchge Var.	(33,293)	1,335,090
Interest Expenses	213,169	188,367
Depreciation and Amortization	942,989	959,499
Losses/(gains) on sale of property, plant and equipment	(1,080)	3,945
Equity in the Results of Subsidiaries/Associated Companies	(115,547)	(41,702)
Impairment of Assets	7,443	983,864
Difered Income Tax and Social Contribution	(105,516)	(648,623)
Constitution (reversal) of Provisions	34,507	20,066
Actuarial Gains and losses	(966)	12,381
Stock Option Plan	(3,384)	7,355
Total	556,450	761,908
Increase/Decrease of Assets		
Accounts Receivables Customer	71,743	(133,036)
Inventories	544,166	465,505
Recovery of Taxes	56,771	15,737
Judicial Deposits	(48,453)	1,021
Accounts Receiv. Affiliated Companies	308	17,846
Others	(7,118)	(114,223)
Total	617,417	252,850
Increase /(Decrease) of Liabilities		
Suppliers, contractors and freights	(223,820)	(229,223)
Amounts Owed to Affiliated Companies	(14,709)	(99,397)
Customers Advances	12,664	(55,526)
Tax Payable	19,580	(13,255)
Securities Payable Derived from Suppliers	(147,373)	-
Actuarial Liability payments	(157,301)	(135,668)
Others	(180,412)	46,702
Total	(691,371)	(486,367)
Cash Generated from Operating Activities	482,496	528,391
Interest Paid	(651,821)	(462,375)
Income Tax and Social Contribution	(14,194)	(8,917)
Net Cash Generated from Operating Activities	(183,519)	57,099
Investments activities cash flow		
Marketable Securities	(587,754)	521,449
Amount received on disposal of investments	-	-
Amount paid on the acquisition of investments	-	-
Fixed asset acquisition	(132,236)	(572,045)
Fixed asset sale receipt	58,243	7,159
Additions to / payments of Intangible Assets	-	-
Dividends Received	3,224	38,610
Software Purchase	(12,294)	(20,557)
Net Cash Employed on Investments Activities	(670,817)	(25,384)
Financial Activities Cash Flow		
Assigned Credits	43,832	-
Settled Credits assignments	(241,294)	-
Inflow of Loans, Financing and Debentures	-	1,678,529
Payment of Loans, Financ. & Debent.	(266,017)	(1,645,171)
Shares Issued / Capital Increase	1,050,295	-
Payment of Taxes Installments	(1,272)	(874)
Swap Operations Liquidations	12,239	(3,833)
Dividends and Interest on Capital	(2)	(39,293)
Net Cash Generated from (Employed on) Financial Activities	597,781	(10,642)
Exchange Variation on Cash and Cash Equivalents	(15,867)	45,089
Net Increase (Decrease) of Cash and Cash Equivalents	(272,422)	66,162
Cash and Cash Equivalents at the Beginning of the Period	800,272	2,109,812
Cash and Cash Equivalents at the End of The Period	527,850	2,175,974
RECONCILIATION WITH BALANCE SHEET		
Cash and cash equivalents at the beginning of the period	800,272	2,109,812
Marketable securities at the beginning of the period	1,224,185	742,091
Cash and cash equivalents at the beginning of the period	2,024,457	2,851,903
Net increase (decrease) of cash and cash equivalentes	(272,422)	66,162
Net increase (decrease) of marketable securities	587,754	(521,449)
Cash and cash equivalents at the end of the period	527,850	2,175,974
Marketable securities at the end of the period	1,811,939	220,642
Cash and cash equivalents at the end of the period	2,339,789	2,396,616