NATIONAL STEEL CO
Form 6-K/A
April 14, 2011

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 6-K/A

Report of Foreign Private Issuer
Pursuant to Rule 13a-16 or 15d-16 of the
Securities Exchange Act of 1934

For the month of April, 2011

Commission File Number 1-14732

COMPANHIA SIDERÚRGICA NACIONAL

(Exact name of registrant as specified in its charter)

National Steel Company

(Translation of Registrant's name into English)

Av. Brigadeiro Faria Lima 3400, 20º andar
São Paulo, SP, Brazil
04538-132
(Address of principal executive office)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F ___X___ Form 40-F _______

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes _______ No ___X____

1- MESSAGE FROM MANAGEMENT

Looking to the future means thinking about the present. That was how it was when CSN was founded 70 years ago – an ambitious project mobilizing a country that, more than ever, wanted to stand on its own two feet. Now, in 2011, a new decade of growth is ahead of us, bringing new ideas for the future. After seventy years of operations, CSN has confirmed its outstanding position in the world's steel industry, in addition to playing an active and assertive role in the mining, cement, infrastructure and energy markets.

With an integrated production system, the Company operates throughout the entire steel production chain, putting it among the world's most competitive and profitable companies.

In 2010, strong emerging-country growth contributed to the recovery of the global economy and Brazil was one of the leaders in this process, recording GDP growth of 7.5%, sustained by strong domestic consumption, in turn fueled by more jobs, higher income and the expansion of credit.

CSN's strategy, focused on operational excellence and integration, led to robust financial and operating results. The Company posted record revenue of R$14.5 billion and gross profit of R$6.8 billion, 71% higher than in 2009, which are some of our 2010 results highlights.

In the mining segment, CSN's and Namisa's production and third-party iron ore purchases totaled 32.8 million tonnes. We are positioned for growth, further increasing the importance of mining activities for CSN. Casa de Pedra and Namisa's annual production capacities are scheduled to reach 70 million tonnes and 39 million tonnes, respectively, in the coming years. The concentration and pelletizing projects will contribute to this total capacity.

Rolled flat steel production increased by 15% and we are fully prepared to meet the strong demand from the construction industry, thanks to a more extensive range of diversified and innovative products. CSN

Cimentos, whose production tripled in 2010, has a complete portfolio for the local construction market.

The administrative highlight was the consolidation of the project management area, which now has its own executive department. By subjecting projects to critical analysis, we can exercise greater control over the schedules and delivery periods of our works and projects. CSN invested a hefty R$3.6 billion in 2010, making it one of the biggest investors in Brazil and underlining its commitment to the country's development. The Transnordestina project received the lion’s share of these investments and currently employs more than 12,000 people.

In addition to our organic growth projects, supported by a comfortable cash position, the Company continues to pay attention to acquisition opportunities and strategic partnerships in all segments where it operates.

CSN’s seventieth anniversary is not just a celebration of time past – it also symbolizes how we use the present to build future of a nation.

Enjoy your reading.

Benjamin Steinbruch

Chairman of the Board of Directors

2- THE COMPANY

Companhia Siderúrgica Nacional is a highly integrated company whose operations cover the entire steel production chain, from the mining of iron ore to the production and sale of coils, tinplate and steel packaging. It also has interests in railways, port terminals, cement production and power generation. Founded in 1941, it began operations in 1946, pioneering the production of flat steel in Brazil and paving the way for the establishment of the national automotive sector. Privatized in 1993, it was entirely restructured, becoming one of the world's most competitive and profitable steelmakers.

Thanks to its integrated production system and exemplary management, CSN's production costs are among the lowest in the global steel sector.

The Company strives to maximize shareholder returns through integrated operations in five key areas: mining, steel, logistics, cement and power generation.

2.1 – Mining

2.1.1 – Iron Ore

The commitment of the world's leading economies to overcoming the crisis in the last two years was crucial to the economic recovery, even if the latter has been only partial.

As for iron ore, the recovery refragmented sales which had been concentrated in China, the world's most important ore market, since 2009.

Nevertheless, China remains a major player in the seaborne iron ore market. It is investing heavily in urbanization projects and domestic ore production is insufficient to meet demand, both in terms of volume and quality. In 2010, the country imported 619 million tonnes, accounting for 60% of total seaborne volume.

Brazil's iron ore exports totaled 307 million tonnes in 2010, 15% more than in 2009 and their highest level for five years, according to the LBH Group.

As Brazil's second largest exporter and currently implementing major logistics and port expansion projects, CSN'sales in 2010 were higher than in 2009. CSN's total finished iron ore product sales from the Casa de Pedra mine and Namisa reached 25.3 million tonnes in 2010, 13% more than in 2009. Out of this total, exports accounted for 23.8 million.

In addition, the Company produced 6.9 million tonnes for its own consumption.

2.1.2 – Limestone

The Bocaina mine in Arcos, Minas Gerais, is responsible for supplying the limestone and dolomite consumed as fluxes by the Company's Presidente Vargas Steelworks in Volta Redonda. In 2010, it supplied the Steelworks with around 1.8 million tonnes.

Following the Company's entry into the cement market, in 2011 the Arcos mine will also be supplying limestone for the production of clinker, an important input for the cement produced in Volta Redonda. As a result CSN's operations will become even more integrated through the verticalization of production, thereby enhancing competitiveness and profitability.

2.1.3 – Tin

Tin, an essential tinplate raw material, is produced by ERSA - Estanho de Rondônia S.A., a Company subsidiary, which owns the Santa Bárbara tin mine in Itapuã do Oeste and a smelting plant in Ariquemes, both in the state of Rondônia.

2.2 – Steelmaking

Dominating the entire steel production chain, the Company supplies many segments of industry with a diversified range of high value-added products. It produces various types of coated galvanized steels that are resistant to corrosion and less susceptible to international market price swings. The Company's main markets are the automotive, construction, distribution, home appliance, OEM (capital goods, engines, etc), and metal packaging industries.

The Company has five galvanizing production lines in Brazil: three in the Presidente Vargas Steelworks, in Volta Redonda, one in Porto Real (Rio de Janeiro) and another in CSN Paraná, in Araucária, which also has cold-rolling and pre-painting facilities.

The Company also has two overseas subsidiaries: CSN LLC, based in Terre Haute, Indiana, USA, which produces cold-rolled and galvanized products, and Lusosider, in Paio Pires, Portugal, which also produces flat coated steel.

CSN is Brazil's sole producer of tinplate, most of which is absorbed by the packaging industry, and one of the five largest producers in the world, with an installed capacity of 1 million tonnes per year. It also produces Galvalume, a zinc-and-aluminum-coated steel which combines high luster and durability, and pre-painted steel, both of which have several applications in the construction and home-appliance industries.

Crude steel production totaled 4.9 million tonnes in 2010, 12% up on 2009 and equivalent to 88% of the Presidente Vargas Steelworks' annual installed capacity of 5.6 million tonnes. Rolled flat steel production totaled 4.7 million tonnes, 14% more than the year before.

Construction of the new long-steel unit is under way, using the Presidente Vargas Steelwork facility's existing infrastructure.

On January 29, 2010, the Company incorporated its subsidiary GalvaSud S.A., which became a branch of the Company (CSN Porto Real), seeking to optimize processes and maximize results by centralizing the sales, operational and administrative activities of both companies under a single organizational structure.

CSN Porto Real is strategically located between Rio de Janeiro and São Paulo, mainly serving the automotive sector and offering a wide range of world-class products and services. It has a hot galvanizing line and a shearing center, in addition to a state-of-the-art laser-welding facility. In 2010, production exceeded 307,000 tonnes, 30,000 tonnes more than in 2009, most of which went to the automotive sector.

CSN LLC

CSN LLC, the Company's American arm, runs a cold-rolling and galvanizing facility in Indiana. In 2010, it produced 250,000 tonnes of cold-rolled and galvanized coils, 15% more than in 2009.

Lusosider

Installed in Paio Pires, Portugal, Lusosider Projectos Siderúrgicos S.A. undertakes cold-rolling and hot-dip galvanizing. In 2010, it produced and sold 241,000 tonnes of galvanized products on the European market, 22% up on the previous year.

Metalic Nordeste

A CSN subsidiary, Metalic is Latin America's sole manufacturer of aluminum lids and two-piece steel cans for the beverage industry. In 2010, it sold 831 million 350 ml cans, 60 million 250 ml cans and 1,284 million lids, 13% of which were exported to Latin America.

Currently, Metalic has a 5% share of the national beverage can market and a 34% share in the Northeast region.

Prada Distribuição

The Company operates in the distribution and service markets through the Prada Distribuição business unit, owned by its subsidiary, Companhia Metalúrgica Prada.

With nationwide coverage, the Company maintains three service centers and eight distribution centers equipped to supply plates, blanks, rolls, I-beams, welded tubes, steel decks and metallic roofing tiles to several industrial sectors, including the automotive and construction industries. It is one of the largest rolled flat steel distributors and processors, with a wide range of shearing, forming and logistics services, offering off-the-shelf, made-to-order and kanban services, adding value to CSN's product portfolio in order to meet the needs of the most demanding clients.

In 2010, Prada Distribuição sold 372,000 tonnes of products, 3% more than in 2009, and repositioned its distribution center in Paraná, making this company play an important role in CSN's strategy. In the coming years, it will continue to invest in expanding its storage and processing capacity and distribution logistics, as well as its geographical coverage. With this mind, it plans to open three new distribution centers in 2011.

Prada Packaging

Founded in 1936, Companhia Metalúrgica Prada joined the CSN Group in 2006. Latin America's leading manufacturer of steel packaging, it has two plants located in São Paulo (São Paulo) and Uberlândia (Minas Gerais), and is an important client for the Company's tinplate.

Its production lines are equipped to deliver the high volumes and technical specifications demanded by the food, chemical and aerosol industries.

Prada has revalidated its ISO 9001:2008 certification, first obtained in 1995, being the first company in its segment to achieve this distinction.

In 2010, the company maintained the volume of investments in previous years, focusing its operations on the chemical and aerosol product markets, which are the most profitable metal packaging segments.

2.3 – Logistics

Ports

CSN manages two terminals in Itaguaí Port, in Rio de Janeiro: a bulk solids terminal (Tecar) and a container terminal (Sepetiba Tecon).

In 2010, Tecar shipped 25 million tonnes of iron ore, 7% up on the previous year, and unloaded around 4 million tonnes of other products, including coal, coke, soda ash and clinker for the Company’s own consumption and for several of its clients.

Sepetiba Tecon, CSN’s container and general cargo terminal, is one of the pillars of the Company’s logistics platform project in Itaguaí, Rio de Janeiro.

In 2010, the terminal handled 196,000 containers, 306,000 tonnes of steel products and 30,000 tonnes of general cargo, maintaining its lead among the four biggest terminals in the states of Rio de Janeiro and Espírito Santo, with a 29% share of total containers handled.

Thanks to constant investments and excellent land and maritime access conditions, in 2010 Sepetiba Tecon received the largest container ships operating in South America: the *MSC Messina* and the *Hamburg Süd Santa Clara*, both of which are 300 meters long.

All of these factors have confirmed its position as a hub port for cargo and have helped it become the largest container terminal in Rio de Janeiro and one of the largest in Brazil.

In order to expand Tecon, the Company is investing in infrastructure. Including the equalization of Berth 301, and in new equipment, including two super-post-Panamax portainers, four transtainers and six reach stackers, in addition to developing projects for the multimodal logistics center and the adaptation of berths 302/303.

After these investments are concluded, the Itaguaí port complex will be consolidated as one of the largest in the country.

Railways

CSN retains an interest in two railway companies: MRS Logística and Transnordestina Logística S.A.

MRS

MRS Logística operates the former Southeastern Network of the Federal Railways (RFFSA), in the Rio de Janeiro - São Paulo - Belo Horizonte corridor.

CSN holds a direct 22.93% interest in MRS Logística S.A., as well as an indirect stake of 10.34%, giving it a total interest of 33.27%.

The company, which celebrated 14 years of operations last year, during which time it recorded substantial growth, continues to present excellent results. In 2010, it transported around 144 million tonnes, 12% more than in 2009.

In the container segment, MRS consolidated its position as the largest domestic rail carrier, with 53,500 containers transported.

MRS Logística S.A. focuses most of its activities on heavy haul clients (ore, coal and coke), who accounted for around 107 million tonnes of cargo, 74% of the company’s total, as well as long-term agreements, new businesses and projects aimed at leveraging the company’s growth.

MRS’ rail services are vital for the supply of raw materials and the outflow of finished products. It transports all the iron ore, coal and coke consumed by the Presidente Vargas Steelworks, as well as mining products and some of the steel produced by CSN for the domestic market and exports.

Transnordestina

In 2006 CSN merged Transnordestina S.A., then a state-owned company, into Companhia Ferroviária do Nordeste (CFN). The company's name was subsequently changed to Transnordestina Logística S.A.

Transnordestina Logística S.A (TLSA) operates the former Northeastern network of the RFFSA, which extends for 4,534 kilometers and connects seven states – Maranhão, Piauí, Ceará, Rio Grande do Norte, Paraíba, Pernambuco and Alagoas. TLSA's concession agreement runs for 30 years as of 1997 and may be extended for a similar period.

At the end of 2010, CSN held a 76.45% interest in the company.

It has a current transport capacity of 2 million tonnes per year. In 2010, it carried 1.5 million tonnes, the most important cargo being fuel, cement, aluminum, rolled coils and malt, particularly on the stretches connecting São Luís, Teresina and Fortaleza.

2.4 – Cement

The cement industry possesses a high degree of complementarity with steel and supplies the entire construction sector, which is of fundamental importance to the country's economic development.

In 2010 CSN produced and sold around 1 million tonnes of cement from its first plant in Volta Redonda, significantly more than the 338,000 tonnes produced and sold in 2009.

CSN's cement is currently sold in the Baixada Fluminense region, the south of Rio de Janeiro state, the Vale do Paraíba and Greater São Paulo, as well as the south of Minas Gerais state. At the end of 2010, it had four distribution centers, which are crucial for increasing competitiveness given the excellent acceptance of our product, which was higher than originally estimated.

2.5 – Energy

The Company is one of Brazil’s largest industrial electric power consumers, only behind aluminum producers. Consequently, it has been investing in power generation projects since 1999 in order to ensure self-sufficiency. Its generation assets are: a 29.95% interest in the Itá Hydroelectric Power Plant, in Santa Catarina, corresponding to 167 MW, through a 48.75% stake in Itá Energética S.A.; a 17.9% interest in the 210 MW Igarapava Hydroelectric Power Plant, in Minas Gerais; and the 238 MW Thermoelectric Cogeneration Center, installed in the Presidente Vargas Steelworks, in Volta Redonda, which is fueled by the waste gases from the steel production process. All in all, the Company has a generating capacity of 428 MW, enough to meet all the group’s power needs.

The Company is also developing a project to install a top turbine on Blast Furnace 3 at the Presidente Vargas Steelworks, adding 18 MW to its current generating capacity, and is continuing to study other energy investments in order to keep pace with expansion and maintain its self-sufficiency.

2.6- Operational Excellence

Simultaneously to its growth efforts, CSN has been promoting and planning a series of projects to reduce costs and increase productivity, in order to further improve its competiveness and profitability in all stages of the production chain.

These include projects in the steelmaking and power generation areas, as well as in own coke production, the reduction and reuse of waste and energy efficiency, among others, all of which should substantially reduce production costs, especially in the Presidente Vargas Steelworks.

3- OUTLOOK, STRATEGY AND INVESTMENTS

After recovering from the crisis, Brazil's economy picked up considerable steam in 2010, recording GDP growth of 7.5%, sustained by strong domestic consumption, in turn fueled by more jobs, higher income and the expansion of credit.

On the international front, China continued to drive the global rally, with GDP growth of 10.3%, chiefly favoring the commodity market.

Despite the slow recovery of employment and consumption, and the consequent uncertainties in the short- and medium-term, the U.S. economy has also been regaining momentum, reflected in GDP expansion of 2.9% in 2010.

In Europe, however, the growth pace is slowing, with the exception of Germany, which has been recovering steadily. The fiscal deficit in certain countries, combined with fewer job opportunities, has led to worries that the crisis has not yet been overcome.

Inflation indices in the emerging countries are high due to the substantial increase in economic activity and the upturn in commodity prices.

Globally, there has been a big increase in exchange rate disparities. For different reasons, foreign exchange policies in the USA and China have generated strong imbalances in certain countries, including Brazil. On the one hand, the U.S. has been issuing large amounts of dollars, while, on the other, China has maintained an excessively devalued *yuan*, a situation that has been further exacerbated by the imposition of protectionist trade barriers by certain other nations.

The impact in countries such as Brazil is double: the appreciation of the Real favors imports, reducing the advantages of local producers, who are already suffering from high raw material prices and investment costs, not to mention structural problems such as logistics bottlenecks, among others.

In spite of all these factors, however, CSN has recorded consistently healthy financial results and 2010 was no different – the Company posted consolidated net revenue of R$14.5 billion, a new record.

In addition to our organic growth projects, supported by a comfortable cash position, the Company remains alert to opportunities for acquisitions and strategic partnerships in all its operational segments, both in Brazil and abroad, in order to accelerate its expansion and add value to its shareholders.

3.1 – STEEL

According to the World Steel Association (WSA), the global steel industry capacity utilization rate closed 2010 at around 74%, still indicating a large gap between production capacity and consumption. The WSA believes current global surplus capacity is running at around 500 million tonnes.

This imbalance, together with the appreciation of the Real and state government import incentives, contributed to a substantial upturn in Brazilian rolled flat steel imports in 2010, leading to domestic price and sales volume reductions at the end of the year.

CSN has been diversifying its steel activities, entering the long steel segment through the construction of a plant in Volta Redonda. The unit will produce 500,000 tonnes per year, including rebar and wire rods, and operational start-up is expected at the end of 2012.

The Company plans to build two other long steel plants in the Southeast region, with a production capacity of 500,000 tonnes per year each. The necessary equipment has already been contracted.

As for flat steel, CSN has been expanding its service centers, investing in the expansion of the Porto Real unit, in the state of Rio de Janeiro, which focuses on the automotive industry.

It has also been developing important projects geared towards improving operational excellence and reducing costs, the most important of which includes the installation of new coke batteries in order to achieve self-sufficiency in this raw material; altering the power source of the Presidente Vargas Steelworks from 138KV to 500KV, thereby increasing system stability and reducing energy transportation costs; and completing the top turbine (scheduled for 2011), which will add 18 MW to the Company's installed generating capacity.

There are also several other projects being developed to reduce the consumption of raw materials, with a consequent increase in efficiency and productivity.

CSN is also considering the possibility of increasing its steel output, either through new plants, the expansion of existing facilities, or acquisitions, both in Brazil and abroad.

3.2 – MINING

Iron ore

2010 will be remembered as a year of profound change in the iron ore market. The traditional pricing system, used for over 40 years, was replaced by a system that reflects market oscillations and is subject to periodic reviews.

China remained a major player, with imports of 619 million tonnes in 2010, accounting for around 60% of the total seaborne market, and this figure is expected to increase substantially in the coming years.

Demand continues to outpace supply in the seaborne market, a situation that was exacerbated in 2010 by a series of factors, such as the measures adopted by India which include the imposition of export taxes. In addition, the majority of new expansion projects were delayed, reining in supply even further.

Given this scenario, CSN, Brazil's second largest iron ore exporter, has been expanding the Casa de Pedra and Namisa mines in order to reach a total annual production capacity of 89 million tonnes. Capacity in Casa de Pedra will reach 50 million tonnes per year in 2014, while Namisa's concentration and pelletizing projects will supply the remaining output to achieve total capacity.

The Company has also been increasing Tecar's loading capacity in the Port of Itaguaí, which should reach 84 million tonnes per year by 2015.

In addition to these expansions, the Company has been considering additional capacity increases for Casa de Pedra (up to 70 million tonnes/year) and Tecar (up to 130 million tonnes per year)

Coal

In order to achieve self-sufficiency in metallurgical coal, by February 2011 CSN had acquired a minority interest of 19.98% in Riversdale Mining Limited, a coal mining company with important metallurgical and thermal coal projects in Mozambique and anthracite mines in South Africa.

Riversdale, whose stock is traded on the Australian stock exchange, is scheduled for operational start-up at the end of 2011.

3.3 – CEMENT

Preliminary figures from SNIC (the Cement Industry Association) indicate national cement sales of 59 million tonnes in 2010, 15% up on the previous year. The Southeast region consumed half of this total and the North was the best performer in terms of sales growth, moving up by 58%. Estimates point towards a new record in 2011, with sales climbing by between 8% and 9% to 65 million tonnes.

Annual exports fell by 23% in 2010, as manufacturers prioritized the domestic market.

Currently, there are 70 plants operating in Brazil, belonging to 12 national and international groups, with a joint annual installed capacity of 67 million tonnes, sufficient to meet all of domestic demand.

The sector’s growth in the coming years will continue to be fueled by increased income and employment, incentives for homebuyers, the expansion of Brazil's infrastructure and the intensification of the works related to the World Cup and the Olympic Games.

Focused on this growth and having completed construction of its first cement factory, which is expected to reach full capacity of 2.4 million tonnes per year by the end of 2012, CSN will begin producing clinker in the Arcos plant, in Minas Gerais, in the first half of 2011, thereby substantially reducing its production costs.

The Company has also been studying organic growth alternatives to increase total production capacity in Brazil to up to 4.0 million tonnes per year as of 2013.

In addition, it is determined to grow in this sector and achieve a relevant market share in Brazil and abroad. With this in mind, it will be evaluating any acquisition opportunities that may arise.

3.4- TRANSNORDESTINA

With the federal government's support, Transnordestina Logística S.A (TLSA) is building Nova Transnordestina, a 1,728 km-long railway connecting the rail terminal in Eliseu Martins to the Ports of Suape in the state of Pernambuco and Pecém in the state of Ceará, crossing several cities in the states of Piauí, Pernambuco and Ceará.

Investments in the construction of this new world-class railway are expected to reach R$5.4 billion, around R$1.3 billion of which from CSN, and the remainder from VALEC, the BNDES (Brazilian Development Bank), and regional development funds (FDNE – Northeast Development Fund, FNE – Northeast Constitutional Financing Fund and FINOR – Northeast Investment Fund).

Work on the stretches up to Suape is proceeding on several fronts and is now well advanced, employing more than 11,000 workers and around 1,600 items of heavy equipment.

Commercial start-up is scheduled for the end of 2012, while the projected annual operating capacity of 30 million tonnes should be achieved within seven years.

This railway will play a crucial role in the development of the Northeast, providing logistical support for the region's economic expansion, particularly in the mining and grain production sectors.

4- ANALYSIS OF CSN'S CONSOLIDATED RESULTS

Executive Summary

- Net revenue totaled R$14.5 billion in 2010, 32% up on the previous year and a new record;
- The gross margin reached 47% in 2010, an 11 p.p. improvement over 2009;
- Annual gross profit amounted to R$6.8 billion, 71% up on the year before;
- Adjusted EBITDA came to R$6.4 billion in 2010, an increase of 76% over the previous year.
- The adjusted EBITDA margin stood at 44%, 11 p.p. higher than in 2009;
- Mining revenue reached the record amount of R$3.6 billion, 84% up on 2009;
- Iron ore sales totaled 25.3 million tonnes in 2010, the Company's highest-ever figure and a 13% improvement over the year before;
- Consolidated steel product sales volume on the domestic market, where margins are historically higher, accounted for 86% of total annual sales volume;
- In 2010, the Company's consolidated investments totaled R$3.6 billion;
- The net debt/adjusted EBITDA ratio closed 2010 at 1.55x, 0.19x less than at the end of 2009.
- CSN is a highly liquid company, with a cash position of R$10.2 billion;

Consolidated Highlights (R$ millions)	2009	2010	2010 x 2009 (Var %)
Net Revenue	10,978	14,451	32%
Gross Profit	3,956	6,764	71%
Adjusted EBITDA	3,621	6,355	76%
Adjusted EBITDA Margin (%)	33%	44%	11 p.p.
Net Income	2,615	2,516	-4%
Net Debt	6,297	9,850	56%

Economic and Sector Scenario

The recovery of the global economy is being led by the emerging countries. The IMF expects global growth of between 3% and 4% in 2010, with the developed countries averaging between 1% and 2%, and the emerging nations between 6% and 8%. On the other hand, inflationary pressure in the developed economies remains under control, despite the upturn in food and commodity prices, while inflation indices in the emerging countries are high due to the substantial increase in economic activity and the upturn in commodity prices.

United States

The U.S. economy recovered towards the end of 2010 and the country closed the year with GDP growth of 2.9%, the biggest figure since 2005, mainly due to the government's fiscal incentives, higher exports and the resumption of private investments.

Nevertheless, unemployment remained high, recording 9.4% in December 2010, equivalent to around 14 million people out of work. A total of 900,000 jobs were created last year.

Several economists expect higher growth in 2011, according to a recent survey by the Wall Street Journal. The main expectations are: GDP growth of 3.5%, inflation remaining flat at 2% with no increase in interest rates and unemployment below 9%.

The auto industry should be one of the main growth drivers – leading manufacturers to estimate vehicle sales of more than 13 million units in 2011.

Europe

The growth pace in Europe continues to slow, chiefly due to the fiscal squeeze and the discomfort over sovereign debt, especially in Italy, Spain, Greece and Ireland. The high level of debt in these countries has led to uncertainties regarding the solvency of their banking sectors and fears of a possible moratorium. According to CRU, these four nations hold 64% of all loans granted to financial institutions in the Euro zone.

Euro zone unemployment is still running at 10%, or around 15 million people, one of the highest levels in the last 12 years. However, this is expected to improve in the coming months thanks to a possible upturn in exports, especially in Germany, and higher consumer spending.

For the first time in more than two years, inflation exceeded the 2% target stipulated by the European Central Bank, reaching 2.2% in December, with the exceptionally cold weather pushing up food and energy prices. In 2011, commodity and energy prices should continue to exert inflationary pressure, although the ECB maintained the inflationary target at 2%.

According to CRU, the Euro zone should record GDP growth of 1.7% in 2010 and 1.6% in 2011, led by Germany with growth of 2.5%.

Asia

After consolidating and fueling the recovery from the global financial crisis, China is imposing a monetary squeeze in an attempt to rein in the growth of inflation, which closed the year at 4.6%.

Throughout 2010, the government adopted measures to contain growth by increasing interest rates and reserve requirements, limiting credit and introducing energy-saving targets. Despite their restrictive nature, however, all these measures are designed to ensure that the Chinese economy grows in a sustainable manner.

GDP grew by 10.3% in 2010, 2% above the government's target, and China overtook Japan as the world's second largest economy, with GDP of US$5.9 trillion.

On the exchange front, China has let the yuan appreciate by around 6% against the dollar since June 2010, effectively ending its two-year-long rate-fixing between the two currencies, making the yuan more flexible.

China has an ambitious urbanization project which will absorb substantial investments through 2025, by which time it expects to have 221 cities with at least one million inhabitants each. The Chinese real estate market is exceptionally buoyant, with property prices recording annual double-digit growth.

Brazil

Brazil's economic performance in 2010 put it among the emerging country leaders, primarily thanks to higher individual income, more jobs and the expansion of credit.

The year's highlight was the creation of jobs in various sectors of the economy – 2.52 million in all, a massive 115% more than in 2009. In December 2010, the IBGE (Brazilian Institute of Geography and Statistics) recorded unemployment of 5.3%, the lowest since the historical series began in 2002. This decline, plus the increase in earnings, helped push up consumption. IBGE figures show that the real wage bill increased by 8.6% year-on-year in December 2010, impacting retail sales which climbed by 10.9% in 2010, the best result for nine years.

However, productive sector investments were unable to keep pace, resulting in increased inflationary pressure. The IPCA consumer price index moved up by 5.91%, 1.41 p.p. above the midpoint of the Central Bank's target band, mainly pushed by services and food.

The government imposed restrictive monetary measures in an attempt to control the inflationary upturn. The National Monetary Council increased reserve requirements and the minimum credit card payment term, while the COPOM (Monetary Policy Committee) unanimously raised the SELIC base rate by 0.5 p.p. to 11.75% p.a.

The total volume of financial system credit reached R$1.7 trillion in 2010, 21% up on 2009, while the credit/GDP ratio moved up to 47% and default fell throughout the year.

The restrictions on consumer financing and more expensive bank borrowing may alter market expectations vis-à-vis a monetary squeeze in 2011, possibly impacting investments and economic growth.

GDP growth totaled 7.5% in 2010, the highest figure since the introduction of the Plano Real in 1994 and the outlook for the coming years is also promising, underlining an exceptional moment for Brazil's economy. According to the Central Bank's FOCUS report, GDP growth should average 4.2% in 2011 and 2012.

According to the IBGE, industrial output grew by 10.5% in 2010, another outstanding macroeconomic indicator. The sectors that contributed most to this performance were capital goods and consumer durables, especially vehicles and home appliance, as well as typically exporting sectors, led by commodities.

International capital movements continue to pressure the Real. Despite government measures throughout the year, the Real appreciated strongly against the dollar. At the beginning of the year, the FOCUS report estimated a year-end exchange rate of around R$1.80; however, the actual rate was R$1.67. In February 2011, foreign reserves reached the record level of US$300 billion.

Macroeconomic Projections

	2011	**2012**

IPCA (%)	5.88	4.80
Commercial dollar (closing) – R$	1.70	1.75
SELIC (closing - %)	12.50	11.25
GDP (%)	4.03	4.40
Industrial Production (%)	4.00	4.70
Source: FOCUS BACEN		Base: March 18, 2011

Adoption of IFRS

CSN's consolidated financial statements are presented in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), and in accordance with Brazilian accounting practices, issued by the Accounting Pronouncements Committee (CPC) and approved by the Brazilian Securities and Exchange Commission (CVM), pursuant to CVM Instruction 485 of September 1, 2010.

Net Revenue

Consolidated net revenue totaled R$14,450 million in 2010, a 32% improvement over the R$10,978 million posted in the previous year and a new Company record.

Cost of goods sold (COGS)

In 2010, consolidated COGS amounted to R$7,687 million, 9% up on the R$7,022 million posted in 2009.

Selling, General, Administrative and Other Operating Expenses

In 2010, CSN recorded a net expense of R$551 million in the "Other Revenue and Expenses" line, versus revenue of R$721 million in 2009. The R$1,272 million reduction was chiefly due to the positive non-recurring effects of the reverse merger of Big Jump Energy Participações S.A. by Namisa and the adherence of CSN and its subsidiaries to the REFIS tax repayment program in 2009.

Annual SG&A expenses totaled R$1,215 million, 9% up on 2009, reflecting the Company's stronger sales efforts.

EBITDA

Adjusted EBITDA as presented in this report comprises net income before the financial result, income and social contribution taxes, depreciation and amortization and other operating revenues (expenses), the latter operating item being excluded due to its non-recurring nature.

R$ millions

CONSOLIDATED ADJUSTED EBITDA	2009	2010
Net Income	**2,615**	**2,516**
(-) Net Financial Result	246	1,911
(-) Social Contribution	180	154
(-) Income Tax	520	417
(-) Depreciation and Amortizations	780	806
(-) Other Income (Expense), Net	(721)	551
Adjusted EBITDA	**3,621**	**6,355**

Adjusted EBITDA totaled R$6,355 million in 2010, 76% up on the R$3,621 million recorded in 2009, accompanied by an adjusted EBITDA margin of 44%, 11 p.p. more than the 33% reported last year.

13

The variation between adjusted EBITDA and the adjusted EBITDA margin previously published in BRGAAP and the current figures in accordance with IFRS are presented below (R$ million):

R$ millions

Adjusted EBITDA	2009	2010
Adjusted EBITDA (BRGAAP Reported)	3,607	-
Effects of convergence of accounting practice	14	-
Adjusted EBITDA (IFRS)	3,621	6,355

Financial Result and Net Debt

The 2010 net financial result was negative by R$1,911 million, chiefly due to the following factors:

§ Interest on loans and financing totaling R$1,808 million;

§ Negative monetary and foreign exchange variations of R$354 million, including the result of derivative operations;

§ The monetary restatement of tax provisions totaling R$284 million.

These negative effects were partially offset by returns on financial investments and other financial revenue (expenses), totaling R$535 million, basically due to the upturn in cash and cash equivalents.

On December 31, 2010, the consolidated net debt stood at R$9.8 billion, R$3.5 billion more than the R$6.3 billion recorded at the close of 2009. The net debt/adjusted EBITDA ratio closed 2010 at 1.55x, 0.19x less than at the end of the previous year.

On July 14, 2010, CSN, through its wholly-owned subsidiary CSN Resources S.A., issued bonds worth US$1 billion at 6.5% p.a. and maturing in July 2020, in accordance with U.S. Rule 144A and Regulation S. The issue price was 99.096% and the bonds were guaranteed by CSN.

On September 16, 2010, CSN, through its wholly-owned subsidiary CSN Islands XII Corp., issued bonds worth US$1 billion at 7.0% p.a., in accordance with U.S. Rule 144A and Regulation S. The bonds are guaranteed by CSN and the proceeds were primarily used to settle the US$750 million perpetual bonds issued by CSN Islands X Corp in 2005, with a return of 9.50% p.a.

The chart below shows the maturities of CSN's loans, financings and debentures on December 31, 2010:

Consolidated Net Income

CSN posted 2010 net income of R$2,516 million, 4% down on 2009.

The improved results in the steel and mining segments were offset by the increase in other operating expenses, due to non-recurring gains recorded in 2009 and the upturn in financial expenses.

The difference between net income previously published in BRGAAP and the current figures in accordance with IFRS are presented below (R$ million):

R$ millions

Net Income	2009	2010
Net Income (BRGAAP Reported)	2,599	-
Adjustments	16	-
Net Income (IFRS)	2,615	2,516

Capex

CSN invested R$3,636 million in 2010, R$2,201 million of which in and by its subsidiaries or joint subsidiaries, allocated as follows:

ü Transnordestina Logística: R$1,371 million;

ü CSN Aços Longos: R$275 million;

ü CSN Cimentos: R$249 million;

ü MRS Logística: R$199 million.

The remaining R$1,435 million went to the parent company, mostly in the following projects:

ü Maintenance and repairs: R$483 million;

ü Expansion of the Casa de Pedra mine: R$275 million;

ü Expansion of the Port of Itaguaí: R$139 million;

ü Technological improvements: R$125 million.

Working Capital

Working capital closed December 2010 at R$2,844 million, R$770 million up on the figure at the end of 2009, basically due to higher inventories, in turn caused by the reduction in steel product sales volume.

The average receivables period declined from 31 days at the end of 2009 to 26 days at the close of 2010, while the average supplier payment period fell from 26 days to 25 days.

WORKING CAPITAL (R$ MM)	Dec/2009	Dec/2010	Chg 4Q10 x 4Q09
Assets	3,130	3,963	833
Accounts Receivable	1,186	1,259	73
Inventory (*)	1,889	2,492	603
Advances to Taxes	55	212	157
Liabilities	1,057	1,120	63
Suppliers	504	521	17
Salaries and Social Contribution	134	165	31
Taxes Payable	333	398	65
Advances from Clients	85	35	(50)
Working Capital	2,074	2,844	770
TURNOVER RATIO Average Periods	**Dec/2009**	**Dec/2010**	**Chg 4Q10 x 4Q09**
Receivables	31	26	(5)
Supplier Payment	26	25	(1)
Inventory Turnover	88	113	25

** Inventory - Includes "Advances to Suppliers" and does not include "Supplies"*

Results by Segment

The Company maintains integrated operations in five business segments: steel, mining, logistics, cement and energy. The main assets of each segment are presented below:

Steel	Mining	Logistics	Cement	Energy
Pres. Vargas Steel Mill	**Casa de Pedra**	**Railways:**	**Volta Redonda**	**CSN Energia**
Porto Real	**Namisa (60%)**	**- MRS**	**Arcos**	**Itasa**
Paraná	**Tecar**	**- Transnordestina**		
LLC	**ERSA**	**Port:**		
Lusosider		**- Sepetiba Tecon**		
Prada (Distribution and Packing)				
Metalic				

16

The information on CSN’s five business segments is derived from the accounting data, together with allocations and the apportionment of costs among the segments. CSN’s management uses adjusted EBITDA as an indicator to measure recurrent net operating cash flow.

The charts below show the various segments’ contribution to CSN’s overall net revenue and adjusted EBITDA.

<u>Net revenue by segment in 2010 (R$ million)</u>

<u>Each segment’s share of consolidated adjusted EBITDA in 2010 (R$ million)</u>

The Company’s consolidated results by business segment are presented below:

R$ million **2010**

Consolidated Results	Steel	Mining	Logistics (Port)	Logistics (Railways)	Energy	Cement	Eliminations/ Corporate	Consolidated
Net Revenue	**9,926**	**3,615**	**119**	**838**	**114**	**202**	**(364)**	**14,451**
Domestic Market	8,763	574	119	838	114	202	(364)	10,247
Foreign Market	1,163	3,041	-	-	-	-	-	4,204
Cost of Goods Sold	(6,095)	(1,187)	(70)	(522)	(42)	(164)	393	(7,687)
Gross Profit	**3,831**	**2,428**	**49**	**317**	**72**	**38**	**29**	**6,764**
Selling, General and Administrative Expenses	(574)	(135)	(17)	(71)	(26)	(43)	(351)	(1,215)
Depreciation	519	146	6	103	23	14	(3)	806
Adjusted EBITDA	**3,776**	**2,439**	**38**	**349**	**69**	**9**	**(325)**	**6,355**
Adjusted EBITDA Margin	**38%**	**67%**	**32%**	**42%**	**61%**	**4%**		**44%**

R$ million **2009**

Consolidated Results	Steel	Mining	Logistics (Port)	Logistics (Railways)	Energy	Cement	Eliminations/ Corporate	Consolidated
Net Revenue	**8,201**	**1,964**	**144**	**823**	**117**	**60**	**(330)**	**10,978**
Domestic Market	7,046	247	144	823	117	60	(330)	8,107
Foreign Market	1,156	1,716	-	-	-	-	-	2,872
Cost of Goods Sold	(5,572)	(1,179)	(76)	(464)	(43)	(61)	373	(7,022)
Gross Profit	**2,629**	**784**	**69**	**358**	**73**	**(1)**	**43**	**3,956**
Selling, General and Administrative Expenses	(491)	(108)	(14)	(58)	(25)	(16)	(403)	(1,116)
Depreciation	484	135	11	110	25	9	7	780
Adjusted EBITDA	**2,623**	**811**	**65**	**410**	**74**	**(8)**	**(353)**	**3,621**
Adjusted EBITDA Margin	**32%**	**41%**	**45%**	**50%**	**63%**	**-13%**		**33%**

17

Steel

Scenario

According to the WSA, global crude steel production totaled 1.4 billion tonnes in 2010, 15% up on 2009 and a new record.

Nevertheless, many steel-producing nations have still not recovered their pre-crisis levels, China and certain other Asian countries being the exception.

Also according to the WSA, the global steel industry capacity utilization rate closed 2010 at around 74%, still indicating a large gap between production capacity and consumption. The association believes current global surplus capacity is running at around 500 million tonnes.

This imbalance, allied to the appreciation of the Real and state government import incentives, fueled Brazil's flat steel imports.

Supported by higher raw material prices, especially of coal, scrap and iron ore, international steel prices began to show signs of recovery at the close of 2010, leading some steel plants to consider reactivating their blast furnaces to benefit from the upturn.

According to the Brazilian Steel Institute (IABr), apparent consumption of steel products reached the record level of 26.6 million tonnes in 2010, 43% higher than the previous year, and the Institute expects the figure to increase by a further 6% in 2011, to 28 million tonnes.

Also according to the IABr, annual consolidated production totaled 32.8 million tonnes of crude steel and 15.6 million tonnes of rolled flat steel, 24% and 31% up, respectively, on the previous year.

Consolidated domestic sales of rolled flat steel came to 11.7 million tonnes in 2010, a 30% improvement over 2009.

Annual flat steel exports totaled 2.3 million tonnes, in line with the previous year's figure.

Domestic prices are aligned with the price of imported products (including aggregated import costs).

In view of Brazil's expected economic growth in the coming years, the Brazilian Development Bank (BNDES) believes steel output and apparent consumption will increase by 26.5% and 43.5%, respectively, through 2014.

Segments

Automotive

According to ANFAVEA (the auto manufacturers' association), vehicle production reached 3.6 million units in 2010, 14% up on the year before.

Annual sales totaled 3.5 million units, 12% more than in 2009, marking the seventh consecutive year of growth and a new national record. In addition, Brazil closed 2010 as the world's fourth largest vehicle manufacturer for the first time, behind China, the United States and Japan.

Exports totaled 766,000 units, versus 475,000 in 2009.

According to ANFAVEA, sales are expected to grow by 5% in 2011.

Recently, the sector announced investments of R$9 billion over the next two years, allocated to the expansion of product lines, increased output and the construction of new plants.

Construction

According to a study by the Getúlio Vargas Foundation (FGV), every year 1.5 million families intend to purchase a home. Demand for real estate has been fueled by the expansion of the emerging middle class, higher family income, more formal jobs and the greater availability of credit. For this reason, sector businessmen elected 2010 as the best year ever for the construction industry, marked by exceptionally healthy results and margins.

Housing loans from the Caixa Econômica Federal (Brazilian Saving Bank), the mortgage lending leader, totaled R$77.8 billion, 57.2% up on 2009.

LCA, a consulting firm, estimates that the sector grew by 13.9% in 2010, reflecting the positive performance.

According to SindusCon (the building industry association), construction GDP should record annual growth of 6.1% in 2011.

Distribution

According to INDA (the Brazilian steel distributors' association), flat steel sales by distributors totaled 3.8 million tonnes in 2010, 13% up on the previous year, versus purchases of 4.3 million tonnes (+39%), resulting in increased inventories, which were sufficient for 4.3 months of sales in December, higher than the historical average.

INDA expects distributors' sales to increase by around 10% in 2011, with inventories returning to normal by the end of the second quarter.

Agricultural machinery

According to ANFAVEA, in 2010 production of agricultural machinery increased by 34% over the previous year to 89,000 units.

Annual sales stood at 68,000 units, 24% higher than in 2009 and the sector's best performance since 1976, while exports increased by 27% to 19,000 units.

In 2011, domestic sales are expected to remain stable, a positive trend given the exceptionally robust performance in 2010.

International

USA

According to the WSA, U.S. crude steel production totaled 80.6 million tonnes in 2010, 38.5% more than the previous year, while the U.S. Department of Commerce estimated steel imports of 21.7 million tonnes, up by 47%.

Given strong pressure from raw material costs, steel plants are announcing flat steel price hikes. Hot-rolled coils that were being traded at around US$630/t FOB in 3Q10 were selling for US$836/t FOB in January 2011.

U.S. steel distributors' inventories totaled 4.2 million tonnes in December 2010, equivalent to 2.6 months of sales.

Europe

According to the WSA, Euro zone steel production reached 315 million tonnes in 2010, 19% up on 2009.

As in the U.S., raw material cost increases have forced the industry to rethink pricing, resulting in hikes throughout the continent. According to CRU, German-produced hot-rolled coils, which sold for around US$703/t FOB in 3Q10, were trading at US$773/t FOB in January 2011.

Although demand for steel has been showing signs of recovery in certain countries, there are serious doubts concerning the sustainability of these prices, chiefly due to weak growth prospects in most European nations.

Asia

According to the WSA, crude steel output in China totaled 626 million tonnes in 2010, 9% up on the previous year and a new record, accounting for 44% of the global total.

Japan's crude steel production increased by a substantial 25% over 2009, reaching 109 million tonnes.

CRU’s figures also show price increases in China, with hot-rolled coils trading at US$740/t CIF in the first week of February 2011.

Analysis of Results

The steel segment comprises the production, distribution and sale of flat steel in Brazil and abroad.

Net Revenue

In 2010, net revenue from steel operations came to R$9,926 million, 21% up on 2009, chiefly due to higher sales volume.

Total Sales Volume

CSN recorded total sales volume of 4.8 million tonnes in 2010, 17% more than the year before. Of this total, 86% was sold on the domestic market, 10% by overseas subsidiaries, and 4% went to direct exports.

Domestic Sales Volume

Domestic sales totaled 4.1 million tonnes in 2010, a 28% improvement over the year before, fueled by stronger demand for flat steel in Brazil.

Exports

CSN exported 661,000 tonnes in 2010, 24% less than the previous year. Sales by CSN LLC and Lusosider totaled 484,000 tonnes, while direct exports totaled 177,000 tonnes. The reduction was due to the Company's strategy of favoring the domestic market, where margins are higher.

Prices

In 2010, net revenue per tonne averaged R$2,019, 5% above the 2009 figure, reflecting higher export prices and the greater share of domestic sales in the sales mix.

Production

Parent company crude and rolled steel production totaled 4.9 million tonnes and 4.7 million tonnes, respectively, in 2010, corresponding to respective annual increases of 12% and 15%.

Production (in thousand t)	2009	2010	Change 2010 x 2009
Crude Steel (UPV)	4,371	4,902	12%
Rolled Products	4,109	4,707	15%

Cost of goods sold (COGS)

Steel segment COGS came to R$6.09 billion in 2010, 9% up on the R$5.57 billion posted in the previous year, basically as a result of higher sales, partially offset by the greater dilution of fixed costs.

Production costs

In 2010, the parent company's total production costs stood at R$5.57 billion, R$1.02 billion more than the R$4.56 billion reported in 2009.

Raw materials: increase of R$646 million, primarily related to the following inputs:

- **Coal:** upturn of R$197 million, basically due to the higher acquisition cost and increased consumption;
- **Slabs and coils acquired from third-parties:** increase of R$210 million;
- **Pellets:** growth of R$110 million, due to the higher acquisition cost and increased consumption;
- **Metals:** upturn of R$71 million, due to the higher acquisition cost and increased consumption;
- **Other raw materials:** increase of R$58 million.

Labor: growth of R$102 million, due to the pay increase resulting from the collective bargaining agreement and the merger of Galvasud in January 2010.

General costs: increase of R$223 million, chiefly due to:

- **Energy and fuel:** upturn of R$125 million, particularly related to natural gas and electricity;
- **Maintenance, supplies and other costs:** growth of R$98 million, basically due to period maintenance.

Depreciation: increase of R$47 million due to new asset incorporations.

Adjusted EBITDA

Adjusted EBITDA totaled R$3,776 million in 2010, 44% up on the R$2,623 million recorded in 2009, basically due to higher domestic sales, accompanied by an adjusted EBITDA margin of 38%, 6 p.p. higher than the 32% reported in the previous year.

Mining

Scenario

At the beginning of 2010, government incentives were still in force, many of which focused on the intensive use of steel. The commitment of the leading global economies to overcoming the crisis, albeit each to a varying degree, was crucial to the recovery of the market as a whole.

As a result of the recovery, iron ore sales, mostly concentrated in the Chinese market in 2009, became more fragmented.

Nevertheless, China remains a major market player. In 2010, the country imported 619 million tonnes, accounting for 60% of the seaborne market, and this figure is expected to reach 895 million tonnes by 2015, according to CRU.

2010 will be remembered as a year of profound change in the iron ore market. The traditional pricing system, used for over 40 years, was replaced by a system that reflects market oscillations and is subject to periodic reviews.

Demand continues to outpace supply on the seaborne market and certain factors in 2010 helped reduce supply even further, including government restrictions on iron ore exports in India, accompanied by the imposition of export taxes. In addition, the monsoons were more aggressive than initially expected, reducing port productivity. The vast majority of new projects (brownfield and greenfield) were delayed and the expected increase in available market volume did not materialize.

Given this scenario, Brazil's iron ore exports reached the record level of 307 million tonnes, 15% up on the previous year, according to the LBH Group.

The government recently launched a National Mining Program, which envisages investments of US$270 billion over 20 years and is designed to triple the production of iron ore, copper ore and other minerals by 2030.

Iron ore spot prices, which averaged US$174/t CFR in December 2010, had already reached US$190/t in the third week of February. Prices are expected to keep moving up in the first half, fueled by increased demand in China and the recovery of the European and North American markets.

Analysis of Results

The Company's mining sector encompasses the mining and sale of iron ore (the Casa de Pedra mine and a 60% interest in Namisa) and tin (ERSA), in addition to port terminal operations (Tecar).

Iron ore sales

In 2010, total sales of finished iron ore products by CSN and Namisa to third parties amounted to 25.3 million tonnes[1], 13% more than in 2009. Of this total, exports accounted for 23.8 million tonnes and Namisa sold 16.9 million tonnes.

The Presidente Vargas Steelworks absorbed 6.9 million tonnes in 2010.

(1) (100%) Production volume, purchases and sales include of the stake in Namisa.

Considering CSN’s 60% interest in Namisa, sales came to 18.6 million tonnes in 2010, 6% up on 2009.

Net Revenue

Net revenue totaled R$3.6 billion in 2010, 84% up on 2009, fueled by the increase in prices and higher sales.

Cost of goods sold (COGS)

Mining segment COGS came to R$1.2 billion in 2010, in line with the 2009 figure despite the 6% increase in sales volume.

Adjusted EBITDA

Adjusted EBITDA totaled R$2.4 billion in 2010, an increase of 201% over the previous year, reflecting higher iron ore prices and the upturn in sales volume, accompanied by an adjusted EBITDA margin of 67%, a 26 p.p. year-on-year improvement.

Logistics

Scenario

Railway logistics

2010 was a positive year for the rail logistics sector. According to the ANTF (National Rail Transport Association), transported volume grew by 15% over 2009, exceeding 455 million tonnes. Underlining the sector's dynamism, the number of rail cars produced moved up by a hefty 223% over the year before to 3,300, according to Abifer (Brazilian Railway Industry Association).

With investments by private enterprise and support from the government, the outlook is exceptionally promising. The government believes the rail network will be 41,000 kilometers long by 2020, 37% more than the current total.

Port logistics

According to Antaq (National Waterway Transport Agency), handled volume totaled 558 million tonnes in 2010 through September, 22% up on the first nine months of 2009 and a new sector record. In the same period, container volume increased by 14.2% year-on-year to 5.4 million TEUs. There was a big upturn in foreign trade, leading Antaq to predict annual volume of 760 million tonnes in 2010.

Analysis of Results

This sector encompasses railway logistics, via the Company’s interest in two companies (MRS Logística and Transnordestina Logística) and port logistics, through the Sepetiba Tecon terminal.

Railway logistics

MRS

MRS Logística has a concession to explore public rail cargo transport services in the Southeastern Network of the Federal Railways, operating with integrated logistics, planning, multimodality and established transit times. CSN holds, directly and indirectly, 33.27% of MRS Logística’s voting capital. In 2010, MRS transported 144 million tonnes.

Transnordestina

The project for the new network of Transnordestina Logística, the concessionaire operating the Northeastern Network of the Federal Railways, is designed to make the Company the integrated logistics leader in the Northeast region, connecting Piauí to the Port of Suape, in Pernambuco, and the Port of Pecém, in Ceará. The new network, 1,728 km long and scheduled for conclusion at the end of 2013, will increase rail transport capacity to 30 million tonnes per year.

The project is expected to absorb total investments of R$5.4 billion, funded by CSN, the controlling shareholder, FINOR (Northeast Development Fund), the federal government (through Valec) and loans from SUDENE (Northeast Development Board), the BNDES (Brazilian Development Bank) and BNB

(Banco do Nordeste do Brasil).

In 2010 the company transported 1.5 million tonnes, chiefly fuel, cement, aluminum, coils and malt, among others.

Analysis of Results

MRS and Transnordestina’s 2010 individual results had not been announced up to the publication of this report.

In 2010, consolidated net revenue from railway logistics totaled R$838 million, COGS stood at R$522 million and adjusted EBITDA came to R$349 million, accompanied by an adjusted EBITDA margin of 42%.

Port logistics

TECON

Sepetiba Tecon, a container and general cargo terminal managed by CSN, is the largest container terminal in Rio de Janeiro, and one of the largest in Brazil. It also operates as a hub port. Apart from containers, Sepetiba Tecon also handles CSN’s steel products and general cargo.

Analysis of Results

In 2010, consolidated net revenue from port logistics totaled R$119 million, COGS stood at R$70 million and adjusted EBITDA came to R$38 million, accompanied by an adjusted EBITDA margin of 32%.

25

Cement

Scenario

Preliminary figures from SNIC (the Cement Industry Association) indicate local cement sales of 59 million tonnes, 15% up on the previous year. The Southeast region consumed half of this total and the North was the best performer in terms of growth, moving up by 58%. Estimates point towards a new record in 2011, with sales climbing by between 8% and 9% to 65 million tonnes.

Annual exports fell by 23%, as manufacturers prioritized the domestic market.

Currently, there are 70 plants operating in Brazil, belonging to 12 national and international groups, with a joint annual installed capacity of 67 million tonnes, sufficient to meet all of domestic demand.

Strong investments in capacity expansion were also announced in 2010, the effects of which should become apparent in the second half of 2011.

The sector’s growth in the coming years will continue to be fueled by increased income and employment, incentives for homebuyers, the expansion of Brazil's infrastructure and the intensification of the works related to the World Cup and the Olympic Games.

Analysis of Results

Net revenue from cement totaled R$202 million in 2010, 234% up on 2009, from the sale of 992,000 tonnes, up by 193%. Nevertheless, the substantial sales increase still does not reflect CSN's full cement operations, which are still growing.

COGS came to R$164 million, 169% more than in 2009, pushed by the increase in sales.

Adjusted EBITDA was a positive R$9 million, a R$17 million improvement over the negative R$8 million posted in 2009, accompanied by a positive adjusted EBITDA margin of 4%, versus a negative 13% in the previous year.

Energy

Industry Analysis

In 2010, the electric power market was favored by Brazil's excellent economic performance, led by the domestic market, driven by increased employment and income, as well as the greater availability of credit. Electricity consumption grew by 7.8% over 2009, according to the Ministry of Mines and Energy's Energy Research Company.

Industrial consumption made the biggest contribution, moving up by 10.9% and consolidating the post-crisis recovery begun in the second half of 2009. Residential and commercial consumption recorded consistent growth of 6.3% and 5.9%, respectively, in line with recent years.

Generating capacity kept pace with the increase in demand. According to the Annual Energy Operations Plan (PEN 2010), published by the National System Operator (ONS), the National Integrated System's structural energy balance for the next four years must ensure adequate supply, even in adverse hydrological conditions.

This situation is largely the result of the energy auctions promoted by the government, as well as the contracting and construction of new transmission lines, which has permitted greater energetic integration among Brazil's various regions.

Given that electricity is crucial to CSN’s production processes, the Company has been investing in power generation assets to ensure self-sufficiency. In addition to the thermal co-generation plant, which is fueled by residual gases from steel production in the Presidente Vargas Steelworks in Volta Redonda, the Company retains an interest in:

§ The Itá hydroelectric plant, in Santa Catarina;

§ The Igarapava hydroelectric plant, in Minas Gerais.

The Company also created CSN Energia, whose main purpose is the distribution and sale of surplus electricity generated by the Company itself and by companies, consortiums or other undertakings in which it holds interest.

CSN’s results from the energy segment include the operations of Itasa and CSN Energia. Energy generation costs from the thermal co-generation plant and the Igarapava hydro plant are directly appropriated into the production costs of the steel plants and the mines (Casa de Pedra and Arcos), respectively.

Analysis of Results

In 2010, net revenue from electricity amounted to R$113 million, in line with the previous year.

COGS totaled R$42 million, 4% down on the R$43 million reported in 2009.

Adjusted EBITDA was positive by R$69 million, in line with the year before.

Capital Market

Share Performance

In 2010, CSN’s shares depreciated by 2%, versus the 1% upturn recorded by the IBOVESPA in the same period. On the NYSE, CSN’s ADRs appreciated by 8%, versus 11% for the Dow Jones.

It is worth noting, however, that in the last five years CSN’s stock has generated returns of 332% for its shareholders, three times more than the 107% upturn in the IBOVESPA in the same period.

Daily traded volume in CSN’s shares averaged R$106 million in 2010, while on the NYSE daily traded volume in CSN’s ADRs averaged US$88 million.

Capital Markets - CSNA3 / SID / IBOVESPA / DOW JONES	2010	2009
Shares	**1,483,033,685**	**1,510,359,220**
Market Capitalization		
Closing Price (R$/share)	26.67	27.11
Closing Price (US$/ADR)	16.67	15.47
Market Capitalization (R$ million)	38,884	39,522
Market Capitalization (US$ million)	24,304	22,550
Total return including dividends and interest on equity		
CSNA3	-2%	108%
SID	8%	168%
Ibovespa	1%	83%
Dow Jones	11%	19%
Volume		
Average Daily (thousand shares)	3,637	4,930
Average Daily (R$ thousand)	106,265	110,860
Average Daily (thousand ADRs)	5,360	7,214
Average Daily (US$ thousand)	88,710	83,492

Source: Economática

** Figures were retroactively adjusted to reflect the share split occurred on March 25, 2010.*

5- CORPORATE GOVERNANCE

Investor Relations

2010 was a year of considerable achievement for CSN during which the Company further expanded its communications with the capital market, improving investors' perception of its basic fundamentals and helping reduce funding costs. The main highlights are shown below:

§ Increased presence in national and international events. In 2010 the Company took part in 20 conferences with the financial market community, equivalent to around 400 meetings with investors. It also held 280 meetings and conference calls in its headquarters, totaling 680 meetings with shareholders;

§ Market diversification through a Non Deal Roadshow in Tokyo, Hong Kong and Beijing.

§ For the fifth consecutive year, CSN took part in Expomoney São Paulo, an event targeting individual investors*;*

§ Development of closer ties with sell-side analysts through visits to the Casa de Pedra mine, Port of Itaguaí and the Presidente Vargas Steelworks, increasing the visibility of the Company's operations, strategies and investments.

CSN Shares

§ CSN’s stock comprises common shares only, each of which is entitled to one vote in the Company's Shareholders' Meetings;

§ More than 44% of CSN’s shares are traded on stock exchanges, mostly in São Paulo (BOVESPA) and New York (NYSE).

Sarbanes-Oxley Act

The Company is in the final phase of Certification for internal controls related to the 2010 Consolidated Financial Statements (CSN and its subsidiaries), in compliance with Section 404 of the Sarbanes-Oxley Act (SOx).

As of August 2010, tests were carried out to evaluate the effectiveness of internal controls in CSN, (Presidente Vargas Steelworks, Casa de Pedra mine and CSN Porto Real) CSN Cimentos, CSN LLC, CSN Export, CSN Europe (former CSN Madeira) and Prada, which are companies considered significant for SOx Certification. The managers of each process (process owners) were responsible for carrying out the tests and monitoring existing points.

It is important to emphasize that the financial, entity level and accounts preparation and disclosure processes are corporate in nature, including all CSN companies except NAMISA, which has its own structure for executing these processes and activities.

Ethics Code

CSN has employed an Ethics Code since 1998, which is periodically revised and updated. The code is delivered to members of staff in corporate integration training courses, where any possible queries can be resolved.

CSN's Ethics Code details the standards of personal and professional conduct expected of its employees in their relations with co-workers, clients, shareholders, suppliers, communities and competitors, as well as the environment, and also contains a declaration of our corporate conduct and commitments. Its content is in the public domain and is available at www.csn.com.br.

One issue that has been a permanent feature of the Code since its inception is the rules governing trading in the Company’s shares.

Disclosure of Material Acts and Facts

CSN maintains a Material Act or Fact Disclosure Policy, which determines that all such disclosures must contain information that is accurate, consistent, appropriate, transparent and within the proper timeframes, in accordance with CVM Instruction 358 of January 3, 2002, and Section 409 of the Sarbanes-Oxley Act – Real Time Issuer Disclosure.

All material acts or facts are disclosed in Brazil (BOVESPA) and the United States (NYSE), where the Company's shares are traded.

Management

CSN is controlled by Vicunha Siderurgia S.A. and Rio Iaco Participações S.A., which retain 47.0% and 3.9% of the Company's total capital respectively. Management is exercised by the Board of Directors and Board of Executive Officers.

Annual Shareholders' Meeting

The Annual Shareholders' Meeting, the Company's sovereign body, meets once a year, in accordance with the prevailing legislation, to elect the members of the Board of Directors, examine management's accounts and the financial statements, and decide on the allocation of annual net income and the payment of dividends, among other matters. Whenever necessary, Extraordinary Shareholders' Meetings may be called to decide on specific issues that are not within the normal scope of the Annual Meeting.

Board of Directors

The Board of Directors currently comprises seven members, five of whom independent, and meets on a routine basis on pre-established dates throughout the year and on an extraordinary basis whenever necessary. Members are elected for a one-year term of office, re-election being permitted.

Its role is to define and monitor the Company's policies and strategies, oversee the activities of the Board of Executive Officers and decide on matters relevant to the Company's businesses and operations. It is also responsible for electing the executive officers and may, if necessary, constitute special advisory committees to help in the execution of these duties.

Board of Executive Officers

The Board of Executive Officers is responsible for the day-to-day management of the business in line with the strategies and policies established by the Board of Directors. It currently comprises five officers, including the Chief Executive Officer, who meet periodically, each of whom being responsible for certain specific Company operations, processes and/or businesses. Officers are elected for a two-year term, re-election being permitted.

Audit Committee

The Audit Committee has autonomy to make decisions on all matters concerning Sections 301 and 407 of the Sarbanes-Oxley Act. Its main responsibilities include reviewing, analyzing and making recommendations to the Board of Directors on matters concerning the indication, hiring and compensation of the external auditors, as well as supervising the internal and external audits. In regard to the hiring of external auditors, special procedures are adopted to ensure that there are no conflicts of interest, dependence or loss of objectivity on the part of the auditors in their relations with CSN.

Internal Audit

CSN maintains an internal audit department which acts independently within the organization to assist and communicate material facts to the Board of Directors, the Audit Committee and the Board of Executive Officers. It is responsible for ensure the appropriate allocation of resources and protecting CSN companies' assets, providing support for compliance with the planned results, and improving processes and internal controls in order to enhance financial and operating performance or prevent the risk of losses or fraud and, consequently, any damage to the Group's image.

Independent Auditors

In 2010, CSN and its subsidiaries' independent auditors – KPMG Auditores Independentes – were hired to perform services in addition to auditing the financial statements.

It is the belief of both the Company and its independent auditors that these services, essentially appraisal reports, technical support and reviews of income tax declarations, do not affect the latter's' independence. The additional services do not exceed 10% of total external auditing fees.

Services additional to the examination of the financial statements are submitted for prior approval to the Audit Committee in order to ensure that, based on the pertinent legislation, they do not represent a conflict of interest or jeopardize the auditors' independence or objectivity.

In accordance with CVM Instruction 480/09, on March 22, 2011 the Board of Executive Officers declared that they had discussed, reviewed, and agreed with the opinions expressed in the independent auditors' report and with the financial statements for the fiscal year ended December 31, 2010.

6- RISK MANAGEMENT

CSN operates in a globalized and increasingly complex market and is therefore exposed to several risks that may affect its performance and hence its strategies. In order to improve the monitoring of these risks, the Company maintains a corporate risk area, which is staffed by specialized professionals.

Its main aim is to identify, measure and monitor risks and levels of corporate governance, ensuring compliance with Sections 302 and 404 of the Sarbanes-Oxley Act, and to keep CSN's management and shareholders informed on all risks inherent to the business.

The Company takes a pro-active approach to risk management, seeking to minimize the impact on its business by considering a wide range of factors, including economic, financial, tax and regulatory issues, both in Brazil and abroad.

CSN's internal controls, responsible for mitigating these risks, are executed by the operational areas and monitored by the corporate risk area, the internal audit department, linked to the Board of Directors, and the independent external auditors.

The risks described below are those known to CSN and which may currently pose a threat to the Company's business.

Market Risks

The steel industry is highly cyclical in nature due to supply and demand swings triggered by macroeconomic change worldwide. Any significant decline in demand for steel in the Company's markets in Brazil and abroad may have an impact on its operations, which are closely aligned with the performance of the auto, construction, home appliance and packaging industries.

However, the Company usually weathers such cycles with no undue impact on its business, thanks to the integrated nature of its operations and its exceptionally low production costs, plus the fact that it operates in a diversified range of markets, including mining, rail transport, ports and energy.

Raw Material Supply Risks

CSN' operations are fully integrated and it is almost entirely self-sufficient in terms of steel production. In fact, the only raw materials acquired from third parties are coal (100% imported) and coke (around 25% imported), as well as zinc and aluminum (purchased on the domestic market).

The Company's operations are regarded as integrated because it uses its own raw materials and assets, such as ore from the Casa de Pedra, Namisa, Arcos and ERSA mines, the MRS and Transnordestina Logística railways, the Tecar and Sepetiba Tecon port terminals and the electricity generation plants.

In addition, in order to protect itself against possible abusive pricing on the part of its suppliers, the Company seeks to vary the origin of its imported coal and coke.

Competitive Risks

For some years now, the global steel industry has been experiencing a period of intense change, marked by a series of mergers and acquisitions aimed at increasing competitiveness by reducing costs, and Brazil has not been immune to this trend.

CSN is constantly seeking closer proximity to its clients, offering higher added-value products more suited to their needs in terms of quality, service and delivery times. In order to meet the requirements of the national and international markets in the most efficient manner possible, the Company has acquired an interest in two rolling companies, CSN LLC in the United States and Lusosider in Portugal. This presence in North America and Europe ensures long-term expansion and closer ties with overseas customers.

Foreign Exchange Risks

Since the Company operates and raises funding abroad, part of its revenue (iron ore and steel exports) and expenses (imported coal, coke and equipment) is in foreign currency.

As a result, it is subject to variations in exchange and interest rates, in turn altering the amount in Reais needed to honor its foreign-currency obligations. It manages this risk by resorting to several different financial instruments, including cash investments in dollars and derivative instruments (without financial leverage, such as put and call options), mainly swaps and future contracts.

Environmental Risks

Although steel plants generate jobs and products that fuel the Brazilian economy, they also produce waste and effluents that may cause damage to the environment. For this reason, they are bound to meet a series of requirements imposed by Brazil’s strict environmental legislation aimed at controlling atmospheric emissions, liquid effluents, and the handling and disposal of solid waste, in order to protect human and environmental health.

More than just complying with the legal requirements, CSN has adopted a preventive and pro-active approach to environmental issues, seeking to anticipate possible risks and/or problems.

Legal Risks

CSN is involved in several ongoing lawsuits regarding civil, labor and environmental claims, as well as federal, state and municipal taxes and contributions. As a result, at the close of 2010, it maintained legal provisions of around R$2.5 billion and judicial deposits of R$2.7 billion, there being no certainty as to the outcome of these proceedings.

The Company also seeks to mitigate its legal risks through preventive consulting procedures, close monitoring of the legislation, participating in public hearings on the drawing up and improvement of regulations that have an impact on its activities, and joining professional associations and corporate representative bodies.

Insurance Risks

Aiming to mitigate risks and given the nature of its operations, the Company and its subsidiaries have taken out several different types of insurance coverage. These policies are in accordance with risk management policy and are similar to those contracted by other companies in the same sector. Coverage includes national and international transport; transport company civil liability; imports; exports; life and personal accident; health, auto (vehicle fleet), D&O (directors and officers' liability); general civil liability; engineering risks; sundry risks; export credit; guarantee insurance; and port operator civil liability.

The Company has also renewed material damage and loss of earnings insurance for all its units and subsidiaries, except for the Presidente Vargas Steelworks, Casa de Pedra, Arcos Mining, CSN Paraná and Tecar (insured against material damage), which is currently being negotiated with Brazilian and international insurance and reinsurance companies.

Credit Risks

Exposure to credit risks from financial instruments is managed by restricting counterparties in derivative instruments to major financial institutions with excellent credit quality. Management therefore believes that the risk of non-compliance by these counterparties is negligible.

7 – INNOVATION

In order to meet new demand and market expectations, CSN constantly invests in the development of innovative projects in order to provide its clients with creative product and service solutions. This pioneering attitude, together with the restructuring of the production chain with its most important clients, is one of the Company's main strategies for consolidating market share growth.

Research and Development

In 2010, the Company invested around R$57 million in R&D activities.

As Brazil's leading producer of high value-added coated flat steel products, CSN constantly invests in improving its products, services and processes..Always striving for technical innovation and the continuous improvement of its production procedures, the Company develops new projects and applications to meet the market's current and future needs.

One project that underlines CSN's innovative approach is the development of pre-painted steel for organo-metallic vehicle fuel tanks, replacing plastic tanks, demand for which is expected to reach 500,000 units per year. Designed using a new base steel coated by the continuous painting line in the Paraná installations, these tanks have greater resistance to corrosion, as well as being more conformable and weldable. They are currently being improved to reduce component weight.

Another pioneering product that has been well accepted in the market is the CSN Extra Fino® cold-rolled steel, which was developed in response to global trends for new applications in white goods and steel furniture.

In the packaging segment, the Company invested in the consolidation of a modern innovation center, which allows greater proximity to clients, presenting new proposals, concepts and designs for expanded three-piece cans with attractive and innovative shapes.

In the construction segment, CSN's pre-painted steel has found a new application in the rapid-assembly structures used on a large scale by the Pacifying Police Units (UPP) and Rapid Response Units (UPA) in Rio de Janeiro.

In the auto segment, innovation, product development and new applications have been given top priority, exemplified by dual phase steel, which has the advantage of reducing vehicle weight, allowing manufacturers to produce lighter and safer vehicles with reduced CO_2 emissions. Other high-resistance steels have also been developed, such as bake hardening, rephosphorized and microalloyed, as well as highly conformable steel for exposed parts, such as titanium-stabilized ultra-low carbon steel.

In the mining segment, the Company has been investing consistently in technological studies and the use of new mineral processing technologies in order to increase output, improve product quality and maximize metal and mass recovery. The recent introduction of wet high intensity magnetic separators (WHIMS)has enabled the processing of rejects from the Casa de Pedra processing plant, transforming part of them into pellet feed. Over the last five years, the consistent development of technological studies has demonstrated the feasibility of building plants to process poor-quality itaberites from the Casa de Pedra mine into pellet feed.

8- PEOPLE

After stepping up its efforts to ensure an even greater alignment between its people management model and its culture of maximizing value creation, in 2010 CSN concentrated on developing and training its employees in order to sustain the expansion projects in each of its segments.

People management policies are compatible with the competitive environment and are strongly geared towards performance and leadership, being supported by learning and the propagation of knowledge.

CSN and its subsidiaries closed 2010 with approximately 19,000 employees, 12.7% more than at the end of the previous year.

Internal Communications

CSN maintains various several internal communications channels. In 2010, it launched yet another important vehicle, the *Mural Eletrônico*, a type of electronic notice board permitting more modern and rapid communications. The Company installed 36 screens in almost all of its units, delivering corporate and local news, as well as information on the markets where we operate and national and international news.

As for our existing channels, the intranet provides information on the Company and its policies, with access to the Ethics Code, the Organizational Manual and the Safety Manual.

In addition, employees receive up-to-date news on CSN's projects through the *Matéria-Prima* newspaper, a bi-monthly publication with print-run of 25,000. Internal campaigns also provide information on the Company's various activities.

Training and Development

The Company's people management model is based on five pillars - Attract; Align and Engage; Evaluate; Develop; Recognize and Reward – and is sustained by investments in projects for professional development and improvement, thereby contributing to the growth of the organization and its people.

At the end of 2010, it opened inscriptions for the new Trainee Program and Young Professionals Program, whose objective is to attract young talent up to two years after graduation in order to meet the Company's specialist needs. There were more than 15,000 applicants, with the hirinig of 40 trainees and 85 young professionals.

The internship program is aimed at students undergoing technical and university courses in a wide range of subjects, the basic aim being to familiarize them with the corporate environment. In 2010, there were around 500 interns spread through all units of the group.

The *Capacitar* program trains high school graduates aged between 18 and 24 in the mining, steelmaking, cement and logistics areas so that they are qualified to enter the job market. In 2010, it had 568 participants The program has proved highly successful and has been expanded to all the group's units.

The *Aprendizagem* (Apprenticeship) program aims to train and transmit a set of skills to young people that will favor the progress of their studies, increasing their prospects of entering and remaining in the job market, in addition to offering professional training courses in partnership with SENAI (National Industrial Apprenticeship Service).

The Company seeks to motivate and value its employees by prioritizing internal recruitment. In 2010, 42% of all job openings were filled by in-house candidates through a fair and transparent process which recognizes personal performance and encourages individual development.

In an attempt to ensure fast-track adaptation, CSN developed the Corporate Integration Program for executives to present the Company's mission, vision, values and culture, as well as foster integration with colleagues.

Also on the talent development and retention front, the Company offered 73 places in MBA courses in renowned Brazilian institutions to highly skilled professionals selected from the trainee programs.

It also granted 241 university scholarships and 261 technical course scholarships, further contributing to the professional and personal growth of its employees.

In 2010, the trainees who entered the program in 2008 continued to take part in various development initiatives. After the program was completed, they had the opportunity to present the Practical Project they had been working on throughout the program to management. The aim was to propose solutions for corporate problems or for improving corporate processes.

In 2010, CSN created the *Ciranda do Conhecimento* Program, aimed at promoting continuous learning, propagating knowledge and expanding the organization's intellectual capital. The program is conducted by CSN multipliers, who have considerable knowledge of certain specific academic areas. This transfer of knowledge fostered the development of both employees and instructors, who not only developed new abilities and skills but were also recognized by the group.

In order to support the expansion and sustainability of the CSN Group's businesses, the Company developed a program to identify, evaluate and develop potential leaders.

All in all, the various 2010 training programs totaled 2.08 million man-hours.

Managing Competencies (*Rumo Certo*)

CSN develops initiatives to monitor the competencies of its staff, competencies being defined as the set of knowledge, skills and attitudes demonstrated by the employee. The ten competencies are divided into three categories: core (essential), sustainability and business. This instrument also helps identify talent within the organization, providing support for decisions regarding resources as well as training and development programs .

In 2010, all executives, senior management and administrative staff were trained in regard to the competencies mapped in 2009, as well as in the new process for assessing competencies, called *Rumo Certo* (Right Way). The Company also implemented a Feedback Workshop to introduce techniques and tools to help managers with this process, thereby encouraging efficient and high- quality employee development.

Profit sharing

CSN's profit sharing program is designed to ensure a steady improvement in the Company's results and to create value for its shareholders by emphasizing performance and the development of strategies.

Managers and employees are assessed in relation to the results of the Company and the business unit where they work, as well as their own specific performance, always in line with the strategic maps and GVA®.

This balance means that bonuses are based on the effective contribution of each area to the achievement of the strategic targets defined by the Company, thereby ensuring that the best performances are rewarded.

Safety in the Workplace

In 2010, CSN stepped up its efforts to propagate a culture of occupational safety, aiming to preserve the safety and health of its own and outsourced employees.

Consequently, the Company has been improving its Occupational Health and Safety Management System with a series of measures to avoid accidents, including workplace risk assessment; occupational hygiene program; risk assessment of installations and processes; daily visits to the workplace; standardization of activities; a quality audit focused on 5S; investigation and analysis of accidents and incidents; labor certification; operational diagnostics; critical operational process analysis; dissemination of the safety manual; a behavior monitoring program; management of outsourced companies; procedures for adapting workspace utilization conditions; and audits.

The following initiatives in 2010 are particularly noteworthy:

- Implementation of the Top Safety program, recognizing the best employees in the Production Steel Units (DEPRO) in terms of safety, encouraging them to commit to and engage in safe behavior, team work, accident reduction and safety excellence. The program culminated with an event for employees and their families called SAFE BEHAVIOR, A PERSONAL VALUE.

- Training program in association with the national manufacturers of the motorcycles used by the Company and its outsourced companies, helping build a culture of safety among motorcyclists. After the program was launched in September, the number of motorcycle accidents declined from two per month to zero at year-end.

- A substantial 38.7% reduction in the number of traffic accidents (from 62 to 38), reflecting the increase in safe driving initiatives designed to raise our employees' awareness of the need for safety in traffic.

- Program for 5,757 outsourced employees (30% more than in 2009) in the CSN Foundation's Safety Training Center aimed at raising safety awareness (development of risk perception).

- Recognition of CSN's workplace safety by renowned institutions. The Company received the 2010 Labor Health and Safety Honor and Merit Award for being best in the steelmaking category.

In overall terms, the personnel accident rate fell by 22.2% in 2010, from 3.65 to 2.84, the lowest level for eight years.

9- SOCIAL RESPONSIBILITY

Corporate Social Responsibility

Social responsibility is a priority for CSN. Through the CSN Foundation, the Company develops socially responsible policies with an extensive outreach, contributing to the social and economic development of the communities where it operates. These initiatives, in partnership with the government and the community, are designed to value the best assets of each region – their people.

Between 2006 and 2010, CSN invested more than R$81 million in these initiatives, R$14.9 million of which in 2010 alone, allocated to educational, cultural, sports and health activities

In addition to the Foundation's initiatives, CSN makes use of fiscal incentive mechanisms to sponsor several cultural and sporting projects of other institutions following a rigorous election process. In 2010, these included the exhibition Lúcio Costa – the Architect, as part of Brasília's 50th anniversary celebrations; the book *Direitos Humanos – Imagens do Brasil* (Human Rights – Images of Brazil), construction of the Brazilian Library at the University of São Paulo to house the Guita and José Mindlin collection; the films *Tropa de Elite 2* (Elite Squad 2) and *Eu e Meu Guarda-Chuva* (Me and My Umbrella); and the installation of two education-through-sports centers for the Passe de Mágica Institute.

CSN supports several NGOs registered with various Municipal Councils for Children and Teenagers' Rights, focusing on the socially vulnerable. Among the most important are GRAACC (Support Group for Children and Teenagers with Cancer), which the Company helped with its expansion project, and the Deco 20 Institute, which develops several cultural and sporting activities.

The most important programs conducted directly by the CSN Foundation and supported by the Company, which benefited thousands of people in 2010 are described below:

Vocational Training

The Pandiá Calógeras Technical School (ETPC), in Volta Redonda (RJ), prepares students for the job market and also for the college entrance exam, having helped a great many young people to attend university.

In 2010, it had 1,073 students, 238 of whom on full scholarships and 169 on partial scholarships. CSN also offered the *Curso Capacitar Siderurgia* (steelmaking training course) to five groups, each of them 4 months long, totaling 178 students, selected through an entrance exam. The course is free of charge and students even receive a monthly grant of one minimum wage while attending.

The General Edmundo Macedo Soares e Silva Technological Education Centre (CET), located in Congonhas (MG), has been offering vocational training courses for over 49 years, helping supply qualified professionals for companies in the Alto Paraopeba region.

In 2010, the CSN Foundation offered 45 full scholarships and 17 partial scholarships for high-school vocational and technical courses. The Foundation also maintains partnerships with external bodies, such as PEP (the Minas Gerais State Vocational Training Program) and the municipal government of Congonhas, which enabled full scholarships for 185 students. Another 48 full scholarships were offered within the Industrial Learning Course, sponsored by CSN. These 48 students also received monthly financial grants while attending.

The Bela Vista Hotel School, in Volta Redonda, offers training in hotel and catering services for young adults at risk aged between 18 and 25 in the Sul-Fluminense region of Rio de Janeiro State. The course is designed to prepare students for the job market and contains modules on governance, reception, kitchen practices, events, preventive maintenance, career guidance, waiting, hygiene and food handling, entrepreneurship, information technology and customer service, as well as a simulation workshop.

Every six months, 80 young people are invited to take part in the course following a selection process in association with the Social Assistance Reference Centers (CRAS). It is worth stressing that the region has enormous demand for qualified labor in the service sector, so most students have already been hired by regional hotels, restaurants, hospitals and event organizers by the time they graduate. Ten percent of course openings are earmarked for youngsters who are doing community services through a partnership with Degase/RJ.

Social and Cultural Projects

Garoto Cidadão Project

The purpose of this project is to encourage the social, educational and emotional development of the participants, helping to create well-informed, critically-aware citizens. Implemented in 1999, it is aimed at children and teenagers aged between 6 and 16 years and enrolled in the public school system, who are deemed to be in situations of social risk. The project is implemented in association with local government authorities and functions outside of school hours, offering workshops on music, theater and dance, the visual arts and digital inclusion, as well as refresher courses.

The number of beneficiaries has been increasing every year, totaling 845 in 2008, 1,110 in 2009 and 1,904 in 2010, when the project was conducted in six cities – Itaguaí and Volta Redonda, in Rio de Janeiro, Congonhas and Arcos, in Minas Gerais, Araucária, in Paraná, and Mogi das Cruzes, in São Paulo. In 2011, it will be expanded and the Company plans to open units in the Northeast.

In addition, thanks to optimization of the resources involved and without any loss of service quality, the monthly per capita cost of the project has been steadily declining, falling from R$221.47, in 2007, to R$136.10 in 2010, a reduction of 38.6%.

Um Caminhão Para Jorge Amado

Launched in 2010, the *Um Caminhão Para Jorge Amado Em Três Momentos* project introduces the public to works by renowned Brazilian writers, using the performing arts as a social transformation tool. The project uses a specially-adapted truck with sound and light equipment as a stage.

In addition to encouraging reading, the project contributes to the development and learning of children and teenagers. Two texts by Jorge Amado were selected: *Capitães da Areia* (Captains of the Sand) and *O Gato Malhado e a Andorinha Sinhá* (The Swallow and the Tom Cat).

The project replaces the initiative *Um Caminhão Para Ziraldo – Ziraldo de A a Z*, which traveled through 20 states between 2006 and 2009, reaching 360,000 people.

CSN Foundation Cultural Center

The CSN Foundation Cultural Center holds a series of seminars, workshops, lectures, exhibitions, recitals and concerts, among other events, aiming to increase the Volta Redonda community's access to the arts and achieve social transformation through culture.

The Art Gallery project encourages and promotes artists at the forefront of contemporary art as well as fostering artistic investigation and debate through exhibitions, courses, community workshops and seminars.

The CSN Foundation Youth Symphony Orchestra

Based at the Cultural Center, the Youth Symphony Orchestra is composed of 85 young musicians, all of whom youngsters living in situations of social risk who have passed through a selection process.

Participants are taught orchestral techniques, complementing their classes in choral singing, vocal techniques, musical theory and perception, and the history of music.

In 2010, the project presented the following concerts: *Special Concert*, starring Wagner Tiso and Lô Borges, *August Concert* and *The Marvelous World of Monteiro Lobato*, all of which in Volta Redonda (RJ); *Light of Christmas*, in Petrópolis (RJ); and the *Symphonic Beatles Concert*, in Mogi das Cruzes (SP). The total audience was 7,300 people.

Steel Drum Orchestra

Composed of Youth Symphony Orchestra members as well as members of the community, mostly from the cultural workshop projects, the Steel Drum Orchestra, sponsored by the CSN Foundation, is one of the first orchestras of its type in Brazil. Founded in 2008, it has already performed for around five thousand people. The most important presentations in 2010 were: Expo Aço (April); Reception for the Prince of Belgium (May) and the Concert in Volta Redonda (September).

Cultural Workshops

The cultural workshops are held by producers and artists, including musicians, actors, painters and dancers, enabling children, youngsters and adults to have access to cultural activities. In 2010, the workshops were attended by more than 1,200 people from the community, including youngsters enrolled through the partnerships with APAE and Degase.

Sound Library (Fonoteca)

The CSN Foundation maintains a valuable phonographic collection composed of 16,000 33 and 78 rpm records and over 3,000 musical scores, inherited from the former radio station Rádio Siderúrgica Nacional, in Volta Redonda. The collection, duly restored and digitalized, is now available to the community for leisure, research and the preservation of radio memorabilia. The project also includes an on-line radio station to ensure even wider access to this invaluable material. In 2010, the Fonoteca Project began offering professional training courses to youngsters doing community service referred through the association with Degase/RJ.

Social and Sporting Projects

Social Sports Program (PES)

The Social Sports Program, sponsored by the CSN Foundation and launched in 2010 with the support of the Ministry of Sports and the National Council for Children's and Teenagers' Rights (CONANDA), offers a series of activities to 320 socially vulnerable children and teenagers attending public schools in Volta Redonda, Barra Mansa and Barra do Piraí.

Through courses and workshops, the program offers a series of sports, including football, volleyball, badminton, tennis and judo for youngsters aged between 7 and 18 years old. These activities are held in the Recreio do Trabalhador sports facilities, maintained by the CSN Foundation in Volta Redonda.

The program also includes educational and cultural lectures and workshops for participants' families.

10- ENVIRONMENTAL RESPONSIBILITY

Environmental responsibility is one of the pillars of CSN's business strategy, so much so that concern for the environment is an integral part of its mission and values. Every day, it strives to improve its processes in order to obtain consistent gains in environmental performance. All of its main units have received ISO 14,001 environmental certification and it is constantly striving to integrate its activities in this area, eliminating waste and increasing the energy efficiency of its various industrial facilities.

In its operations, CSN aims to consolidate sustainable initiatives for local and regional development, integrating the different interests of the parties involved.

In 2010, the Company spent R$336 million on environmental projects, including capex and defrayal costs.

11- DISCLAIMER

Certain of the statements contained herein are forward-looking statements, which express or imply results, performance or events that are expected in the future. Actual results, performance or events may differ materially from those expressed or implied by the forward-looking statements as a result of several factors, such as the general and economic conditions in Brazil and other countries, interest rate and exchange rate levels, future renegotiations and prepayment of liabilities or loans in foreign currency, protectionist measures in the U.S., Brazil and other countries, changes in laws and regulations and general competitive factors (on a global, regional or national basis).

CSN's financial information presented herein is in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), and with the accounting practices adopted in Brazil. Non-financial information, as well as other operating information, has not been audited by the independent auditors.

(CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE)

DFP – STANDARD FINANCIAL STATEMENTS – December 31, 2010 – CIA SIDERURGICA NACIONAL **Version: 1**

Table of Contents

Company Information / Company's ownership

Number of Shares	**Last Fiscal Year**
(units)	**12/31/2010**
Paid in Capital	
Common	1,483,033,685
Preferred	0
Total	1,483,033,685
Treasury Shares	
Common	25,063,577
Preferred	0
Total	25,063,577

(CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE)

Company Information / Cash Dividends

Event	**Approval**	**Type**	**Date of Payment**	**Type of Share**	**Class of Share**	**Amount per Share (R$/share)**
General Annual Meeting	04/30/2010	Dividend	06/25/2010	Common		1.02883
Under company s By-laws		Dividend		Common		0,18676
Propose		Dividend		Common		0,84207
Under company s By-laws		Interest on stockholders equity		Common		0,24472

(CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE)

DFP STANDARD FINANCIAL STATEMENTS December 31, 2010 CIA SIDERURGICA NACIONAL **Version: 1**

Parent Company Financial Statements / Balance Sheet - Assets

R$ (in thousands)

Code	**Description**	**Last fiscal year 12/31/2010**	**First prior fiscal year 12/31/2009**	**Second prior fiscal year 01/01/2009**
1	Total Assets	37,368,812	34,060,028	36,769,467
1.01	Current Assets	5,519,090	7,374,111	6,109,789
1.01.01	Cash and cash equivalents	108,297	2,872,919	1,269,546
1.01.03	Trade accounts Receivables	2,180,972	1,829,753	1,770,648
1.01.03.01	Accounts Receivables	1,355,191	1,420,435	1,563,245
1.01.03.02	Other Receivables	825,781	409,318	207,403
1.01.04	Inventory	2,706,713	1,972,003	2,663,336
1.01.06	Taxes Recoverable	257,559	539,408	156,558
1.01.07	Prepaid Expenses	4,189	7,819	12,597
1.01.08	Other Current Assets	261,360	152,209	237,104
1.02	Non-Current Assets	31,849,722	26,685,917	30,659,678
1.02.01	Long-Term Assets	6,371,380	5,379,505	4,150,291
1.02.01.03	Receivables	18,982	27,139	90,111
1.02.01.06	Deferred Taxes	854,437	998,182	1,335,620
1.02.01.07	Prepaid Expenses	27,540	17,390	29,283
1.02.01.08	Receivables from Related Parties	2,471,325	1,380,337	404,841
1.02.01.09	Other Non-Current Assets	2,999,096	2,956,457	2,290,436
1.02.02	Investments	16,959,784	13,796,654	19,583,495
1.02.03	Property, Plant and Equipment	8,432,416	7,421,164	6,889,843
1.02.04	Intangible Assets	86,142	88,594	36,049

(CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE)

DFP STANDARD FINANCIAL STATEMENTS December 31, 2010 CIA SIDERURGICA NACIONAL **Version: 1**

Parent Company Financial Statements / Balance Sheet Liabilities

R$ (in thousands)

Code	**Description**	**Last fiscal year 12/31/2010**	**First prior fiscal year 12/31/2009**	**Second prior fiscal year 01/01/2009**
2	Total Liabilities	37,368,812	34,060,028	36,769,467
2.01	Current Liabilities	5,087,912	4,122,310	6,833,966
2.01.01	Social and Labor Liabilities	108,271	89,685	75,649
2.01.02	Trade Accounts Payable	334,781	337,444	1,669,447
2.01.03	Tax Liabilities	74,967	89,880	54,716
2.01.04	Loans and Financing	2,366,347	1,851,082	2,953,018
2.01.05	Other Liabilities	1,910,991	1,481,538	1,855,759
2.01.06	Provisions	292,555	272,681	225,377
2.01.06.01	Tax, Social Security, Labor and Civil Provisions	200,288	172,657	149,799
2.01.06.01.02	Social Security and Labor Provisions	146,175	131 ,032	105,095
2.01.06.01.04	Civil Provisions	54,113	41,625	44,704
2.01.06.02	Other Provisions	92,267	100,024	75,578
2.01.06.02.04	Provision for Consumption and Services	92,267	100,024	75,578
2.02	Non-Current Liabilities	24,648,140	23,431,268	22,988,750
2.02.01	Loans and Financing	12,817,002	11,732,108	10,111,784
2.02.02	Other Liabilities	9,107,570	8,477,972	8,735,788
2.02.02.01	Debts with Related Parties	8,141,037	8,056,146	8,000,005
2.02.02.02	Other	966,533	421,826	735,783
2.02.04	Provisions	2,723,568	3,221,188	4,141,178
2.02.04.01	Tax, Social Security, Labor and Civil Provisions	2,297,650	3,041,718	4,020,236
2.02.04.01.01	Tax Provisions	1,892,345	2,724,573	3,640,788
2.02.04.01.02	Social Security and Labor Provisions	36,966	0	15,308
2.02.04.01.03	Provisions for Employee Benefits	367,839	317,145	364,140
2.02.04.01.04	Civil Provisions	500	0	0

2.02.04.02	Other Provisions	425,918	179,470	120,942
2.02.04.02.03	Provisions for Environmental and Decommissioning Liabilities	285,043	128,224	81 ,928
2.02.04.02.05	Provision for losses from associates (negative equity)	140,875	51,246	39,014
2.03	Shareholders Equity	7,632,760	6,506,450	6,946,751
2.03.01	Paid-up Capital Stock	1,680,947	1,680,947	1,680,947
2.03.02	Capital Reserves	30	30	30
2.03.04	Profit Reserves	6,119,798	5,444,605	4,254,572
2.03.04.01	Legal Reserve	336,190	336,190	336,190
2.03.04.04	Unrealized Profit Reserve	3,779,357	3,779,357	1,658,115
2.03.04.08	Additional Proposed Dividend	1,227,703	1,178,635	485,816
2.03.04.09	Treasury Shares	-570,176	-1 ,191 ,559	-719,042
2.03.04.10	Investment Reserve	1,346,724	1,341,982	2,493,493
2.03.05	Retained Earnings/Accumulated Losses	0	-33,417	1,011,804
2.03.08	Other Comprehensive Incomes	-168,015	-585,715	-602

(CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE)

DFP STANDARD FINANCIAL STATEMENTS December 31, 2010 CIA SIDERURGICA NACIONAL **Version: 1**

Parent Company Financial Statements / Statement of Income

R$ (in thousands)

Code	Description	Last fiscal year 01/01/2010 to 12/31/2010	First prior fiscal year 01/01/2009 to 12/31/2009	Second prior fiscal year 01/01/2008 to 01/01/2009
3.01	Revenue from Sales and/or Services	10,451,970	8,604,360	0
3.02	Cost of Goods Sold and/or Services Rendered	-5,791,570	-5,547,534	0
3.03	Gross Income	4,660,400	3,056,826	0
3.04	Operating Expenses/Income	84,314	426,381	0
3.04.01	Selling Expenses	-531,095	-466,586	0
3.04.02	General and Administrative Expenses	-330,631	-322,313	0
3.04.04	Other Operating Income	120,942	1.405,341	0
3.04.05	Other Operating Expenses	-613,072	-676,248	0
3.04.06	Equity Pick-Up	1,438,170	486,187	0
3.05	Income Before Financial Result and Taxes	4,744,714	3,483,207	0
3.06	Financial Result	-2,063,221	-681,890	0
3.06.01	Financial Income	233,607	326,751	0
3.06.02	Financial Expenses	-2,296,828	-1,008,641	0
3.07	Income Before Taxes	2,681,493	2,801,317	0
3.08	Income Tax and Social Contribution	-165,117	-182,383	0
3.08.01	Current	-90,485	-270,649	0
3.08.02	Deferred	-74,632	88,266	0
3.09	Net Income of Continued Operation	2,516,376	2,618,934	0
3.11	Income/Loss for the Period	2,516,376	2,618,934	0
3.99	Earnings per Share - (in Reais)			
3.99.01	Basic and diluted Earnings per Share			
3.99.01.01	Common	1.72594	1.75478	0.00000
3.99.02	Basic and diluted Earnings per Share			
3.99.02.01	Common	1.72594	1.75478	0.00000

Page 6 of **115**

(CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE)

DFP STANDARD FINANCIAL STATEMENTS December 31, 2010 CIA SIDERURGICA NACIONAL **Version: 1**

Parent Company Financial Statements / Statement of Comprehensive Income

R$ (in thousands)

Code	**Description**	**Last fiscal year**	**First prior fiscal year**	**Second prior fiscal year**
		01/01/2010 to 12/31/2010	**01/01/2009 to 12/31/2009**	**01/01/2008 to 01/01/2009**
4.01	Net income/loss for the period	2,516,376	2,618,934	0
4.02	Other comprehensive income	417,700	-585,113	0
4.02.03	-Accumulated translation adjustments and foreign exchange gain of long term investment nature, net of taxes (-) R$270,229	-69,270	-618,723	0
4.02.04	Pension plans, net of taxes corresponding to R$10,838	-28,603	-3,275	0
4.02.05	Available-for sale financial assets, net of taxes corresponding to (-) R$75,520	515,573	36,885	0
4.03	Comprehensive income for the period	2,934,076	2,033,821	0

(CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE)

DFP STANDARD FINANCIAL STATEMENTS December 31, 2010 CIA SIDERURGICA NACIONAL **Version: 1**

Parent Company Financial Statements / Statement of Cash Flows Indirect Method

R$ (in thousands)

Code	**Description**	**Last fiscal year** **01/01/2010 to 12/31/2010**	**First prior fiscal year** **01/01/2009 to 12/31/2009**	**Second prior fiscal year** **01/01/2008 to 01/01/2009**
6.01	Net cash from operating activities	2,122,538	-1,875,223	0
6.01.01	Cash generated in the operations	3,885,973	1,306,407	0
6.01.01.01	Net income for the year	2,516,376	2,618,934	0
6.01.01.02	Provision for charges on loans and financing	2,013,881	1,666,715	0
6.01.01.03	Depreciation / depletion / amortization	627,852	572,087	0
6.01.01.04	Result from the write-off and sale of assets	788	59,733	0
6.01.01.05	Equity pick up	-1,438,170	-486,187	0
6.01.01.07	Deferred income and social contribution taxes	74,632	-88,266	0
6.01.01.09	Gain/Loss with dilution of interest in subsidiary	7,450	-819,927	0
6.01.01.10	Provision for Actuarial Liabilities	2,393	-47,622	0
6.01.01.11	Provision for contingencies	232,444	91,436	0
6.01.01.12	Net monetary and exchange variations	-17,998	-2,625,095	0
6.01.01.13	Provision for losses from receivables	8,535	29,040	0
6.01.01.14	Other Provisions	-125,140	335,559	0
6.01.02	Changes on Assets and Liabilities	-1,763,435	-3,181,630	0
6.01.02.01	Receivables	-75,718	-321,750	0

6.01.02.02	Inventory	-659,980	598,805	0
6.01.02.04	Credit with subsidiaries and affiliated companies	79,256	-340,761	0
6.01.02.05	Recoverable taxes	343,877	-354,068	0
6.01.02.06	Trade Accounts Payable	-13,295	-1,027,178	0
6.01.02.07	Salaries and social charges	-53,126	14,037	0
6.01.02.08	Taxes payable	45,448	269,107	0
6.01.02.09	Taxes paid in installments - Refis	-413,657	-103,500	0
6.01.02.10	Accounts payable to subsidiaries	-4,013	106,787	0
6.01.02.11	Dividends and interest on shareholders equity received	370,788	299,296	0
6.01.02.12	Judicial deposits	-28,591	-702,598	0
6.01.02.13	Contingencies	-11,052	-427,355	0
6.01.02.16	Interest paid	-1,366,978	-1,073,098	0
6.01.02.17	Interest paid on swap	-18,038	-17,000	0
6.01.02.18	Other	41,644	-102,354	0
6.02	Net cash from investment activities	-4,962,075	3,296,424	0
6.02.01	Receipt/payment of operations with derivatives	0	0	0
6.02.02	Capital decrease of subsidiary	234,172	5,948,849	0
6.02.06	Investments / Advances for future capital increases	-3,944,867	-1,485,149	0
6.02.07	Property, plant and equipment	-1,549,303	-1,164,430	0
6.02.08	Intangible assets	-1,309	-2,846	0
6.02.09	Cash from the merger of subsidiary	299,232	0	0
6.03	Net cash from financing activities	76,719	183,723	0
6.03.01	Loans and financing	2,663,709	5,946,354	0
6.03.03	Financial institutions - principal	-1,026,195	-2,384,724	0
6.03.04	Dividends and interest on shareholders equity	-1,560,795	-2,027,600	0
6.03.05	Treasury shares	0	-1,350,307	0
6.04	Exchange variation over cash and cash equivalents	-1,804	-1,551	0
6.05	Increase (decrease) of cash and cash equivalents	-2,764,622	1,603,373	0
6.05.01	Opening balance of cash and cash equivalents	2,872,919	1,269,546	0
6.05.02	Closing balance of cash and cash equivalents	108,297	2,872,919	0

(CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE)

DFP STANDARD FINANCIAL STATEMENTS December 31, 2010 CIA SIDERURGICA NACIONAL **Version: 1**

Parent Company Financial Statements / Statement of Changes in Shareholders Equity 01/01/2010 to 12/31/2010

R$ (in thousands)

Code	Description	Paid-in Capital	Capital Reserves, Options Granted and Treasury Shares	Profit Reserves	Accumulated Profit/Losses	Other Comprehensive Income	Shareholders Equity
5.01	Opening balances	1,680,947	30	5,444,605	-33,417	-585,715	6,506,450
5.03	Adjusted opening balances	1,680,947	30	5,444,605	-33,417	-585,715	6,506,450
5.04	Capital operations with shareholders	0	0	49,034	-1,856,800	0	-1,807,766
5.04.06	Dividends	0	0	0	-272,297	0	-272,297
5.04.07	Interest on shareholders equity	0	0	0	-356,800	0	-356,800
5.04.08	Cancelled treasury shares	0	0	-34	0	0	-34
5.04.09	Additional proposed dividends	0	0	1,227,703	-1,227,703	0	0
5.04.10	Approval of proposed dividends	0	0	-1,178,635	0	0	-1,178,635
5.05	Total comprehensive income	0	0	0	2,516,376	417,700	2,934,076
5.05.01		0	0	0	2,516,376	0	2,516,376

	Net income for the year						
5.05.02	Other comprehensive income	0	0	0	0	417,700	417,700
5.05.02.04	Translation adjustments for the period	0	0	0	0	-69,270	-69,270
5.05.02.08	Pension plan gain/loss	0	0	0	0	-28,603	-28,603
5.05.02.09	Available-for-sale assets	0	0	0	0	515,573	515,573
5.06	Other changes in shareholders equity	0	0	626,159	-626,159	0	0
5.06.01	Recording of reserves	0	0	626,159	-626,159	0	0
5.07	Closing balances	1,680,947	30	6,119,798	0	-168,015	7,632,760

Page 9 of **115**

(CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE)

DFP STANDARD FINANCIAL STATEMENTS December 31, 2010 CIA SIDERURGICA NACIONAL **Version: 1**

Parent Company Financial Statements / Statement of Changes in Shareholders Equity 01/01/2009 to 12/31/2009

R$ (in thousands)

Code	Description	Paid-in Capital	Capital Reserves, Options Granted and Treasury Shares	Profit Reserves	Accumulated Profit/Losses	Other Comprehendive Invome	Shareholders Equity
5.01	Opening balances	1,680,947	30	3,768,756	1,012,732	200,124	6,662,589
5.02	Prior years adjustments	0	0	485,816	-928	-200,726	284,162
5.02.01	IFRS adjustments	0	0	0	-24,867	0	-24,867
5.02.02	Other adjustments	0	0	0	-176,185	-602	-176,787
5.02.03	Adjustment of accumulated translation differences according to CPC 37 (R1)	0	0	0	200,124	-200,124	0
5.02.04	Additional proposed dividends	0	0	485,816	0	0	485,816
5.03	Adjusted opening balances	1,680,947	30	4,254,572	1,011,804	-602	6,946,751
5.04	Capital operations with shareholders	0	0	-657,488	-1 ,819,965	0	-2,477,453
5.04.04		0	0	-1,350,307	0	0	-1,350,307

	Treasury shares acquired						
5.04.06	Dividends	0	0	0	-1 ,500,000	0	-1 ,500,000
5.04.07	Interest on shareholders equity	0	0	0	-319,965	0	-319,965
5.04.09	Additional proposed dividends	0	0	1,178,635	0	0	1,178,635
5.04.10	Approval of proposed dividends	0	0	-485,816	0	0	-485,816
5.05	Total comprehensive income	0	0	0	2,622,265	-585,113	2,037,152
5.05.01	Net income for the period	0	0	0	2,618,934	0	2,618,934
5.05.02	Other comprehensive income	0	0	0	3,331	-585,113	-581,782
5.05.02.06	IFRS adjustments	0	0	0	3,331	0	3,331
5.05.02.08	Pension plan gain/loss	0	0	0	0	-3,275	-3,275
5.05.02.09	Available-for sale assets	0	0	0	0	36,885	36,885
5.05.02.10	Translation adjustments of the period and exchange gain investments on foreign operations	0	0	0	0	-618,723	-618,723
5.06	Other changes in shareholders equity	0	0	1,847,521	-1 ,847,521	0	0
5.06.01	Recording of reserves	0	0	1,847,521	-1 ,847,521	0	0
5.07	Closing balances	1,680,947	30	5,444,605	-33,417	-585,715	6,506,450

(CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE)

DFP STANDARD FINANCIAL STATEMENTS December 31, 2010 CIA SIDERURGICA NACIONAL **Version: 1**

Parent Company Financial Statements / Statement of Added Value

R$ (in thousands)

Code	**Description**	**Last fiscal year 01/01/2010 to 12/31/2010**	**First prior fiscal year 01/01/2009 to 12/31/2009**	**Second prior fiscal year 01/01/2008 to 01/01/2009**
7.01	Revenues	12,743,216	11,144,957	0
7.01.01	Sales of Goods, Products and Services	12,767,477	10,474,832	0
7.01.02	Other Revenues	-8,228	790,334	0
7.01.04	Allowance for/Reversal of Doubtful Accounts	-16,033	-120,209	0
7.02	Input Acquired from Third Parties	-6,819,206	-6,163,684	0
7.02.01	Costs of Products, Goods and Services Sold	-5,816,404	-5,178,039	0
7.02.02	Materials, Energy, Third Party Services and Other	-989,033	-958,003	0
7.02.03	Loss/Recovery of Assets	-13,769	-27,642	0
7.03	Gross Added Value	5,924,010	4,981,273	0
7.04	Retention	-627,852	-572,087	0
7.04.01	Depreciation, Amortization and Depletion	-627,852	-572,087	0
7.05	Net Added Value Produced	5,296,158	4,409,186	0
7.06	Added Value Received in Transfers	1,533,845	514,748	0
7.06.01	Equity Pick-Up	1,438,170	486,187	0
7.06.02	Financial Income	92,905	-605,519	0
7.06.03	Other	2,770	634,080	0
7.07	Total Added Value to Distribute	6,830,003	4,923,934	0
7.08	Distribution of Added Value	6,830,003	4,923,934	0
7.08.01	Personnel	837,185	702,061	0
7.08.01.01	Direct Compensation	613,139	536,268	0
7.08.01.02	Benefits	174,916	121,267	0
7.08.01.03	Government Severance Indemnity Fund for Employees (FGTS)	49,130	44,526	0
7.08.02	Taxes, Fees and Contributions	1,319,782	1,526,547	0
7.08.02.01	Federal	1,112,121	1,129,044	0

7.08.02.02	State	183,104	379,093	0
7.08.02.03	Municipal	24,557	18,410	0
7.08.03	Third Party Capital Remuneration	2,156,660	76,392	0

(CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE)

DFP STANDARD FINANCIAL STATEMENTS December 31, 2010 CIA SIDERURGICA NACIONAL **Version: 1**

Parent Company Financial Statements / Statement of Added Value

R$ (in thousands)

Code	**Description**	**Last fiscal year 01/01/2010 to 12/31/2010**	**One before last 01/01/2009 to 12/31/2009**	**Two before last 01/01/2008 to 01/01/2009**
7.08.03.01	Interest	2,154,271	74,123	0
7.08.03.02	Rentals	2,389	2,269	0
7.08.04	Remuneration of Shareholders Equity	2,516,376	2,618,934	0
7.08.04.01	Interest on Shareholders Equity	356,800	319,965	0
7.08.04.02	Dividends	1,500,000	1,500,000	0
7.08.04.03	Retained Earnings / Accumulated Losses for the Period	659,576	798,969	0

(CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE)

DFP STANDARD FINANCIAL STATEMENTS December 31, 2010 CIA SIDERURGICA NACIONAL **Version: 1**

Consolidated Financial Statements / Balance Sheet - Assets

R$ (in thousands)

Code	**Description**	**Last fiscal year 12/31/2010**	**First prior fiscal year 12/31/2009**	**Second prior fiscal year 01/01/2009**
1	Total Assets	37,801,214	30,725,503	33,252,396
1.01	Current Assets	15,793,688	12,835,473	17,944,505
1.01.01	Cash and cash equivalents	10,239,278	7,970,791	9,151,409
1.01.03	Trade accounts Receivables	1,367,759	1,327,941	1,788,712
1.01.03.01	Accounts Receivables	1,259,461	1,186,315	1,086,557
1.01.03.02	Other Receivables	108,298	141,626	702,155
1.01.04	Inventory	3,355,786	2,605,373	3,621,249
1.01.06	Taxes Recoverable	473,787	744,774	462,141
1.01.07	Prepaid Expenses	12,997	15,814	27,945
1.01.08	Other Current Assets	344,081	170,780	2,893,049
1.02	Non-Current Assets	22,007,526	17,890,030	15,307,891
1.02.01	Long-Term Assets	5,664,879	5,977,222	4,707,749
1.02.01.01	Financial Investments Valued at Fair Value	112,484	0	0
1.02.01.03	Receivables	58,485	212,486	375,772
1.02.01.06	Deferred Taxes	1,592,941	1,957,058	1,596,905
1.02.01.07	Prepaid Expenses	115,755	105,921	125,011
1.02.01.08	Receivables from Related Parties	479,120	479,120	11,828
1.02.01.09	Other Non-Current Assets	3,306,094	3,222,637	2,598,233
1.02.02	Investments	2,103,624	321,902	1,512
1.02.03	Property, Plant and Equipment	13,776,567	11,133,347	10,071,834
1.02.04	Intangible Assets	462,456	457,559	526,796

(CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE)

DFP STANDARD FINANCIAL STATEMENTS December 31, 2010 CIA SIDERURGICA NACIONAL **Version: 1**

Consolidated Financial Statements / Balance Sheet Liabilities

R$ (in thousands)

Code	Description	Last fiscal year 12/31/2010	First prior fiscal year 12/31/2009	Second prior fiscal year 01/01/2009
2	Total Liabilities	37,801,214	30,725,503	33,252,396
2.01	Current Liabilities	4,455,955	3,998,066	9,494,363
2.01.01	Social and Labor Liabilities	164,799	134,190	117,994
2.01.02	Trade Accounts Payable	521,156	504,223	1,939,205
2.01.03	Tax Liabilities	275,991	336,804	333,811
2.01.04	Loans and Financing	1,308,632	1,113,920	3,302,055
2.01.05	Other Liabilities	1,854,952	1,618,574	3,563,466
2.01.06	Provisions	330,425	290,355	237,832
2.01.06.01	Tax, Social Security, Labor and Civil Provisions	222,461	189,517	161,144
2.01.06.01.02	Social Security and Labor Provisions	164,839	145,806	115,041
2.01.06.01.04	Civil Provisions	57,622	43,711	46,103
2.01.06.02	Other Provisions	107,964	100,838	76,688
2.01.06.02.03	Provision for Environmental Liabilities and Decommissioning	5,887	0	0
2.01.06.02.04	Provision for Consumption and Services	102,077	100,838	76,688
2.02	Non-Current Liabilities	25,522,571	20,137,927	16,811,282
2.02.01	Loans and Financing	18,780,815	13,153,681	8,681,098
2.02.02	Other Liabilities	4,067,435	3,666,323	3,930,613
2.02.02.01	Debts with Related Parties	3,028,924	2,980,772	2,878,200
2.02.02.02	Other	1,038,511	685,551	1,052,413
2.02.03	Deferred Taxes	0	30,040	2,181
2.02.04	Provisions	2,674,321	3,287,883	4,197,390
2.02.04.01	Tax, Social Security, Labor and Civil Provisions	2,384,681	3,155,815	4,111,741
2.02.04.01.01	Tax Provisions	1,911,260	2,747,060	3,660,486
2.02.04.01.02	Social Security and Labor Provisions	82,373	73,892	69,676
2.02.04.01.03	Provisions for Employee Benefits	367,839	317,145	364,140

2.02.04.01.04	Civil Provisions	23,209	17,718	17,439
2.02.04.02	Other Provisions	289,640	132,068	85,649
2.02.04.02.03	Provision for Environmental Liabilities and Decommissioning	289,640	132,068	85,649
2.03	Consolidated Shareholders Equity	7,822,688	6,589,510	6,946,751
2.03.01	Paid-in Capital	1,680,947	1,680,947	1,680,947
2.03.02	Capital Reserves	30	30	30
2.03.04	Profit Reserves	6,119,798	5,444,605	4,254,572
2.03.04.01	Legal Reserve	336,190	336,190	336,190
2.03.04.04	Unrealized Profit Reserve	3,779,357	3,779,357	1,658,115
2.03.04.08	Additional Proposed Dividends	1,227,703	1,178,635	485,816
2.03.04.09	Treasury Shares	-570,176	-1,191 ,559	-719,042
2.03.04.11	Investment Reserve	1,346,724	1,341,982	2,493,493
2.03.05	Retained Earnings/Accumulated Losses	0	-33,417	1,011,804
2.03.08	Other Comprehensive Income	-168,015	-585,715	-602
2.03.09	Non-controlling Shareholders	189,928	83,060	0

Page 14 of **115**

(CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE)

DFP STANDARD FINANCIAL STATEMENTS December 31, 2010 CIA SIDERURGICA NACIONAL **Version: 1**

Consolidated Financial Statements / Statement of Income

R$ (in thousands)

Code	**Description**	**Last fiscal year** **01/01/2010 to 12/31/2010**	**First prior fiscal year** **01/01/2009 to 12/31/2009**	**Second prior fiscal year** **01/01/2008 to 01/01/2009**
3.01	Revenue from Sales and/or Services	14,450,510	10,978,364	0
3.02	Cost of Goods Sold and/or Services Rendered	-7,686,742	-7,022,119	0
3.03	Gross Income	6,763,768	3,956,245	0
3.04	Operating Expenses/Income	-1,765,422	-395,013	0
3.04.01	Selling Expenses	-677,962	-635,784	0
3.04.02	General and Administrative Expenses	-536,857	-480,072	0
3.04.04	Other Operating Income	92,478	1,416,735	0
3.04.05	Other Operating Expenses	-643,081	-695,905	0
3.04.06	Equity Pick-Up	0	13	0
3.05	Income Before Financial Result and Taxes	4,998,346	3,561,232	0
3.06	Financial Result	-1,911,458	-246,435	0
3.06.01	Financial Income	643,140	586,025	0
3.06.02	Financial Expenses	-2,554,598	-832,460	0
3.07	Income Before Taxes	3,086,888	3,314,797	0
3.08	Income Tax and Social Contribution	-570,697	-699,616	0
3.08.01	Current	-313,371	-581,735	0
3.08.02	Deferred	-257,326	-117,881	0
3.09	Net Income of Continued Operations	2,516,191	2,615,181	0
3.11	Consolidated Income/Loss for the Period	2,516,191	2,615,181	0
3.11.01	To controlling Shareholders of the Parent Company	2,516,376	2,618,934	0
3.11.02	To non-controlling Shareholders	-185	-3,753	0
3.99	Earnings per Share - (in Reais)			
3.99.01	Basic and diluted Earnings per Share			
3.99.01.01	Common	1.72594	1.75478	0.00000
3.99.02	Basic and diluted Earnings per Share			
3.99.02.01	Common	1.72594	1.75478	0.00000

(CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE)

DFP STANDARD FINANCIAL STATEMENTS December 31, 2010 CIA SIDERURGICA NACIONAL **Version: 1**

Consolidated Financial Statements / Statement of Comprehensive Income

R$ (in thousands)

Code	**Description**	**Last fiscal year 01/01/2010 to 12/31/2010**	**First prior fiscal year 01/01/2009 to 12/31/2009**	**Second prior fiscal year 01/01/2008 to 01/01/2009**
4.01	Consolidated net income/loss for the period	2,516,191	2,615,181	0
4.02	Other comprehensive income	417,700	-585,113	0
4.02.03	-Accumulated translation adjustments and foreign exchange gain of long term investment nature, net of taxes (-) R$270,229	-69,270	-618,723	0
4.02.04	- Pension plans, net of taxes corresponding to R$10,838	-28,603	-3,275	0
4.02.05	- Available-for sale financial assets, net of taxes corresponding to (-) R$75,520	515,573	36,885	0
4.03	Consolidated comprehensive income for the period	2,933,891	2,030,068	0
4.03.01	Attributed to the Company s controlling shareholders	2,933,891	2,030,068	0

(CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE)

DFP STANDARD FINANCIAL STATEMENTS December 31, 2010 CIA SIDERURGICA NACIONAL **Version: 1**

Consolidated Financial Statements / Statement of Cash Flows Indirect Method

R$ (in thousands)

Code	Description	Last fiscal year 01/01/2010 to 12/31/2010	First prior fiscal year 01/01/2009 to 12/31/2009	Second prior fiscal year 01/01/2008 to 01/01/2009
6.01	Net cash from operating activities	2,482,535	-773,019	0
6.01.01	Cash generated in the operations	5,340,886	2,234,450	0
6.01.01.01	Net income of the year	2,516,191	2,615,181	0
6.01.01.02	Provision for charges on loans and financing	1,489,191	1,130,089	0
6.01.01.03	Depreciation / depletion / amortization	806,169	780,152	0
6.01.01.04	Result from the write-off and sale of assets	5,827	70,494	0
6.01.01.07	Deferred income and social contribution taxes	257,326	117,881	0
6.01.01.08	Provision for swap/forward	126,492	-88,986	0
6.01.01.09	Gain/Loss with percentage variation	0	-835,115	0
6.01.01.10	Provision for actuarial liabilities	2,393	-47,622	0
6.01.01.11	Provision for contingencies	199,558	99,157	0
6.01.01.12	Net monetary and foreign exchange variations	57,119	-2,024,573	0
6.01.01.13	Provision for losses from notes receivable	-46,675	1,527	0
6.01.01.14	Other provisions	-72,705	416,265	0
6.01.02	Variation on assets and liabilities	-2,858,351	-3,007,469	0
6.01.02.01	Receivables	143,250	-51,082	0
6.01.02.02	Inventory	-794,331	926,260	0
6.01.02.05	Taxes to offset	247,366	-313,697	0
6.01.02.06	Trade Accounts Payable	11,964	-1,137,203	0
6.01.02.07	Salaries and social charges	-36,757	15,257	0
6.01.02.08	Taxes	-101,723	263,734	0
6.01.02.09	Taxes paid in installments Refis	-414,473	-103,775	0
6.01.02.12	Judicial deposits	-33,822	-737,041	0
6.01.02.13	Contingent liabilities	16,868	-422,375	0
6.01.02.16	Interests paid	-1,190,423	-992,280	0

6.01.02.17	Interest paid on swap	-676,163	-742,700	0
6.01.02.18	Other	-30,107	287,433	0
6.02	Net cash from investment activities	-4,635,797	-617,331	0
6.02.01	Receipt/payment from derivative operations	395,346	248,966	0
6.02.05	Net effects equity swap	0	1,420,322	0
6.02.06	Investments	-1,370,016	-284,232	0
6.02.07	Property, plant and equipment	-3,635,911	-1,996,759	0
6.02.08	Intangible assets	-25,216	-5,628	0
6.03	Net cash from financing activities	4,650,582	1,510,476	0
6.03.01	Loans and financing	8,789,548	7,671,696	0
6.03.03	Financial institutions - principal	-2,706,982	-2,783,313	0
6.03.04	Dividends and interest on shareholders equity	-1,560,795	-2,027,600	0
6.03.05	Treasury shares	0	-1,350,307	0
6.03.06	Paid-in capital in subsidiaries by non-controlling shareholder	128,811	0	0
6.04	Exchange variation over cash and cash equivalents	-228,833	-1,300,744	0
6.05	Increase (decrease) of cash and cash equivalents	2,268,487	-1,180,618	0
6.05.01	Opening balance of cash and cash equivalents	7,970,791	9,151,409	0
6.05.02	Closing balance of cash and cash equivalents	10,239,278	7,970,791	0

(CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE)

DFP STANDARD FINANCIAL STATEMENTS December 31, 2010 CIA SIDERURGICA NACIONAL **Version: 1**

Consolidated Financial Statements / Statement of Changes in Shareholders Equity 01/01/2010 to 12/31/2010

R$ (in thousands)

Code	Description	Paid-in Capital	Capital Reserves, Options Granted and Treasury Shares	Profit Reserves	Accumulated Profit/Losses	Other Comprehensive Income	Shareholders Equity	Non-c… int…
5.01	Opening balances	1,680,947	30	5,444,605	-33,417	-585,715	6,506,450	
5.03	Adjusted opening balances	1,680,947	30	5,444,605	-33,417	-585,715	6,506,450	
5.04	Capital operations with Shareholders	0	0	49,034	-1,856,800	0	-1,807,766	
5.04.06	Dividends	0	0	0	-272,297	0	-272,297	
5.04.07	Interest on shareholders equity	0	0	0	-356,800	0	-356,800	
5.04.08	Cancelled treasury shares	0	0	-34	0	0	-34	
5.04.09	Additional proposed dividends	0	0	1,227,703	-1,227,703	0	0	
5.04.10	Approval of proposed dividends	0	0	-1,178,635	0	0	-1,178,635	
5.05	Total comprehensive income	0	0	0	2,516,376	417,700	2,934,076	
5.05.01		0	0	0	2,516,376	0	2,516,376	

	Net income for the period						
5.05.02	Other comprehensive income	0	0	0	0	417,700	417,700
5.05.02.04	Translation adjustments for the period	0	0	0	0	-69,270	-69,270
5.05.02.08	Pension plan gain/loss	0	0	0	0	-28,603	-28,603
5.05.02.09	Available-for-sale assets	0	0	0	0	515,573	515,573
5.06	Other changes in shareholders equity	0	0	626,159	-626,159	0	0
5.06.01	Recording of reserves	0	0	626,159	-626,159	0	0
5.06.05	Non-controlliing interest	0	0	0	0	0	0
5.06.06	Non-controlling interest variation (%)	0	0	0	0	0	0
5.07	Closing balances	1,680,947	30	6,119,798	0	-168,015	7,632,760

(CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE)

DFP STANDARD FINANCIAL STATEMENTS December 31, 2010 CIA SIDERURGICA NACIONAL **Version: 1**

Consolidated Financial Statements / Statement of Changes in Shareholders Equity 01/01/2009 to 12/31/2009

R$ (in thousands)

Code	Description	Paid-in Capital	Capital Reserves, Options Granted and Treasury Shares	Profit Reserves	Accumulated Profit/Losses	Other Comprehensive Income	Shareholders Equity	Non-c… int…
5.01	Opening balances	1,680,947	30	3,768,756	1,012,732	200,124	6,662,589	
5.02	Prior years adjustments	0	0	485,816	-928	-200,726	284,162	
5.02.01	IFRS adjustments	0	0	0	-24,867	0	-24,867	
5.02.02	Other adjustments	0	0	0	-176,185	-602	-176,787	
5.02.03	Adjustment of accumulated translation differences according to CPC 37 (R1)	0	0	0	200,124	-200,124	0	
5.02.04	Additional proposed dividends	0	0	485,816	0	0	485,816	
5.03	Adjusted opening balances	1,680,947	30	4,254,572	1,011,804	-602	6,946,751	

5.04	Equity transactions with shareholders	0	0	-657,488	-1,819,965	0	-2,477,453
5.04.04	Treasury shares acquired	0	0	-1,350,307	0	0	-1,350,307
5.04.06	Dividends	0	0	0	-1,500,000	0	-1,500,000
5.04.07	Interest on shareholders equity	0	0	0	-319,965	0	-319,965
5.04.09	Additional proposed dividends	0	0	1,178,635	0	0	1,178,635
5.04.10	Approval of proposed dividends	0	0	-485,816	0	0	-485,816
5.05	Total comprehensive income	0	0	0	2,622,265	-585,113	2,037,152
5.05.01	Net income for the period	0	0	0	2,618,934	0	2,618,934
5.05.02	Other comprehensive income	0	0	0	3,331	-585,113	-581,782
5.05.02.06	IFRS adjustments	0	0	0	3,331	0	3,331
5.05.02.08	Pension plan gain/loss	0	0	0	0	-3,275	-3,275
5.05.02.09	Available-for-sale assets	0	0	0	0	36,885	36,885
5.05.02.10	Translation adjustments of the period and exchange gain investments on foreign operations, net of taxes corresponding to (-) R$270,229	0	0	0	0	-618,723	-618,723
5.06	Other changes in shareholders equity	0	0	1,847,521	-1,847,521	0	0
5.06.01	Recording of reserves	0	0	1,847,521	-1,847,521	0	0
5.06.04	Non-controlling interest	0	0	0	0	0	0
5.07	Closing balances	1,680,947	30	5,444,605	-33,417	-585,715	6,506,450

(CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE)

DFP STANDARD FINANCIAL STATEMENTS December 31, 2010 CIA SIDERURGICA NACIONAL **Version: 1**

Consolidated Financial Statements / Statement of Added Value

R$ (in thousands)

Code	**Description**	**Last fiscal year 01/01/2010 to 12/31/2010**	**First prior fiscal year 01/01/2009 to 12/31/2009**	**Second prior fiscal year 01/01/2008 to 01/01/2009**
7.01	Revenues	17,038,272	13,883,911	0
7.01.01	Sales of Goods, Products and Services	17,054,701	13,222,642	0
7.01.02	Other Revenues	-11,707	787,212	0
7.01.04	Allowance for/Reversal of Doubtful Accounts	-4,722	-125,943	0
7.02	Input Acquired from Third Parties	-8,272,938	-7,522,577	0
7.02.01	Costs of Products, Goods and Services Sold	-6,950,839	-6,102,329	0
7.02.02	Materials, Energy, Third Party Services and Other	-1,304,238	-1,390,533	0
7.02.03	Loss/Recovery of Assets	-17,861	-29,715	0
7.03	Gross Added Value	8,765,334	6,361,334	0
7.04	Retention	-806,169	-780,152	0
7.04.01	Depreciation, Amortization and Depletion	-806,169	-780,152	0
7.05	Net Added Value Produced	7,959,165	5,581,182	0
7.06	Added Value Received in Transfers	-123,989	743,444	0
7.06.01	Equity Pick-Up		13	0
7.06.02	Financial Income	-128,069	102,546	0
7.06.03	Other	4,080	640,885	0
7.07	Total Added Value to Distribute	7,835,176	6,324,626	0
7.08	Distribution of Added Value	7,835,176	6,324,626	0
7.08.01	Personnel	1,325,117	1,022,844	0
7.08.01.01	Direct Compensation	996,392	796,990	0
7.08.01.02	Benefits	254,569	167,570	0
7.08.01.03	Government Severance Indemnity Fund for Employees (FGTS)	74,156	58,284	0
7.08.02	Taxes, Fees and Contributions	2,189,740	2,332,129	0
7.08.02.01	Federal	1,800,382	1,840,427	0
7.08.02.02	State	355,556	463,497	0
7.08.02.03	Municipal	33,802	28,205	0

7.08.03	Third Party Capital Remuneration	1,804,128	354,472	0
7.08.03.01	Interest	1,781,498	346,728	0
7.08.03.02	Rentals	22,630	7,744	0

Page 20 of **115**

(CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE)

DFP STANDARD FINANCIAL STATEMENTS December 31, 2010 CIA SIDERURGICA NACIONAL **Version: 1**

Consolidated Financial Statements / Statement of Added Value

R$ (in thousands)

Code	**Description**	**Last fiscal year 01/01/2010 to 12/31/2010**	**First prior fiscal year 01/01/2009 to 12/31/2009**	**Second prior fiscal year 01/01/2008 to 01/01/2009**
7.08.04	Remuneration of Shareholders Equity	2,516,191	2,615,181	0
7.08.04.01	Interest on Shareholders Equity	356,800	319,965	0
7.08.04.02	Dividends	1,500,000	1,500,000	0
7.08.04.03	Retained Earnings / Accumulated Losses for the Period	659,576	798,969	0
7.08.04.04	Non-controlling Interest in Retained Earnings	-185	-3,753	0

(CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE)

(In thousands of Reais, unless otherwise stated)

1. OPERATIONS

Companhia Siderúrgica Nacional is a Corporation, established on April 9, 1941, in accordance with Brazilian laws (Companhia Siderúrgica Nacional and its subsidiaries and jointly-owned subsidiaries, jointly called "CSN" or Company).

CSN is a Company which holds shares listed on the São Paulo Stock Exchange (IBOVESPA index) and on the New York stock Exchange (NYSE), reporting its information on the Brazilian Securities and Exchange Commission (CVM) and on the *Securities and Exchange Commission* (SEC).

The main operating activities of CSN are divided in 5 segments:

Steel:

Its main industrial complex is the Presidente Vargas Steelworks (UPV) located in the city of Volta Redonda, State of Rio de Janeiro. This segment consolidates the operations related to the production, distribution and sale of flat steel, metal packaging and galvanized steel, with operations in Brazil, the United States and Portugal, aiming at gaining markets and ensuring excellent services to end consumers. Additionally, it operates in the home appliances, construction and the automobile segments.

Mining:

The iron ore production is developed in the city of Congonhas, in the State of Minas Gerais. CSN also explores limestone and dolomite in the branches in the State of Minas Gerais and tin in the State of Rondônia, in order to meet the needs of UPV and the surplus raw materials are traded with subsidiaries and third parties. CSN holds the concession to operate TECAR, a solid bulk terminal, one of the four terminals of the Itaguaí Port, located in the city of Rio de Janeiro. Coal and coke are imported through this terminal.

Cement:

The Company started in the cement market boosted by the synergy among this new activity and its already existing businesses. A new business unit has been set up beside Presidente Vargas Mill, city of Volta Redonda, State of Rio de Janeiro): CSN Cimentos, which is already producing CP-III cement, uses the scrap produced from blast furnaces of Volta Redonda Plant itself. Currently, clinker used in cement production is bought from third parties, however, it will be manufactured by CSN Cimentos in 2011, upon the conclusion of the first stage of the plant in Arcos (MG), where CSN also has a limestone mine.

Logistics:

Railways:

CSN holds interest in two railway companies: MRS Logística, which operates the former Southeast Network of Rede Ferroviária Federal S.A. and Transnordestina Logística, which operates the RFFSA s former Northeast Network, in the states of Maranhão, Piauí, Ceará, Rio Grande do Norte, Paraíba, Pernambuco and Alagoas.

Ports**:**

The Company operates two terminals in the State of Rio de Janeiro: the Terminal for Solid Bulk (Tecar) and the Terminal for Containers (Sepetiba Tecon), in the Port of Itaguaí. Located in Sepetiba bay, which has a privileged road, rail and sea access.

In Tecon, is performed the flow of CSN s steel products, movement of containers, cargo storage, consolidation and deconsolidation.

Energy:

The Company is one the largest consumers of industrial electricity of Brazil; its consumption is equivalent to the Federal District as a whole. As energy is essential in its productive process, the Company has invested in electricity generation assets to ensure its self-sufficiency.

For further details on strategic investments related to the Company s segments, please refer to Notes 12, 13 and 28, in the Segment Information.

2. SUMMARY OF MAIN ACCOUNTING POLICIES AND PRACTICES

(a) Preparation basis

The consolidated financial statements were prepared and presented in accordance with the accounting practices adopted in Brazil, including the pronouncements issued by the Committee of Accounting Pronouncements (CPCs).

The consolidated financial statements were prepared and presented in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board.

These being the first financial statements presented in accordance with CPC and IFRS by the Company. The main differences between the accounting practices previously adopted in Brazil (former BR GAAP) and CPCs/IFRS, including reconciliations of shareholders equity and income statement of the year, are described in Note 4.2, 4.3 and 4.4.

The financial statements of the parent Company were prepared according to the accounting practices adopted in Brazil, issued by Brazilian Accounting Pronouncements Committee (CPC), and accompany the consolidated financial statements.

The preparation of the financial statements in accordance with IFRS and CPC requires the use of certain critical accounting estimates and also the judgment by the Company s management team in the process to apply the Company s accounting policy. Those parts requiring a higher judgment level and having greater complexity, as well as the parts where assumptions and estimates are significant to the consolidated financial statements, are being disclosed on the notes to this report, and are related to the allowance for doubtful accounts,provision for inventory losses, provision for labor liabilities civil, tax, environmental and social insurance, depreciation, amortization, depletion, provision for reducing the amount recoverable, deferred taxes, financial instruments and benefits employees. Actual results could differ from those estimates

Accounting statements are presented in thousands of reais (R$). Depending on applicable IFRS rule, the measurement criterion used in the preparation of the financial statements considers historical cost, net value of realization, fair value, or recovery value. When IFRS and CPCs allow for the option between acquisition cost or other measurement criterion (for instance, systematic remeasurement), the acquisition cost criterion is used.

The parent Company and consolidated accounting statements were approved by the Board of Directors as of March 22, 2011.

(b) Consolidated financial statements

The accounting practices have been considered on a uniform basis to all consolidated companies.

(CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE)

The consolidated financial statements in the years ended on December 31, 2009 and 2010 include the following subsidiaries, associates and jointly-owned subsidiaries, both direct and indirect ones, in addition to exclusive funds Diplic and Mugen, as stated below:

- **Companies**

	Interest in the capital stock (%)		
Companies	**2010**	**2009**	**Main activity**
Direct interest: full consolidation			
CSN Islands VII	100.00	100.00	Financial operations
CSN Islands VIII	100.00	100.00	Financial operations
CSN Islands IX	100.00	100.00	Financial operations
CSN Islands X	100.00	100.00	Financial operations
CSN Islands XI	100.00	100.00	Financial operations
CSN Islands XII	100.00	100.00	Financial operations
Tangua	100.00	100.00	Financial operations
International Investment Fund	100.00	100.00	Holding Company and financial operations
CSN Minerals (1)	100.00	100.00	Holding Company
CSN Export	100.00	100.00	Financial operations, sale of products and Holding Company
CSN Metals (2)	100.00	100.00	Holding Company and financial operations
CSN Americas (3)	100.00	100.00	Holding Company and financial operations
CSN Steel	100.00	100.00	Holding Company and financial operations
TdBB S.A	100.00	100.00	Inactive Company
Galvasud - absorbed on 01/29/2010		99.99	Steelmaking
Sepetiba Tecon	99.99	99.99	Port services
Mineração Nacional	99.99	99.99	Mining and Holding Company

CSN Aços Longos	99.99	99.99	Production and sale of steel and/or metallurgical products
Florestal Nacional (4)	99.99	99.99	Reforestation
Estanho of Rondônia - ERSA	99.99	99.99	Tin mining
Cia Metalic Nordeste	99.99	99.99	Packaging production and distribution of steel products
Companhia Metalúrgica Prada	99.99	99.99	Packaging production and distribution of steel products
CSN Cimentos	99.99	99.99	Production of cement
Inal Nordeste	99.99	99.99	Steel product service center
CSN Gestão of Recursos Financeiros	99.99	99.99	Inactive Company
Congonhas Minérios	99.99	99.99	Mining and Holding Company
CSN Energia	99.99	99.90	Electricity trading
Transnordestina Logística	76.45	84.34	Railway logistics
Special partnership - Closed on 11/30/2010		39.47	Holding Company
Indirect interest: full consolidation			
CSN Aceros	100.00	100.00	Holding Company
CSN Cayman - closed on 08/31/2010		100.00	Financial operations, sale of products and Holding Company
CSN IRON - closed on 01/31/10		100.00	Financial operations and Holding Company
Companhia Siderurgica Nacional LLC	100.00	100.00	Steelmaking
CSN Europe (5)	100.00	100.00	Financial operations, sale of products and Holding Company
CSN Ibéria	100.00	100.00	Financial operations and Holding Company
CSN Portugal (6)	100.00	100.00	Financial operations and sale of products
Lusosider Projectos Siderúrgicos	100.00	100.00	Holding Company
Lusosider Aços Planos	99.94	99.94	Steelmaking and Holding Company
CSN Acquisitions	100.00	100.00	Financial operations and Holding Company
CSN Resources (7)	100.00	100.00	Financial operations and coporate interests
CSN Finance UK Ltd	100.00	100.00	Financial operations and Holding Company
CSN Holdings UK Ltd	100.00	100.00	Financial operations and Holding Company
Energy I - closed on 08/31/2010		99.99	Holding Company
Itamambuca Participações	99.99	99.99	Mining and Holding Company
Special partnership - closed on 11/30/2010		60.53	Holding Company
Direct interest: proportional consolidation			
Nacional Minérios (NAMISA)	59.99	59.99	Mining and Holding Company
Itá Energética	48.75	48.75	Electricity generation
MRS Logística	22.93	22.93	Railway logistics
Consortium of Igarapava Hydroelectric Plant	17.92	17.92	Electricity consortium
Aceros Del Orinoco	22.73	22.73	Dormant company
Indirect interest: proportional consolidation			
Namisa International Minerios SLU	60.00	60.00	Holding Company and sale of products and ore (subsidiary of Nacional Minérios)
Namisa Europe	60.00	60.00	Holding Company and sale of products and ore (subsidiary of Nacional Minérios)
Pelotização Nacional - absorbed on 12/30/2010		59.99	Mining and Holding Company (subsidiary of Nacional Minérios)

MG Minérios - absorbed on 12/30/2010		59.99	Mining and Holding Company (subsidiary of Nacional Minérios)
MRS Logística	10.34	10.34	Rail transport
Aceros Del Orinoco	9.08	9.08	Dormant company

(1) New corporate name of CSN Energy, changed as of December 15, 2010.

(2) New corporate name of CSN Overseas, changed as of December 15, 2010.

(3) New corporate name of CSN Panamá, changed as of December 15, 2010.

(4) New corporate name of Itaguaí Logística, changed as of December 27, 2010.

(5) New corporate name of CSN Madeira, changed as of January 8, 2010.

(6) New corporate name of Hickory, changed as of January 8, 2010.

(7) New corporate name of CSN Cement, changed as of June 18, 2010.

(CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE)

- **Exclusive funds**

	Interest in the capital stock (%)		
Specific purpose companies	**2010**	**2009**	**Main activities**
Direct interest: full consolidation			
DIPLIC - Multimarket investment fund	100.00	100.00	Investment fund
Mugen - Multimarket investment fund	100.00	100.00	Investment fund

In the preparation of the consolidated financial statements, the following consolidation procedures have been adopted:

- Unrealized gains in transactions with subsidiaries, jointly-owned subsidiaries and affiliated are eliminated according to CSN s share in the consolidation process. Unrealized losses are eliminated in the same way as unrealized gains, however only if there is no reduction to the recovery value (impairment). The reference date of the financial statements of the subsidiaries, affiliated companies and jointly-owned subsidiaries is the same as of the parent Company, and its accounting policies are in line with the policies adopted by the Company

- **Subsidiaries**

Subsidiaries are considered all entities (including special-purpose entities), whose financing and operating policies may be carried out by the Company, where usually there is a share ownership of more than a half of voting rights. The existence and the effect of potential voting rights, which are currently exercisable or convertible, are take into consideration by evaluation IF the Company controls other entity. Subsidiaries are fully consolidated as of the date when the control is transferred to the Company and are no longer consolidated as of the date when the control ends.

- **Affiliated Companies**

Affiliated companies are all entities where the Company holds a significant influence, but not the control, usually jointly with a share ownership of 20% to 50% from voting rights. Investments in affiliated companies are accounted for by the equity method and initially are recognized by their cost value. Company's investment in affiliated companies includes goodwill recognized from the business acquisition, plus the investor s share at retained post-acquisition profits and other changes in net asset value, reduced by any accumulated impairment loss.

- **Jointly-owned subsidiaries**

The financial statements of jointly-owned subsidiaries are included in the consolidated financial statements as of the date when the shared control starts until the date it no longer exists. The jointly owned subsidiaries are consolidated proportionally.

- **Parent Company financial statement**

In the parent Company financial statements, the subsidiaries and jointly-owned subsidiaries are accounted for by the equity method. The same adjustments are made both in the parent Company financial statements to the consolidated financial statements. Considering CSN, accounting practices adopted in Brazil applied in the parent Company financial statements are different from IFRS applicable to the separated financial statements, only through the investments in subsidiaries and affiliated companies by the equity method of accounting while according to IFRS it would be cost or fair value.

(CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE)

(c) Foreign currencies

- **Functional and presentation currency**

Items included in the financial statements of each one of the Company s subsidiaries are measured using the currency of the main economic environment, where each subsidiary operates (functional currency). Consolidated financial statements are presented in R$, which is the Company s functional currency and, also, the Group s presentation currency.

- **Transactions and balances**

Foreign currency operations are converted into the functional currency, using foreign exchange rates effective on the transaction or evaluation dates, when items are remeasured. Exchange gains and losses resulting from the settlement of these transactions and the conversion by foreign exchange rates as of December 31, 2010, related to monetary assets and liability in foreign currencies, are recognized on the statement of income, except when deferred on shareholders equity as qualified cash flow hedge operations and qualified net investment hedged operations.

Balance accounts are translated by the exchange rate as of the balance sheet date, US$1 being equal to R$1.6662 as of December 31, 2010 (R$1.7412 as of December 31, 2009). EUR 1 being equal to R$ 2.2280 (R$2,5073 as of December 31, 2009) e JPY 1 being equal to R$0,0205 (R$0,0188 as of December 31, 2009).

All other exchange gains and losses, including exchange gains and losses related to loans, cash and cash equivalents are presented on the statement of income as income or financial expense.

Changes to fair value of monetary securities in foreign currency, classified as available for sale, are split into foreign exchange variations related to the security`s amortized cost and other variations to the security s book value are registered under shareholders equity.

Exchange variations from non-monetary financial assets and liabilities, for instance, investments in shares classified as measured to fair value through income statement, are recorded under income statement as part of fair value gain or loss. Exchange variations of non-monetary financial assets, for example, investments in shares classified as available for sale, are included on other comprehensive income under shareholders equity.

- **Group Companies**

The results and financial position of all of the Group s entities (none of them has currency from a hyperinflationary economy), whose functional currency is different from the presentation currency, are converted into the presentation currency, as follows:

- Assets and liabilities from each balance sheet presented are translated by the closing rate on the balance sheet date.

- Revenues and expenses from each income statement are translated by average exchange rates (unless this average is not a reasonable rounding to the cumulative effect of rates in force on the operations date, and, in such case, revenues and expenses are converted by the rate on the operations dates); and

- All resulting exchange rate differences are registered as a separate component under other comprehensive income.

Under the consolidation, exchange rate differences resulting from the conversion of monetary items with characteristics of the net investment in foreign operations are recorded under shareholders equity. When an operation overseas is partially disposed of or sold, exchange rate differences previously registered under other comprehensive income are recorded in income statement as part of gain or loss on sale.

(CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE)

(d) Cash and cash equivalents

Cash and cash equivalents include cash, bank deposits and other short-term investments of immediate liquidity, redeemable in up to 90 days from the balance sheet dates, immediately convertible into cash and with an insignificant risk of change in their market value. Deposit certificates that may be redeemed at any time without penalties are considered cash equivalents.

(e) Trade accounts receivable

Trade accounts receivable are recorded at the invoiced amount, including the respective taxes and ancillary expenses and credits from clients in foreign currency corrected at the exchange rate as of the date of the financial statements. The allowance for doubtful accounts was recorded in an amount considered enough to support possible losses. Management s assessment takes into account the client s history, the financial situation and the opinion of our legal advisors regarding the receipt of these credits for the recording of this provision.

(f) Inventories

These are recorded at the lowest value between the cost and the net realizable value. The average weighted cost method is used in the acquisition of raw materials. Cost of both finished and under preparation products consists of raw material, labor, other direct costs (based on the normal production capacity). Net realization value is the sale price estimated on the normal course of business, net of estimated conclusion costs and estimated costs necessary to carry on the sale.

(g) Investments

Investments in subsidiaries, jointly-owned subsidiaries and associated companies are recorded and measured by the equity accounting method and recognized initially by the cost. The gains and losses are recognized in income for the period as operating income (or expenses) in the parent Company financial statements. In the case of exchange variation of investment abroad whose functional currency is different to the Company s currency, variations in the amount of investments deriving solely from the exchange variation are recorded in the equity cumulative translation adjustment account, in the Company s shareholders equity, and are only reclassified to income statement when the investment is sold or written-off by loss. Other investments are recorded and held at cost, or fair value.

When necessary, the accounting practices of the subsidiaries and jointly-owned subsidiaries are adjusted to ensure criteria, consistency and uniformity with the practices adopted by the Company.

(h) Property, plant and equipment

Recorded by acquisition, formation or construction costs, net of accumulated depreciation or depletion and impairment. Depreciation is computed under the straight-line method based on the economic useful life remaining of the related assets according to note 14, and depletion of mines is calculated based on the amount of iron ore extracted, and plots of land are not depreciated as they are considered as undefined useful life. The Company records in the book value of property, plant, and equipment, the cost, replacing the part of the item which is substituting, if it is probable that future economic benefits incorporated therein will be reverted to the Company, and if the asset cost may be estimated in a reliable manner. All other expenses are registered to the expense account when incurred. Interest costs are capitalized until these projects are concluded.

If some components of the assets from property, plant and equipment have different useful lives, these components are depreciated as a different item from property, plant and equipment.

Gains and losses from disposal are determined by the comparison of the sale value less the residual value and are registered in other operating income/expenses .

Development costs of new iron ore fields or to expand the capacity of operating mines are capitalized and amortized by the method of units produced (extracted) based on probable and proven ore amounts. Exploration expenditures are deemed as expenses until the mining activity is made feasible; after this period, the subsequent development costs are capitalized.

(i) Intangible assets

Intangible assets comprise of assets acquired from third parties, including by means of business combinations, and/or those internally generated.

These assets are recorded at the acquisition or formation cost, less amortization calculated through the straight-line method based on exploitation or recovery terms.

Intangible assets with undefined useful lives, as well as goodwill for expected future profitability, are no longer amortized.

- **Goodwill**

Goodwill is represented by the positive difference between paid and/or payable value for the purchase of a business and the net amount of fair value of assets and liabilities of the subsidiary acquired. The goodwill from acquisitions of subsidiaries is recorded as intangible assets in the consolidated financial statements. In the parent Company financial statements the goodwill is recorded as investments. Negative goodwill is recorded as gain in the result for the period, on the acquisition date. Goodwill is annually tested to verify impairment losses. Gains and losses from the disposal of a Cash Generating Units (CGU) include goodwill book value relating to the CGU sold.

Goodwill is allocated to Cash Generating Units (CGUs) for the purpose of impairment test. The allocation is made for Cash Generating Units or groups of Cash Generating Units, that should benefit from the business combination of which goodwill was originated, and are not a bigger unit as compared to the operational segment.

- **Software**

Software licenses acquired are capitalized based on incurred costs to buy software and when they are ready to be used. These costs are amortized under the straight-line method during the estimated economic useful life.

(j) Impairment of non-financial assets

Assets with an undefined useful life, such as goodwill, are not subject to amortization and are tested on an annual basis to verify impairment. Assets subject to amortization are reviewed to verify impairment whenever events or changes to circumstances show that book value may not be recoverable. Impairment loss is accounted for by book value of the asset exceeds its recoverable value. For purposes of impairment evaluation, assets are divided into the lowest levels to which there are identifiable positive cash inflows separately (Cash Generating Units (CGU)). Non-financial assets, except goodwill, which have been impaired, are subsequently reviewed to analyze a possible impairment reversal on the report presentation date.

(CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE)

(k) Employee Benefits

i. Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contribution to a separate entity (social security plan) and it will have no legal or constructive liability to pay additional values. Liabilities for contributions to defined contribution pension plans are accounted for as employee benefit expenses to the income statement in the periods where services are provided by employees. Contributions paid in advance are recorded as an asset upon the cash repayment condition or the decrease in future payments is available. Contributions to a defined contribution plan whose maturity is expected for 12 months after the final period where the employee provides the service are discounted to their present values.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than the defined contribution plan. The Company`s net liability as to defined benefit pension plans is individually calculated to each plan through the value estimate of the future benefit employees accounted for as return by services provided for in the current period and previous periods; that benefit is brought to its present value. Any costs of unregistered previous services and fair values of any plan assets are discounted. Discount rate is the return shown on the presentation date of the financial statements to first-tier debt securities, whose maturity dates are close to the Company s debt conditions and that are denominated in the same currency in which benefits are expected to be paid. The calculation is made on an annual basis by a qualified actuary through the project unit credit method. When calculation results in a benefit to the Company, asset to be recorded is limited to total of any unregistered previous services costs and the present value of economic benefits available as future refund of the plan or decrease in future contribution to the plan. In order to calculate present value of economic benefits, a consideration is given to any minimum costing requirements applied to any plan in the Company. An economic benefit is available to the Company if it is realizable during the plan s life, or in the settlement of the plan liabilities.

When benefits of a plan are increased, the increased benefit portion relating to employee s previous service is registered in the income statement by the straight-line method during the average period until benefits become vested. Under the condition that benefits become immediately vested, expense is instantly recorded under income statement.

The Company chose to account for all actuarial gains and losses resulting from defined benefit plans directly in other comprehensive income.

ii. Profit sharing and incentive compensation

Profit sharing of employees is subject to achieving certain operating and financial targets, mainly allocated to the production cost when applicable and to general and administrative expenses.

(l) Provisions

Provisions are registered when: (i) the Company has a present liability either legal or acquired resulting from past events, (ii) it is likely to have a future disbursement to settle a present liability, and (iii) when the value may be estimated with reasonable safety. Provisions are determined by discounting future cash flows expected based on a discount rate before taxes that shows a market valuation of the cash value in time and, where appropriate, specific liability risks. The liability increase due to time is recorded as financial expense.

(CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE)

(m) Concessions

The Company has government concessions and payments are classified as operating lease.

(n) Capital Stock

Common shares are classified under shareholders equity.

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

When any Company of the Group buys shares from the Company s capital stock (treasury shares), the value paid, including any additional costs directly chargeable (net of income tax), is decreased from the shareholders equity ascribed to the Company s shareholders until shares are cancelled or issued again. When these shares are subsequently issued again, any amount received, net of any additional costs of the transaction, directly chargeable and respective income tax and social contribution effects, it is included in the shareholders equity ascribed to the Company s shareholders.

(o) Operating revenue

The revenue from the sale of goods in the normal course of operations is measured at the fair value of the consideration received or receivable The operating revenue is recognized when there is persuasive evidence that the significant risks and rewards incidental to the ownership of the goods have been transferred to the buyer; it is probable that future economic benefits will flow to the entity, that the associated costs and the possible return of goods can be measured reliably; the entity does not retain continuing involvement with the goods sold and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be reliably measured, then such discounts are recognized as a reduction of operating revenue as sales are recognized. Service revenue is recognized when services are rendered.

The transfer of risks and rewards is determined by the individual terms of the contract of sale. For export sales, the transfer of risks and rewards of ownership depend on the terms of delivery set out in the incoterms governing the contract.

(p) Financial income/expenses

Financial income includes interest income on funds invested funds (including financial assets available for sale), dividend income (except for dividends received from investees stated under the equity method in the parent Company), gains on sale of financial assets available for sale, gains and losses arising from the change in the fair value of financial assets measured at fair value through profit or loss, and gains on hedging derivatives that are recognized in income. Interest income is recognized in income (loss) using the effective interest method. Dividend income is recognized in income when the Company s right to receive the dividend is established. The dividend distributions received from investees recorded under the equity method reduce the investment amount.

Financial expenses include borrowing costs, net of the discount to present value of provisions, dividends on preferred shares classified as liabilities, losses in the fair value of financial instruments measured at the fair value through profit or loss, impairment losses recognized in the financial assets, and losses on hedging instruments that are recognized in income. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are measured in income using the effective interest method.

Exchange gains and losses are reported on a net basis.

(CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE)

(q) Income tax and social contribution

Income tax is calculated at the rate of 15%, plus a surtax of 10% on taxable income exceeding R$240, whereas social contribution is calculated at the rate of 9% on taxable income. Tax losses can offset against future taxable income, limited to 30% of taxable income for the year.

Income tax and social contribution expense comprises current and deferred tax. Current and deferred taxes are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted, at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred taxation is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. Deferred taxation is not accounted for on the following temporary differences: the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, and differences related to investments in subsidiaries and controlled entities when it is probable that they will not be reversed in the foreseeable future. In addition, deferred tax liability is not recognized for taxable temporary differences resulting in the initial recognition of goodwill. Deferred taxation is calculated using the rates that are expected to apply to the temporary differences when they are reversed, based on the laws that were enacted or substantively enacted until the financial statement reporting date.

Deferred tax assets and liabilities may be netted if there is a legal right to offset the current tax asset and liability amounts and they relate to the same taxing authority.

A deferred income tax and social contribution asset is recognized by unused tax losses, tax credits and deductible temporary differences when it is probable that future income subject to taxation will be available and against which they will be used.

Deferred income tax and social contribution assets are reviewed at each reporting date and will be reduced as their realization is no longer probable.

(r) Earnings per share

Earnings per share is calculated through the net income for the year attributable to the Company s controlling interests and the weighted average of the common shares outstanding in the respective period. Diluted earnings per share is calculated through the said average of the outstanding shares, adjusted by instruments potentially convertible into shares, with a diluting effect, in the reporting periods. The Company does not have instruments potentially convertible into shares and, consequently, diluted earnings per share are equal to basic earnings per share.

(s) Environmental costs and restoration of areas

The Company recognizes a provision for recovery costs and fines when a loss is probable and the amounts of related costs can be reliably determined. Usually, a provision in the amount to be used in the recovery in the amount is recorded until the feasibility study is completed or the commitment to a formal action plan is fulfilled.

Expenses related to compliance with environmental regulations are charged to income (loss) or capitalized, as appropriate. The capitalization is considered as appropriate when the expenses refer to items that will continue to benefit the Company and that are basically pertinent to the acquisition and installation of equipment to control pollution and/or prevention.

(CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE)

(t) Research and development

All these costs are recognized in the statement of income when incurred, except when meet the criteria for capitalization. Expenses on the research and development of new products for the year ended December 31, 2010 was R$4,314 (R$2,515 in 2009).

(u) Financial instruments

i) Classification

Financial assets are classified in the following categories: measured at fair value through profit and loss, loans and receivables, held to maturity and available for sale. The classification depends on the purpose for which the financial assets were acquired. The Company s Management sets forth the classification of its financial assets at the initial recognition.

- **Financial assets measured at fair value through profit and loss**

Financial assets measured at fair value through profit and loss are financial assets held for active and frequent trading. Derivatives are also categorized as held for trading and, therefore, are classified in this category, unless they have been recorded as protection hedge and cash-flow hedge instruments. Assets in this category are classified as current.

- **Loans and receivables**

This category includes loans granted and receivables that are non-derivative financial assets with fixed payment or to be established, not priced at an active market. They are included as current assets, except those with a maturity term greater than 12 months after the balance sheet date (these are classified as noncurrent assets). Loans and receivables comprise loans to associated companies, trade accounts receivable, other accounts receivable and cash and cash equivalents, excluding short-term investments. Cash and cash equivalents are measured at fair value. Loans and receivables are accounted for at the amortized cost, using the effective interest rate method.

- **Financial assets held to maturity**

They are basically financial assets acquired with the financial purpose and ability to be held in portfolio until maturity. Investments held to maturity are initially recognized at fair value plus any directly attributable transaction costs. After initial recognition, are measured at amortized cost using the effective interest method, decreased by any loss on the impairment.

- **Financial assets available for sale**

These are non-derivative financial assets, designated as available for sale, that are not classified in any other category. They are included in noncurrent assets when they are the Company s strategic investments, unless Management intends to dispose of the investment within 12 months after the balance sheet date. Financial assets available for sale are recorded at fair value.

ii) Recognition and Measurement

Regular way purchases and sales of financial assets are recognized on the trade date, i.e., on the date Company undertakes to buy or sell the asset. The investments are initially recognized at fair value, plus transaction costs for all the financial assets not classified at the fair value through profit or loss. Financial assets at fair value through profit or loss are initially recognized at their fair value and transaction costs are expensed in the income statement. Financial assets are written off when the rights to receive cash flow from the investments expire or are transferred; in the latter case, provided that the Company has transferred significantly all the risks and rewards of the ownership. Financial assets available for sale and the financial assets measured at fair value through profit or loss are subsequently recognized at fair value. Loans and receivables are accounted for at amortized cost, using the effective interest rate method. Gains or losses arising from changes in the fair value of financial assets measured at fair value through profit (loss) are presented in the income statement in financial income in the period when they occur.

(CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE)

Revenue from dividends of financial assets measured at fair value through profit or loss is recognized in the income statement as part of other financial income, when the Company s right to receive the dividends is established.

The changes in the fair value of financial assets denominated in foreign current and classified as available for sale, are divided between the conversion differences resulting from the changes in the amortized cost of the financial assets and other changes in the financial assets carrying amount. The exchange rate changes in financial assets are recognized in income (expenses). The exchange rate changes in non-financial assets are recognized in income (expenses). The changes in the fair value of financial and non-financial assets, classified as available for sale are recognized in other comprehensive income.

Interest on available-for-sale securities, calculated under the effective interest rate method, is recognized in the income statement as other income. Dividends of shareholders equity s instruments available for sale, such as shares, are recognized in the income statement as part of other financial income, when the Company s right to receive payments is established.

The fair value of publicly quoted investments is based on current purchase prices. If the market of a financial asset (and bonds not listed on the stock exchange) is not active, the Company establishes fair value through valuation techniques. These methods include the use of transactions recently contracted with third parties, reference other instruments that are substantially similar and an analysis of discounted cash flows and option pricing models that optimize the use of market generated information and minimize the use of information provided by the Company's management.

The Company measures at the balance sheet date if there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of available-for-sale bonds, a significant or long decrease in the fair value to below its cost value is an indicator that it is impaired. If there is any evidence of impairment of available-for-sale financial assets, the cumulative loss measured as the difference between cost of purchase and the current fair value, less any impairment loss for the financial asset previously recorded in income, is transferred from shareholders' equity and recognized in the income statement. Impairment losses recognized in equity s instruments are not reversed through the income statement

- **Offsetting financial instruments**

A financial asset and a financial liability is offset and the net amount presented in the balance sheet when an entity has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

- **Impairment of financial assets**

Assets measured at the amortized cost

The Company evaluates at the end of each reporting period if there is objective evidence that the financial asset or group of financial assets is impaired. An asset or a group of financial assets is impaired and the impairment losses are incurred only if there is objective evidence of impairment as the result of one or more events occurred after the initial recognition of the assets (a loss event) and that loss event (or events) has an impact on estimated future cash flows of the financial asset or group of financial assets that can be measured reliably.

The criteria CSN uses to determine if there is objective evidence of impairment loss include:

- relevant financial difficulty of the issuer or debtor;
- A contract breach, such as default or arrears in interest or principal payments;
- the issuer, for economic or legal reasons related to the financial difficulty of the borrower, guarantees the borrower a concession that the creditor would not consider;
- it is likely that the borrower will undergo bankruptcy or another financial reorganization;
- the disappearance of an active market for that financial asset due to financial difficulties; or
- observable data indicating that there is a measurable reduction in estimated future cash flows from a portfolio of financial assets, since the initial recognition of these assets, although the reduction still cannot be identified with the individual financial assets in the portfolio, including

- Adverse change in the payment situation of the borrowers in the portfolio;

- National or local economic conditions that relate to the default on the portfolio s assets.

The amount of loss is measured as the difference between the carrying amount of the assets and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial assets original effective interest. The carrying amount of the asset is written down and the amount of loss is recognized in the income statement. If a loan or investment held to maturity has a variable interest rate, the discount rate to measure an impairment loss is the current effective interest rate determined pursuant to the agreement. The Company may measure impairment based on the fair value of an instrument using an observable market price.

If, in a subsequent period, the impairment loss is reduced and the reduction can be objectively related to an event that occurred after the impairment was recognized (an improvement in the debtor s credit classification), the reversal of the impairment will be recognized in the consolidated income statement.

Assets classified as available for sale

At the end of each reporting period, CSN assesses whether there is objective evidence of a deteriorated financial asset or group of financial assets. For debt notes, CSN utilizes the criteria mentioned in (a) above. In the case of equity instruments (shares) classified as available for sale, a material or extended drop in the fair value of the asset below its cost is also evidence that assets are deteriorated. Should any such evidence exist for financial assets available for sale, the accumulated loss - measured as the difference between the acquisition cost and its current fair value, less any impairment over the financial asset previously recorded as loss, will be reclassified from equity and recognized in the consolidated income statement. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases, and such increase can be objectively related to an event occurred after the impairment was recognized as loss, the impairment loss is reverted through the consolidated income statement.

(CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE)

iii) Derivative instruments and hedge activities

- **Foreign exchange gain of long term investment nature**

Any gain or loss of the instrument related to the effective hedge portion is recognized in capital stock. The gain or loss related to the non-effective portion is immediately recognized in the statement of income under Other net gains (losses) .

Gains and losses accumulated in equity are included in the statement of income when foreign operation is partially disposed of or sold.

- **Derivatives measured at fair value through profit and loss**

Our derivative instruments do not qualify for hedge accounting. Changes in fair value of any of these derivative instruments are immediately recognized in the statement of income under Other net gains (losses) Although the Company uses derivatives for hedging purposes, it does not apply hedge accounting.

(v) Information by segment

An operational segment is a Group component committed to the business activities, from which it can obtain revenues and incur in expenses, including revenues and expenses related to transactions with any other Group component. All operating income from operational segments are regularly reviewed by CSN s

Executive Board for decision-making about funds to be allocated to the segment and performance evaluation, to which there is distinctive financial information available (see Note 28).

(w) Government grants

Government grants are not recognized until there is reasonable safety that the Company will comply with related conditions and that grants will be received and then systematically recognized in income during the periods in which the Company recognizes as expense corresponding costs that grants intend to offset.

The Company has state tax incentives in the North and Northeast regions, which are recognized in income as corresponding costs and expenses reduction.

(x) New rules and interpretations not yet adopted

Several IFRS rules, amendments to rules and interpretations issued by IASB have not yet come into force for the year ended on December 31, 2010, which are:

- Limited exemption from Comparative IFRS 7 Disclosures for First-time Adopters.
- Improvements to IFRS 2010.
- IFRS 9 Financial Instruments
- Prepayment of a minimum fund requirement (Amendment to IFRIC 14)
- Amendments to IAS 32 Classification of rights issues

CPC has not issued yet pronouncements corresponding to the aforementioned IFRS, but we expect that CPC will issue them before the date required for their effectiveness. The early adoption of IFRS pronouncements is subject to previous approval in a ruling act of the Brazilian Securities and Exchange Commission.

The Company did not estimate the effect of these new standards on its financial statements.

3. RESTATEMENT of 2008 and 2009 FINANCIAL STATEMENTS

(CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE)

- **Health Plan - post-retirement employees**

Until to December 31, 2009, costs with health care plan for former employees until 1997 sponsored by the Company were accounted for on a monthly basis when incurred, without the recording of the constructive liability resulting from future payments likely to be made.

As a result of the IFRS adoption and the detailed review of policies and agreements related to any post-retirement payment to employees, it has been noticed the need for registration of the constructive obligation and, therefore, the Company decided to make retroactive adjustments in the financial statements to years 2008 and 2009, issued in accordance with the accounting practices adopted in Brazil.

The balances of accounts affected by the restatement as of January 1, 2009 are stated as follows:

			Parent Company			Consolidated
	Published	**Adjustments**	**Adjusted**	**Published**	**Adjustments**	**Adjusted**
Assets						
Deferred income and social contribution taxes	1,230,147	90,762	1,320,909	1,493,058	90,762	1,583,820
Liabilities						
Provision for pension fund - Post-employment benefits	117,568	266,947	384,515	117,568	266,947	384,515
Shareholders' equity	6,662,589	(176,185)	6,486,404	6,662,589	(176,185)	6,486,404

The balances of accounts affected by the restatement as of December 31, 2009 are stated as follows:

	Parent Company			Consolidated		
	Published	**Adjustments**	**Adjusted**	**Published**	**Adjustments**	**Adjusted**
Assets						
Deferred income and social contribution taxes	899,544	97,046	996,590	1,861,571	97,046	1,958,617
Liabilities						
Provision for pension fund - Post-employment benefits	69,946	285,430	355,376	69,946	285,430	355,376
Shareholders' equity	5,510,433	(188,384)	5,322,049	5,510,433	(188,384)	5,322,049
Result						
Other operating expenses	(588,186)	(12,025)	(600,211)	(698,360)	(12,025)	(710,385)
Deferred income and social contribution taxes	94,906	5,330	100,236	(109,323)	5,330	(103,993)
Net income for the year	2,568,577	(6,695)	2,561,882	2,594,912	(6,695)	2,588,217
Basic earnings per share (R$)	3.52350		3.51431	3.55962		3.55044

Additionally, the statements of other comprehensive income, changes in shareholders equity, cash flows, and added value, as well as Note 30 (Employee benefits), Note 10 (Deferred Income Tax and Social Contribution), Note 4.4 (Shareholders Equity) were adjusted to show accounting balances and disclosures after the corrections mentioned in the paragraph and tables above.

4. TRANSITION TO IFRS

4.1. First-time adoption of IFRS

As informed in Note 2(a), the consolidated financial statements for the year ended December 31, 2010 are the first annual consolidated financial statements in accordance with IFRS. The Company adopted CPCs 43(R) and 37R1 (equal to IFRS 1) while preparing these consolidated financial statements.

The Parent Company s financial statements for the year ended December 31, 2010 are the first annual individual statements in accordance with the CPCs. The Company adopted CPCs 37 R1 and 43(R) while preparing these individual financial statements.

(CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE)

The transition date is January 1, 2009. Management prepared the opening balance sheets according to the CPCs and IFRS on this date, in line with the accounting policies mentioned in Note 2.

While preparing these financial statements, the Company adopted the relevant mandatory exceptions and certain optional exemptions related to the complete retrospective adoption.

While preparing its opening IFRS balance sheet, the Company adjusted the amounts earlier presented in the financial statements, prepared according to BRGAAP, which serve as the basis for the previous accounting (previous accounting practices) involved in the financial statements. (Note 3)

4.2. Exemptions from a few other IFRS requirements

The Company chose to adopt the following exemptions relating to the retrospective adoption of other IFRS, according CPC 37 (equal to IFRS 1):

(a) Exemption of employee benefits Defined benefits plan

The Company chose to recognize all the past actuarial gains and losses till the transition date against accrued earnings. The adoption of this exemption is detailed in Note 30.

(b) Exemption of business combination according to IFRS 3

The Company adopted the exemption relating to business combinations described in CPC 37 R1(equal to IFRS 1) and decided not to remeasure and restate the business combinations that ocurred before January

1, 2009, the transition date.

(c) Exemption of fair value as the deemed cost of fixed assets:

The Company chose not to measure its fixed and intangible assets at fair value on the transition date, carrying them at the historical acquisition cost, with monetary restatement according to the inflation indexes till December 31, 1997, in accordance with IAS 21 and IAS 29. The adoption of this exemption is detailed in Note 14.

(CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE)

4.3. Explanation of the transition to IFRS

(a) Business combination

Goodwill is the surplus of acquisition cost in relation to the Company s share of the net fair value of identifiable assets, liabilities and contingent liabilities of the Company acquired. If there is a negative goodwill identified by the acquirer s share in the fair value of the assets, liabilities and contingent liabilities acquired in relation to the cost of acquisition, it should recognize it immediately in the income statement.

As mentioned earlier, the Company chose not to remeasure the business acquisitions that took place before January 1, 2009, according to the exemption of business combinations, in accordance to CPC 37 (equal to IFRS 1). Acquisitions after January 1, 2009 were booked in accordance with IFRS 3 (Business Combinations).

(b) Deferred Assets

With regard to the pre-operating expenses booked before the transition date, the Company chose to recognize the net balance in retained earnings on the transition date.

Until December 31, 2008, the Company adopted as an accounting practice, the capitalization of pre-operating expenses in deferred assets. Pre-operating expenses that were not attributed to the cost of fixed assets or the formation of intangible assets were immediately recognized as expense.

Part of the expenses recognized earlier as deferred assets related to pre-operating expenses attributable to the cost of certain goods was allocated to fixed assets.

(c) Deferred Taxes

Deferred income tax is recognized by the future estimated effect of the temporary differences and the tax losses, as well as the negative social contribution base. A deferred income tax liability is recognized for all the temporary tax differences, whereas the deferred income tax asset is recognized only to the extent it is probable that a taxable income is available against which the deductible temporary difference can be used. The deferred tax assets and liabilities are classified as long term. The current tax assets and liabilities are offset if the Company is legally entitled to do so and if they are related to the taxes assessed by the same tax authority. If the criterion for offsetting the current tax assets and liabilities is met, the deferred tax assets and liabilities will also be offset. The income tax relating to items recognized directly under shareholders equity in the current period or previous period is recognized directly in the same account.

(d) Property, plant and equipment

i. **Cost**

• **Option to adopt historical cost**

The Company has not opted to utilize the deemed cost to the valuation of its fixed assets because under the accounting procedures in effect in 2009 (BR GAAP) its fixed assets already materially met the requirements for recognition, valuation, and presentation set forth in CPC 27 (IAS 16), primarily because: (i) internal controls relevant to fixed assets at the time of the transition (1/1/2009) already included periodic review of the best estimates regarding the useful life and the residual value of said assets; (ii) the procedures used to establish the value of fixed assets in accordance with the prior accounting standards were reviewed and confirmed to be in adherence with CPC 27 (IAS 16), including, but not limited to, their consideration of the non capitalization of exchange rate variation and non-indexing in periods in which the country was undergoing hyperinflationary periods, etc., and (iii) the segmentation and classification of the main fixed asset items subject to depreciation already took into consideration the effects of differentiated depreciation on the primary fixed assets components.

(CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE)

Moreover, the Company understands that the accounting practice of valuing fixed assets in accordance with their historical price calculated on the basis of the best estimate of depreciation and the provision for the loss of recoverable value, when required, is a procedure that best represents its fixed assets.

- **Hyperinflation in 1996 and 1997**

Under the former BR GAAP and in accordance with IAS 29, hyperinflationary accounting procedures were applicable in Brazil during the country s domestic hyperinflationary period through 1995. However, according to IFRS guidelines, the Brazilian economy remained in a hyperinflationary state in 1996 and 1997 as well. The effect of recognizing those two additional periods was reflected in the transitional adjustments.

- **Borrowing costs**

Fixed assets items are booked at cost, including the capitalized interest incurred during periods of new facilities construction. Exchange variations on loans denominated in foreign currency are capitalized to property, plant and equipment, when they reflect adjustments in interest rates.

ii. Depreciation

The basis for calculation is the cost of the asset minus the estimated residual sales value. There is no specific recommended method for calculating depreciation, but the method selected must be applied consistently to all significant components of the assets and the depreciation should be distributed evenly among each of the accounting periods, that best represents the realization of economic benefits over the useful life of the assets.

The estimated useful life of the fixed assets was reviewed, and the adjustments to the depreciation of the assets booked under fixed assets were made on a prospective basis beginning January 1, 2010. For more details, see Note 14.

(e) Earnings per share

The basic and diluted earnings per share (LPA) figures must be disclosed by entities listed on a stock exchange that issue or that may issue shares.

Basic LPA is figured by dividing the profit or loss attributable to the controlling entity during the period in question by the weighted average of its outstanding shares.

Diluted LPA is calculated by adjusting the numerator used in the basic LPA calculation and the average number of outstanding shares (the denominator) for the effects of all possible dilutive influences on the outstanding shares in the period included. Since CSN does not have any instrument potentially convertible into shares with dilutive effect in the stated periods, its diluted LPA is equal to its basic LPA.

Information for basic and diluted LPA from the current period and from previous periods are adjusted for to reflect those transactions that do not involve conversion actions with the potential to alter the number of shares without a corresponding change in net equity (for example, bonuses, or stock consolidations or splits). Basic and diluted LPA are also adjusted to reflect bonus issues, stock splits or reverse stock splits that occur after balance sheet dates but before the issuances of financial statements are authorized. The number of shares is adjusted as if the event had taken place at the beginning of the first period presented.

(f) Dividends and interest on shareholders equity

The dividends proposed or declared after the balance sheet date but before the authorized issuance of the financial statements should not be booked as liabilities, unless they meet that definition as of the balance sheet date.

(g) Reclassifications

Under IFRS rules, the following reclassifications affecting consolidated financial statements are also prepared:

i. Balance sheet reclassifications:

- Judicial deposits are presented as a non-current asset item rather than net of provisions for contingencies;
- Taxes credits or obligations are presented on a net basis;
- Deferred taxes are reclassified as non-current;
- Deferred tax assets and liabilities will be compensated when the entity possesses the executable legal right to do so and if they are related to taxes levied by the same taxing authority.

ii. Income statement Reclassifications:

- Financial income is presented after figuring operating income on the net financial income (loss);

(CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE)

DFP STANDARD FINANCIAL STATEMENTS December 31, 2010 CIA SIDERURGICA NACIONAL **Version: 1**

4.4. Reconciliation of the consolidated financial statements adjusted to IFRS and disclosed

i. Balance Sheet on January 1, 2009

					01/01/2009
	BRGAAP	**BRGAAP**	**IFRS**		
	Published	**Restated**	**Reclassifications**	**Adjustments**	**IFRS**
ASSETS					
Current	**18,352,070**	**18,352,070**	**(432,746)**	**25,181**	**17,944,505**
Cash and cash equivalents	9,151,409	9,151,409			9,151,409
Trade accounts receivable	1,086,557	1,086,557			1,086,557
Inventory	3,622,775	3,622,775		(1,526)	3,621,249
Income and social contribution taxes to offset	128,055	128,055			128,055
Deferred income and social contribution taxes	739,227	739,227	(739,227)		
Dividends proposed receivable	42,890	42,890		26,707	69,597
Guaranteed margin of financial instruments	2,570,050	2,570,050			2,570,050
Other	1,011,107	1,011,107	306,481		1,317,588
Non-current	**13,145,369**	**13,236,131**	**2,113,702**	**(41,942)**	**15,307,891**
Long-term assets	**2,490,802**	**2,581,564**	**2,113,702**	**12,483**	**4,707,749**
Deferred income and social contribution taxes	753,831	844,593	739,227	13,085	1,596,905
Taxes recoverable	302,831	302,831			302,831
Judicial deposits	740,341	740,341	1,366,910		2,107,251

Accounts receivable	376,374	376,374		(602)	375,772
Prepaid expenses	125,011	125,011			125,011
Other	192,414	192,414	7,565		199,979
Investment	**1,512**	**1,512**			**1,512**
Property, plant and equipment	**10,083,777**	**10,083,777**	**21,708**	**(33,651)**	**10,071,834**
Intangible assets	**526,796**	**526,796**			**526,796**
Deferred	**42,482**	**42,482**	**(21,708)**	**(20,774)**	
TOTAL ASSETS	**31,497,439**	**31,588,201**	**1,680,956**	**(16,761)**	**33,252,396**
LIABILITIES					
Current	**9,633,228**	**9,633,228**	**320,243**	**(459,108)**	**9,494,363**
Suppliers	1,939,205	1,939,205			1,939,205
Loans and financing	2,916,759	2,916,759	340,868		3,257,627
Debentures	44,428	44,428			44,428
Social and labor liabilities	117,994	117,994			117,994
Tax liabilities	333,811	333,811			333,811
Tax paid in installments	249,930	249,930			249,930
Provision for pension fund	54,818	54,818	(54,818)		
Dividends payable	1,790,642	1,790,642		(459,108)	1,331,534
Tax, social security, labor and civil provisions	91,710	91,710	69,434		161,144
Financial instruments - equity swap	1,596,394	1,596,394			1,596,394
Other	497,537	497,537	(35,241)		462,296
Non-current	**15,201,622**	**15,468,569**	**1,360,713**	**(18,000)**	**16,811,282**
Loans and financing	8,040,773	8,040,773	7,565		8,048,338
Debentures	632,760	632,760			632,760
Tax, social security, labor and civil provisions	2,450,126	2,450,126	1,297,475		3,747,601
Provision for environmental liability	71,425	71,425	14,224		85,649
Deferred income and social contribution taxes			855	1,326	2,181
Taxes paid in installments	795,052	795,052			795,052
Obligations with related parties	2,878,200	2,878,200			2,878,200
Provision for pension fund	62,750	329,697	54,818	(20,375)	364,140
Other	270,536	270,536	(14,224)	1,049	257,361
Shareholders' equity	**6,662,589**	**6,486,404**		**460,347**	**6,946,751**
Capital stock	1,680,947	1,680,947			1,680,947
Capital reserve	30	30			30
Profit reserve	3,682,865	3,682,865	85,891	485,816	4,254,572
Additional proposed dividends				485,816	485,816
Other	3,682,865	3,682,865	85,891		3,197,049
Retained earnings		(176,185)	1,212,855	(24,866)	1,011,804

Equity valuation adjustments	1,298,747	1,298,747	(1,298,746)	(603)	(602)
TOTAL LIABILITIES + SHAREHOLDERS' EQUITY	**31,497,439**	**31,588,201**	**1,680,956**	**(16,761)**	**33,252,396**

(CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE)

ii. Reconciliation of shareholders equity BRGAAP x IFRS on January 1, 2009

	Note	01/01/2009
Shareholders' equity in BRGAAP		**6,486,404**
IFRS adjustments:		
Deferred assets	**4.3 b**	(44,113)
Capitalized exchange variation	**4.3 d**	(194,368)
Monetary correction of hyperinflationary period	**4.3 d**	180,635
Depreciation	**4.3 d**	637
Additional dividends (minimum mandatory)	**4.3 f**	485,816
Pension plan - Private pension	**4.2 a**	50,035
Pension plan - Health plan	**4.2 a**	(29,661)
Deferred income and social security taxes without IFRS adjustments	**4.3 c**	11,759
Other adjustments - net		(393)
Shareholders' equity in IFRS		**6,946,751**

(CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE)

iii. Balance Sheet on December 31, 2009

					12/31/2009
	BRGAAP	BRGAAP	IFRS		IFRS
	Published	Restated	Reclassifications	Adjustments	
ASSETS					
Current	**13,568,594**	**13,568,594**	**(749,273)**	**16,152**	**12,835,473**
Cash and cash equivalents	7,970,791	7,970,791			7,970,791
Trade accounts receivable	1,186,315	1,186,315			1,186,315
Inventory	2,588,946	2,588,946	(35)	16,462	2,605,373
Income and social contribution taxes to offset	398,172	398,172			398,172
Deferred income and social contribution taxes	749,272	749,272	(749,272)		
Other	675,098	675,098	34	(310)	674,822
Non-current	**15,598,630**	**15,695,676**	**2,241,576**	**(47,222)**	**17,890,030**
Long-term assets	**3,640,162**	**3,737,208**	**2,241,573**	**(1,559)**	**5,977,222**
Deferred income and social contribution taxes	1,112,299	1,209,345	749,272	(1,559)	1,957,058
Taxes recoverable	236,852	236,852			236,852
Judicial deposits	1,214,670	1,214,670	1,492,301		2,706,971
Accounts receivable	212,486	212,486			212,486
Credits with subsidiaries	479,120	479,120			479,120
Prepaid expenses	105,921	105,921			105,921
Other	278,814	278,814			278,814
Investment	**321,889**	**321,889**		**13**	**321,902**
Property, plant and equipment	**11,145,530**	**11,145,530**	**17,846**	**(30,029)**	**11,133,347**

Intangible assets	**457,580**	**457,580**		**(21)**	**457,559**
Deferred	**33,469**	**33,469**	**(17,843)**	**(15,626)**	
TOTAL ASSETS	**29,167,224**	**29,264,270**	**1,492,303**	**(31,070)**	**30,725,503**
LIABILITIES					
Current	**5,128,196**	**5,128,196**	**48,897**	**(1,179,027)**	**3,998,066**
Suppliers	504,223	504,223			504,223
Loans and financing	1,160,407	1,160,407	(77,146)		1,083,261
Debentures	30,659	30,659			30,659
Obligations with related parties	80,062	80,062			80,062
Social and labor liabilities	134,190	134,190			134,190
Tax liabilities	336,804	336,804			336,804
Taxes paid in installments	582,190	582,190			582,190
Provision for pension fund	57,158	57,158	(57,158)		
Dividends payable	1,562,085	1,562,085		(1,179,006)	383,079
Tax, social security, labor and civil provisions	83,462	83,462	106,055		189,517
Other	596,956	596,956	77,146	(21)	674,081
Non-current	**18,445,535**	**18,730,965**	**1,443,406**	**(36,444)**	**20,137,927**
Loans and financing	12,547,840	12,547,840	(18,729)		12,529,111
Debentures	624,570	624,570			624,570
Tax, social security, labor and civil provisions	1,452,422	1,452,422	1,386,248		2,838,670
Provision for environmental liability	116,544	116,544	15,524		132,068
Deferred income and social contribution taxes	28,325	28,325		1,715	30,040
Taxes paid in installments	437,231	437,231			437,231
Obligations with related parties	2,980,772	2,980,772			2,980,772
Provision for pension fund	12,788	298,218	57,158	(38,231)	317,145
Other	245,043	245,043	3,205	72	248,320
Shareholders' equity attributed to controlling shareholders	**5,510,433**	**5,322,049**		**1,184,401**	**6,506,450**
Capital stock	1,680,947	1,680,947			1,680,947
Capital reserve	30	30			30
Profit reserve	4,211,770	4,211,770	54,200	1,178,635	5,444,605
Additional proposed dividends				1,178,635	1,178,635
Other	4,211,770	4,211,770	54,200		4,265,970
Retained earnings		(188,384)	150,604	4,363	(33,417)
Equity valuation adjustment	(382,314)	(382,314)	(204,804)	1,403	(585,715)
Non-controlling interest	**83,060**	**83,060**			**83,060**
Shareholders' equity	**5,593,493**	**5,405,109**		**1,184,401**	**6,589,510**
	29,167,224	**29,264,270**	**1,492,303**	**(31,070)**	**30,725,503**

TOTAL LIABILITIES + SHAREHOLDERS' EQUITY

(CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE)

iv. Reconciliation of shareholders equity BRGAAP x IFRS on December 31, 2009

	Note	12/31/2009
Shareholders' equity in BRGAAP		**5,405,109**
IFRS adjustments:		
Deferred assets	**4.3 b**	(37,163)
Capitalized exchange variation	**4.3 d**	(173,145)
Monetary correction of hyperinflationary period	**4.3 d**	164,323
Depreciation	**4.3 d**	637
Additional dividends (minimum mandatory)	**4.3 f**	1,178,635
Pension plan - Private pension		69,947
Pension plan - Health plan		(31,714)
Deferred income and social contribution taxes without IFRS adjustments	**4.3 c**	(3,277)
Other adjustments - net		16,158
Shareholders' equity in IFRS		**6,589,510**

v. Statement of income for the year ended on December 31, 2009

				12/31/2009
	BRGAAP Published	BRGAAP As Restated	IFRS adjustments	IFRS
Net sales and/or services revenue	**10,978,364**	**10,978,364**		**10,978,364**
Cost of goods and/or services sold	**(7,045,504)**	**(7,045,504)**	**23,385**	**(7,022,119)**
Depreciation, depletion and amortization	(751,266)	**(751,266)**	4,102	(747,164)
Other	(6,294,238)	**(6,294,238)**	19,283	(6,274,955)
GROSS INCOME	**3,932,860**	**3,932,860**	**23,385**	**3,956,245**

Operating expenses/income	**(400,455)**	**(412,480)**	**17,467**	**(395,013)**
Sales	**(635,784)**	**(635,784)**		**(635,784)**
Depreciation and amortization	(6,250)	(6,250)		(6,250)
Other	(629,534)	(629,534)		(629,534)
General and administrative	**(483,067)**	**(483,067)**	**2,995**	**(480,072)**
Depreciation and amortization	(29,733)	(29,733)	2,995	(26,738)
Other	(453,334)	(453,334)		(453,334)
Other operating income	**1,416,756**	**1,416,756**	**(21)**	**1,416,735**
Other operating expenses	**(698,360)**	**(710,385)**	**14,480**	**(695,905)**
Equity pick-up			**13**	**13**
EARNINGS BEFORE FINANCIAL RESULT AND TAXES	**3,532,405**	**3,520,380**	**40,852**	**3,561,232**
Financial	**(246,435)**	**(246,435)**		**(246,435)**
Financial income	586,025	586,025		586,025
Financial expenses	(832,460)	(832,460)		(832,460)
Monetary and exchange variation - net	1,060,055	1,060,055		1,060,055
Financial expenses	(1,892,515)	(1,892,515)		(1,892,515)
INCOME BEFORE TAXES/INTEREST	**3,285,970**	**3,273,945**	**40,852**	**3,314,797**
Current income and social contribution taxes	**(581,735)**	**(581,735)**		**(581,735)**
Deferred income and social contribution taxes	**(109,323)**	**(103,993)**	**(13,888)**	**(117,881)**
Deferred income tax	(83,497)	(79,578)	(10,211)	(89,789)
Deferred social contribution	(25,826)	(24,415)	(3,677)	(28,092)
NET INCOME FOR THE YEAR	**2,594,912**	**2,588,217**	**26,964**	**2,615,181**
Attributed to controlling shareholders	2,598,665	2,591,970		2,618,934
Attributed to non-controlling shareholders	(3,753)	(3,753)		(3,753)

(CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE)

vi. Reconciliation of income BRGAAP x IFRS for the year ended on December 31, 2009

	Note	2009
Net income in BRGAAP		**2,588,217**
IFRS adjustments:		
Deferred assets	**4.3 b**	7,519
Capitalized exchange variation	**4.3 d**	23,545
Monetary correction of hyperinflationary period	**4.3 d**	(16,312)
Pension plan	**4.2 a**	14,481
Deferred income and social contribution taxes on IFRS adjustments	**4.3 c**	(13,887)
Other adjustments - net		11,618
Net income in IFRS		**2,615,181**

(CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE)

vii. Reconciliation of cash flow BRGAAP x IFRS for the year ended on December 31, 2009

				Consolidated 2009
	BRGAAP Published	**BRGAAP As Restated**	**IFRS adjustments**	**IFRS**
Cash flow of operating activities:				
Net income for the period	**2,594,912**	**2,588,217**	**26,964**	**2,615,181**
Adjustments for the reconciliation of net income for the period				
with the funds from the operating activities:				
- Monetary and exchange variations - net	(2,024,573)	(2,024,573)		(2,024,573)
- Provision for charges on loans and financing	1,130,089	1,130,089		1,130,089
- Depreciation/depletion/amortization	787,249	787,249	(7,097)	780,152
- Income from the write-off and disposal of assets	70,494	70,494		70,494
- Non-operating gains (losses)	(835,115)	(835,115)		(835,115)
- Deferred income and social contribution taxes	109,324	103,994	13,887	117,881
- Provision for losses on notes receivable	1,527	1,527		1,527
- Provision for actuarial liabilities - CBS	(47,622)	(47,622)		(47,622)
- Provision for swap	(88,986)	(88,986)		(88,986)
- Provision for contingencies	99,157	99,157		99,157
- Other provisions	437,994	450,019	(33,754)	416,265
	2,234,450	**2,234,450**		**2,234,450**
- Accounts receivable	(51,082)	(51,082)		(51,082)
- Inventory	926,260	926,260		926,260
- Recoverable taxes	(313,697)	(313,697)		(313,697)
- Taxes payable	263,734	263,734		263,734
- Taxes paid in installments - Refis	(103,775)	(103,775)		(103,775)

- Suppliers	(1,137,203)	(1,137,203)		(1,137,203)
- Salaries and payroll charges	15,257	15,257		15,257
- Contingent liabilities	(422,375)	(422,375)		(422,375)
- Judicial deposits	(737,041)	(737,041)		(737,041)
- Interests paid	(992,280)	(992,280)		(992,280)
- Interests paid on swap	(742,700)	(742,700)		(742,700)
- Other	287,433	287,433		287,433
Changes in assets and liabilities	**(3,007,469)**	**(3,007,469)**		**(3,007,469)**
Net cash from operating activities	**(773,019)**	**(773,019)**		**(773,019)**
- Net effects from equity swap	1,420,322	1,420,322		1,420,322
- Swaps receivable	248,966	248,966		248,966
- Investment	(284,232)	(284,232)		(284,232)
- Property, plant and equipment	(1,996,759)	(1,996,759)		(1,996,759)
- Intangible assets	(5,628)	(5,628)		(5,628)
Net cash used in investment activities	**(617,331)**	**(617,331)**		**(617,331)**
- Loans and financing	7,671,696	7,671,696		7,671,696
- Interest on shareholders' equity	(2,027,600)	(2,027,600)		(2,027,600)
- Treasury shares	(1,350,307)	(1,350,307)		(1,350,307)
- Financial institutions - principal	(2,783,313)	(2,783,313)		(2,783,313)
Net cash used in financing activities	**1,510,476**	**1,510,476**		**1,510,476**
Exchange variation on cash and cash equivalents	**(1,300,744)**	**(1,300,744)**		**(1,300,744)**
Increase (decrease) in cash and cash equivalents	**(1,180,618)**	**(1,180,618)**		**(1,180,618)**
Cash and cash equivalents at the beginning of the year	9,151,409	9,151,409		9,151,409
Cash and cash equivalents at the end of the year	**7,970,791**	**7,970,791**		**7,970,791**

(CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE)

DFP STANDARD FINANCIAL STATEMENTS December 31, 2010 CIA SIDERURGICA NACIONAL **Version: 1**

4.5 Reconciliation of quarterly consolidated information adjusted to the IFRS and disclosed

This information was subject to special reviewing procedures by the independent auditors, in accordance with the CVM requirements for Quarterly Information (NPA 06 by IBRACON), and were not audited in the scope of the Financial Statements.

i. Reconciliation of shareholders equity BRGAAP x IFRS in the quarters of 2010

	3/31/2010	**6/30/2010**	**9/30/2010**
Shareholders' equity in BRGAAP - Published	**6,014,631**	**6,849,252**	**7,520,138**
Shareholders' equity in BRGAAP - As Restated	**5,826,247**	**6,660,868**	**7,331,754**
IFRS adjustments:			
Deferred assets	(35,398)	(34,038)	(32,731)
Capitalized exchange variation	(156,301)	(151,860)	(147,361)
Monetary correction	156,977	153,537	149,977
Depreciation	637	637	637
Exceeding dividends (mandatory minimum)	1,178,635		
Pension Plan - Private	32,312		
Pension Plan - Health insurance	(31,714)	(31,714)	(31,714)
Useful life revision	16,814	39,659	62,736
Deemed Cost	(35,555)	(34,879)	(34,202)
Deferred income and social contribution taxes without IFRS adjustments	(5,305)	(14,105)	(22,945)
Other adjustments	4,467	4,476	4,475
Shareholders' equity in IFRS	**6,951,816**	**6,592,581**	**7,280,626**

ii. Reconciliation of net income BRGAAP x IFRS in the quarters of 2010

	3/31/2010	6/30/2010	9/30/2010
Net income in BRGAAP	**481,572**	**1,375,571**	**2,095,783**
Deferred assets	1,933	3,293	4,600
Capitalized exchange variation	7,180	11,620	16,120
Pension Plan - Private	(37,635)	(69,947)	(69,947)
Monetary correction	(7,346)	(10,786)	(14,346)
Useful life review	17,490	41,012	64,765
Other adjustments	(11,681)	(11,681)	(11,681)
Deferred income and social contribution taxes without IFRS adjustments	(2,576)	(11,376)	(20,215)
Net income in IFRS	**448,937**	**1,327,706**	**2,065,079**

iii. Reconciliation of shareholders equity BRGAAP x IFRS in the quarters of 2009

	3/31/2009	6/30/2009	9/30/2009	12/31/2009
Shareholders' equity in BRGAAP - Published	**6,907,591**	**6,927,542**	**6,354,786**	**5,593,493**
Shareholders' equity in BRGAAP - As Restated	**6,731,406**	**6,751,357**	**6,178,601**	**5,405,109**
IFRS adjustments:				
Deferred assets	(41,210)	(40,016)	(38,316)	(37,163)
Capitalized exchange variation	(191,654)	(187,305)	(179,631)	(173,145)
Monetary correction	175,932	176,771	172,267	164,323
Depreciation	637	637	637	637
Exceeding dividends (mandatory minimum)	485,816			1,178,635
Pension Plan - Private	55,094	60,151	65,208	69,947
Pension Plan - Health insurance	(29,661)	(29,661)	(29,661)	(31,714)
Defered income and social contribution taxes without IFRS adjustments	8,950	5,064	1,693	(3,277)
Other adjustments	(844)	176	160	16,158
Shareholders' equity in IFRS	**7,194,466**	**6,737,174**	**6,170,958**	**6,589,510**

(CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE)

iv. Reconciliation of net income BRGAAP x IFRS in the quarters of 2009

	3/31/2009	6/30/2009	9/30/2009	12/31/2009
Net income in BRGAAP	**368,824**	**703,568**	**1,853,230**	**2,588,217**
Deferred assets	2,902	4,097	5,797	7,519
Capitalized exchange variation	5,036	9,386	17,060	23,545
Pension Plan - Private	4,527	9,052	13,578	14,481
Monetary correction	(4,703)	(3,864)	(8,369)	(16,312)
Deferred income and social contribution taxes without IFRS adjustments	(2,628)	(6,333)	(9,523)	(13,887)
Other adjustments	7	(3)	(35)	11,618
Net income in IFRS	**373,965**	**715,903**	**1,871,738**	**2,615,181**

5. RELATED PARTIES TRANSACTIONS

a) Transactions with Parent Company

Vicunha Siderurgia S.A. is a holding Company whose purpose is to hold interest in other companies. It is the Company s main shareholder, with a 47.86% interest in the voting capital.

CSN recorded interest on shareholders equity for the year, paid dividends and interest on shareholders equity for Vicunha Siderurgia in the amount indicated in the table below, according to the percentage of Vicunha Siderurgia s interest in CSN as of the closing date of this quarterly information.

Parent Company

	Minimum mandatory dividend	Interest on shareholders' equity proposed	Dividends distributed	Interest on shareholders' equity paid	Additional proposed dividends
Total in 2010	130,701	170,813	717,834	33,499	587,524
Total in 2009	179,459	153,121	689,747	243,060	538,376

The corporate structure of Vicunha Siderurgia is described as follows (unaudited information):

Rio Purus Participações S.A. holds 60% in National Steel and 59.99% in Vicunha Steel S.A.

CFL Participações S.A. holds 40% in National Steel and 39.99% in Vicunha Steel S.A.

National Steel holds 33.04% in Vicunha Aços

Vicunha Steel holds 66.96% in Vicunha Aços

Vicunha Aços holds 99.99% in Vicunha Siderurgia

b) Transactions with jointly-owned subsidiaries

The Company holds interest in jointly-owned subsidiaries in the strategic areas of mining, logistics and power generation. The characteristics, purposes and transactions with these companies are stated as follows:

(CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE)

- **Assets**

Companies	Accounts receivable	Dividends receivable	Loans (*)	Total
Nacional Minérios	46,492	587,770	1,241,095	1,875,357
MRS Logística	776	23,898		24,674
Itá Energética		5,321		5,321
Total in 2010	**47,268**	**616,989**	**1,241,095**	**1,905,352**
Total in 2009	**26,947**	**336,461**	**1,231,721**	**1,595,129**

(*) Loan agreement in the amount of R$1,197,800, starting on January 28, 2009, and interest rates of R$43,295 on December 31, 2010, the face value of this agreement is entitled to compensatory interest corresponding to 101% of CDI Cetip, maturing on January 31, 2012.

- **Liabilities**

		Liabilities		
Companies	Advance from clients	Loans / Checking accounts	Other	Total
Nacional Minérios	7,924,542	18,423		7,942,965
MRS Logística			55,217	55,217
Itá Energética			13,123	13,123
Total in 2010	**7,924,542**	**18,423**	**68,340**	**8,011,305**
Total in 2009	**7,638,658**	**11,823**	**86,635**	**7,737,116**

Nacional Minérios: the advance from clients received from the jointly-owned subsidiary Nacional Minérios S.A. is related to the contractual obligation of iron ore supply and port services. The contract has a 12.5% p.a. interest rate and maturity expected for June 2042. The amount due in 2011 corresponds to R$325,099.

MRS Logística: in other accounts payable we recorded the amount provisioned to cover take-or-pay and block rates contractual expenses related to the rail transportation contract.

Itá Energética: it is related to the electric power supply billed under normal market conditions of the Brazilian energy market, ruled by Electric Power Trade Chamber.

- **Income**

	Revenues			Expenses		
Companies	**Sales**	**Interest and monetary and exchange variations**	**Total**	**Purchases**	**Interest and monetary and exchange variations**	**Total**
Nacional Minérios	694,378	114,943	809,321	23,788	934,014	957,802
MRS Logística				371,705		371,705
Itá Energética				154,277		154,277
Total in 2010	**694,378**	**114,943**	**809,321**	**549,770**	**934,014**	**1,483,784**
Total in 2009	**508,882**	**105,407**	**614,289**	**950,189**	**898,349**	**1,848,538**

The Company`s main operations with jointly-owned subsidiaries are purchase and sale of products and services that include iron ore supply, port service provision transactions, rail transportation as well as electric power supply for operations.

(CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE)

DFP STANDARD FINANCIAL STATEMENTS December 31, 2010 CIA SIDERURGICA NACIONAL **Version: 1**

c) Transactions with subsidiaries and special purpose entities (exclusive investment funds)

- **Assets**

Companies	Accounts receivable	Marketable securities (1)	Loans(3) / Advances	Dividends receivable	Advance for future capital increase	Derivative financial instruments(2)	Total
CSN Islands VIII					4,166	254,231	258,397
CSN Portugal	437,440						437,440
CSN Europe	303,975						303,975
CSN Aços Longos					257,237		257,237
Inal Nordeste	9,433						9,433
International Investment Fund			20,724				20,724
Cia Metalurgia Prada	58,405				40,000		98,405
CSN Cimentos	3,417				662,084		665,501
Cia. Metalic Nordeste	1,595						1,595
Estanho Rondônia - ERSA			3,731				3,731
Transnordestina					289,314		289,314
Florestal Nacional			117,184				117,184
Sepetiba Tecon	144			5,555			5,699
Itamambuca Participações				301			301
Exclusive funds		204,677					204,677
Total in 2010	**814,409**	**204,677**	**141,639**	**5,856**	**1,252,801**	**254,231**	**2,673,613**
Total in 2009	**1,004,646**	**2,724,714**	**20,521**	**7,964**	**182,537**	**152,209**	**4,092,591**

(1) The financial investments and the investments in exclusive funds are managed by Banco BTG Pactual. In 2010 the balance is composed only by shares of Usiminas, classified as investment.

(2) Financial instrument agreement, specifically swap between CSN and Islands VIII.

(3) International Investment Fund agreement in US$ dollars: 4.3% p.a. interest with undefined maturity.

Floresta Nacional agreement in Brazilian reais (R$): 103.0 and 105.5% CDI interest due on April 1st, 2011.

Accounts receivable derive from sales operations of products and services among the parent Company and the subsidiaries.

- **Liabilities**

	Loans and financing			Accounts payable		
Companies	**Pre-payment (1)**	**Fixed Rate Notes(2)**	**Loans and Intercompany Bonds (2)**	**Loans(3) / Checking accounts**	**Other**	**Total**
CSN Resources	1,715,891		1,080,432			2,796,323
CSN Islands VIII		1,214,767		1,531		1,216,298
CSN Portugal	364,830					364,830
CSN Ibéria		740,368		257,362		997,730
CSN Europe			17,415	294,614		312,029
CSN Aceros				16,750		16,750
Congonhas Minérios			1,155,991			1,155,991
Exclusive funds					40,405	40,405
Other(*)					3,369	3,369
Total in 2010	**2,080,721**	**1,955,135**	**2,253,838**	**570,257**	**43,774**	**6,903,725**
Total in 2009	**2,368,683**	**1,793,350**	**1,143,915**	**605,817**	**1,728**	**5,913,493**

Transactions with these subsidiaries are carried out under market conditions.

(1) Contracts in US$ - CSN Resources: interest from 2.26% to 10.00% p.a. with maturity in June 2018.

Contracts in US$ - CSN Portugal: interest from 6.15% to 7.43% p.a. with maturity in May 2015.

(CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE)

(2) Contracts in US$ - CSN Resources: InterCompany Bonds, interest of 9.12% p.a. with maturity on June 1, 2047.

Contracts in US$ - CSN Resources (part): 3.99% p.a. with maturity in April 2013.

Contracts in YEN CSN Islands VIII: interest of 5.65% p.a. with maturity in December 2013.

Contracts in YEN CSN Resources: interest of 4.14% p.a. with maturity on July 13, 2015.

Contracts in US$ - CSN Europe (part): semiannual Libor + 2.25% p.a. with maturity on September 15, 2011.

Contracts in R$ - Congonhas Minérios: 100.5% to 105.5% p.a. of CDI, with maturity postponed to April 1st, 2011 (with previous maturity on December 15, 2010).

(3) Contracts in US$ - CSN Ibéria (part): semiannual Libor + 3% p.a. with indefinite maturity.

Contracts in US$ - CSN Europe (part): semiannual Libor + 3% p.a. with indefinite maturity.

(*) Other**:** CSN Cimentos, Companhia Metalúrgica Prada, Cia. Metalic Nordeste, Sepetiba Tecon and Inal Nordeste.

- **Income**

	Revenues			Expenses		
Companies	**Sales**	**Interest and monetary and exchange variations**	**Total**	**Purchases**	**Interest and monetary and exchange variations**	**Total**
Companhia Metalúrgica Prada	923,711		923,711	17,939		17,939

CSN Export	603,668	24,487	628,155		25,113	25,113
CSN Islands VIII					93,017	93,017
CSN Resources					120,240	120,240
CSN Europe	437,226	13,849	451,075		29,690	29,690
CSN Ibéria					51,126	51,126
Cia. Metalic Nordeste	81,804		81,804	1,916		1,916
GalvaSud	48,114		48,114	3,316		3,316
Estanho of Rondônia - ERSA				27,389		27,389
Inal Nordeste	48,987		48,987	707		707
Sepetiba Tecon	3,018		3,018	13,598		13,598
Congonhas Minérios					29,123	29,123
CSN Cimentos	36,780		36,780	106		106
CSN Portugal	9,126	8,910	18,036		23,181	23,181
Namisa Europe		357	357			
CSN Aceros		754	754			
International Investment Fund		203	203			
Exclusive funds					93,046	93,046
Florestal Nacional		5,160	5,160			
Total in 2010	**2,192,434**	**53,720**	**2,246,154**	**64,971**	**464,536**	**529,507**
Total in 2009	**3,043,334**	**467,469**	**3,510,803**	**179,387**	**880,540**	**1,059,927**

The Company s main operations with subsidiaries are the purchase and sale of products and services, including iron ore, steel and port services.

d) Other related parties

- **CBS Previdência**

The Company is its main sponsor, a non-profit civil association set up in July 1960, whose main purpose is to pay supplementary benefits to those paid by social security. As a sponsor, CSN maintains payment transactions of contributions and actuarial liability recognition ascertained in defined benefit plans, Note 30.

- **Fundação CSN**

The Company develops socially responsible policies currently focused on Fundação CSN, whose sponsor is the Company. Transactions between the parties are related to operating and financial support for Fundação CSN to develop social projects, mainly in the localities where CSN operates.

- **Banco Fibra**

Banco Fibra is under the same control structure of Vicunha Siderurgia, and financial transactions with this bank are limited to transactions in checking accounts and financial investments in fixed income.

- **CBL Companhia Brasileira de Latas**

CBL (Companhia Brasileira de Latas) operates in the metallic steel packages segment, serving the chemical and food segments, supplying packages to the main companies in the market, in which CSN holds shares considering it is a debenturer of CBL, accounting for a participation of 0.0053%.

On December 31, 2010, in the long-term, the Company had accounts receivable amounting to R$239,039 (R$239,039 in 2009), and debentures, amounting to R$212,870 (R$212,870 in 2009) from Grupo CBL (Companhia Brasileira de Latas) which is duly covered by a provision for losses in the same amount.

The balances of transactions between the Company and these entities are shown as follows:

Assets and Liabilities

	Assets				Liabilities		
Empresa	Banks/Marketable securities	Accounts Receivables	Checking account	Total	Actuarial liabilities	Other accounts payable	Total
CBS Previdência					367,839		367,839
Fundação CSN			1,199	1,199		37	37
Banco Fibra	86			86			
Usiminas		12,455		12,455		16,096	16,096
Panatlântica		12,227		12,227			
	86	**24,682**	**1,199**	**25,967**	**367,839**	**16,133**	**383,972**
	34		**906**	**940**	**317,145**	**90**	**317,235**

Income

	Revenues			Expenses		
Company	Interest/ sales revenue	Other revenues	Total	Pension Fund Expenses	Other expenses	Total
CBS Previdência		90	90	82,041		82,041
Fundação CSN					2,385	2,385
Banco Fibra	680		680			
CBL	84,350		84,350		37,672	37,672
Usiminas	103,486		103,486		18,594	18,594
Panatlântica	224,795		224,795			
Total em 2010	**413,311**	**90**	**413,401**	**82,041**	**58,651**	**140,692**
Total em 2009	**97,487**	**190**	**97,677**	**76,420**	**1,305**	**77,725**

(CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE)

e) Key-management personnel

Key management personnel are responsible for planning, directing and controlling the Company s activities and include the members of the Board of Directors and statutory directors. Information on compensation and balances existing on December 31, 2010 is shown below.

	2010	2009
	Income	Income
Short-term benefits for employees and management	17,881	21,926
Post-employment benefits	81	75
Other long-term benefits	n/a	n/a
Benefits of labor agreement termination	n/a	n/a
Share-based compensation	n/a	n/a
	17,962	**22,001**

n/a Not applicable

f) Policy for investments and payment of interest on shareholders equity and distribution of dividends

As of December 11, 2000, the CSN Board of Directors decided to adopt a profit distribution policy which will result in the full distribution of net income to its shareholders, in compliance with Law 6,404/76 amended by Law 9,457/97, provided that the following priorities are preserved, irrespective of their order: (i) business strategy; (ii) compliance with liabilities; (iii) execution of the necessary investments; and (iv) maintenance of the Company s good financial standing.

6. CASH AND CASH EQUIVALENTS

	Consolidated		Parent Company	
	2010	2009	2010	2009
Current assets				
Cash and cash equivalents				
Cash and Banks	**156,580**	**142,045**	**14,033**	**31,023**
Marketable securities				
In Brazil:				
Exclusive investment funds				2,724,714
Government bonds	477,529	3,339,972		
Fixed income and debentures (*)	2,134,364	1,304,713	93,062	116,545
	2,611,893	**4,644,685**	**93,062**	**2,841,259**
Abroad:				
Time Deposits	7,470,805	3,184,061	1,202	637
Total Marketable securities	**10,082,698**	**7,828,746**	**94,264**	**2,841,896**
Cash and cash equivalents	**10,239,278**	**7,970,791**	**108,297**	**2,872,919**

The available financial funds in the Parent Company and subsidiaries established in Brazil are primarily invested in exclusive investment funds, whose cash is mostly invested in repurchase operations pegged to Brazilian government bonds, with immediate liquidity. Additionally, a significant portion of the financial funds of the Company and its subsidiaries abroad is invested in Time Deposits in first-tier banks.

The exclusive investment funds, managed by BTG Pactual Serviços Financeiros S.A DTVM, and its assets, are accountable for possible losses in investments and operations carried out. The Company may bear the fund s operation fees (management, custody and audit fees) and it may also be called to back the shareholders equity in the event of losses resulting from interest rate, exchange rate or other financial asset variations.

(CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE)

Fixed Income: financial investments in the amount of R$2,079,549 in the consolidated and R$93,062 in the parent Company, backed by Bank Deposit Certificates, with remuneration based on the variation of Interbank Deposit Certificates (CDI).

(*) **Debentures:** Investments in the jointly-controlled subsidiary MRS amounting to R$54,815 in debentures, with remuneration based on the variation of Interbank Deposit Certificates (CDI) in securities of Santander, Votorantim, Safra, Itaú BBA and Bradesco.

7. TRADE ACCOUNTS RECEIVABLE

		Consolidated		**Parent Company**
	2010	**2009**	**2010**	**2009**
Clients				
Third-parties				
Domestic market	846,507	977,239	577,589	493,145
Foreign market	530,356	359,355	14,948	3,255
Allowance for doubtful accounts	(117,402)	(164,077)	(99,023)	(107,558)
	1,259,461	**1,172,517**	**493,514**	**388,842**
Related parties (Note 5)		**13,798**	**861,677**	**1,031,593**
	1,259,461	**1,186,315**	**1,355,191**	**1,420,435**
Other accounts receivable				
Dividends receivable			622,544	344,425
Loans to subsidiaries	17,318	13,569	164,210	33,921
Other receivables	90,980	128,057	39,027	30,972
	108,298	**141,626**	**825,781**	**409,318**
	1,367,759	**1,327,941**	**2,180,972**	**1,829,753**

In order to meet the needs of some domestic market clients, related to the extension of steel payment term, in common agreement with CSN group s internal commercial policy and the maintenance of its short-term receivables (up to 14 days), as requested by the client, loan granting operations without co-obligation are negotiated between the client and common banks, where CSN group grants trade bills/notes issued by it to common banks.

Considering the type of the loan granting operations without co-obligation, CSN group, after granting client trade bills/notes and receiving funds from closing each operation, settles accounts receivable and fully releases itself from the operation credit risk.

This operation amounts to R$247,680 on December 31, 2010 (R$235,204 in 2009), deducted from accounts receivable.

Below, the breakdown of provision for trade accounts receivable losses of the Company:

		Consolidated		**Parent Company**
	2010	**2009**	**2010**	**2009**
Opening balance	(164,077)	(162,550)	(107,558)	(78,518)
Provision for losses from trade accounts receivable	(7,439)	(68,524)	(8,535)	(93,771)
Credits recovered	54,114	66,997	17,070	64,731
	(117,402)	**(164,077)**	**(99,023)**	**(107,558)**

(CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE)

8. INVENTORIES

	Consolidated		Parent Company	
	2010	**2009**	**2010**	**2009**
Finished products	1,016,594	600,955	783,556	377,760
Work in process	588,723	510,006	550,824	442,037
Raw materials	656,286	581,393	534,514	446,842
Supplies	864,205	711,855	737,407	595,550
Iron ore	313,716	249,978	179,543	150,279
Provision for losses	(83,738)	(48,814)	(79,131)	(40,465)
	3,355,786	**2,605,373**	**2,706,713**	**1,972,003**

Certain items taken as obsolete, or with a low turnover, were the purpose of provisions.

On December 31, 2010 the Company had iron ore long-term inventories amounting to R$130,341, classified in other non-current assets.

9. OTHER CURRENT ASSETS

Other current assets recorded under current assets are as follows:

	Consolidated		Parent Company	
	2010	**2009**	**2010**	**2009**

prepaid taxes	89,596	54,831	7,129	
Guaranteed margin - finacial instruments (Note 17)	254,485	115,949		
Unrealizad gains with derivatives (Note 17)			254,231	152,209
	344,081	**170,780**	**261,360**	**152,209**

10. DEFERRED INCOME AND SOCIAL CONTRIBUTION TAXES

(a) Income and social contribution taxes recognized in the income statement:

Income and social contribution taxes recognized in the income statement are shown below:

		Consolidated		**Parent Company**
	2010	**2009**	**2010**	**2009**
Expenses (revenue) with income and social contribution taxes				
Current	313,371	581,735	90,485	270,649
Deferred	257,326	117,881	74,632	(88,266)
Total	**570,697**	**699,616**	**165,117**	**182,383**

(CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE)

The reconciliation of income and social contribution taxes expenses and revenues of the Parent Company and consolidated and the effective IR and CSLL rate are shown as follows:

		Consolidated		**Parent Company**
	2010	**2009**	**2010**	**2009**
Income before income and social contribution taxes	**3,086,888**	**3,314,797**	**2,681,493**	**2,801,317**
Tax rate	34%	34%	34%	34%
Income and social contribution taxes at the combined tax rate	**(1,049,542)**	**(1,127,031)**	**(911,708)**	**(952,448)**
Adjustments to reflect the effective tax rate:				
Benefit of interest on shareholders' equity - JCP	121,312	108,788	121,312	108,788
Equity income of subsidiaries at different rates or which are not taxable	216,529	169,314	508,987	452,996
Tax incentives	33,824	11,732	33,824	9,309
Adjustments from installments from Law 11,941 and MP 470 (Note 20)	106,216	252,838	88,729	252,153
Other permanent exclusions (additions)	964	(115,257)	(6,261)	(53,181)
Income and social contribution taxes on net income for the year	**(570,697)**	**(699,616)**	**(165,117)**	**(182,383)**
Effective rate	**18%**	**21%**	**6%**	**7%**

(*) In 2009 refers mainly by the constitution of deferred income tax on the tax loss carryfowards of the subsidiary Prada

(b) Deferred income and social contribution taxes:

Deferred income and social contribution taxes are recorded in order to reflect future tax effects attributable to temporary differences between the tax base of assets, liabilities and the respective carrying value.

	Consolidated			Parent Company		
	2010	2009	01/01/2009	2010	2009	01/01/2009
Deferred						
Tax loss on income tax	4,944	162,123	307,545		143,688	233,643
Negative basis of social contribution	1,871	56,661	110,763		54,574	83,855
Temporary differences	**1,586,126**	**1,708,234**	**1,176,416**	**854,437**	**799,920**	**1,018,122**
- Provision for contingencies	298,708	279,184	556,725	276,098	265,092	544,120
- Provision for losses in assets	40,345	46,984	39,519	22,342	39,173	35,072
- Provision for losses in inventories	26,011	17,969	6,899	25,660	15,231	6,306
- Provision for gains/losses in financial instruments	183,169	160,239	78,821	116,753	139,297	90,772
- Provision for interest on shareholders' equity	121,351	20,706	91,276	121,351	20,706	91,276
- Provision for long-term sales	1,221	6,806	2,383	1,221	6,806	2,383
- Provision for inputs and services	43,828	33,929	26,074	31,371	34,008	25,696
- Allowance for doubtful accounts	146,865	102,482	59,950	144,732	78,520	38,318
- Provision for payments of private pension plan	7,012	4,358	21,336		23,782	39,973
- IFRS Adjustments	57,813	103,532	102,757	37,475	98,638	105,473
- Tax benefit from merger	599,730	791,184	61,563	36,780		
- Other	60,073	140,861	129,113	40,654	78,667	38,733
Total	**1,592,941**	**1,927,018**	**1,594,724**	**854,437**	**998,182**	**1,335,620**
Non-current assets	**1,592,941**	**1,957,058**	**1,596,905**	**854,437**	**998,182**	**1,335,620**
Non-current liabilities		**(30,040)**	**(2,181)**			

Some companies of the group, recorded tax credits on corporate income tax loss carryforwards and negative basis of social contribution that are not subject to statute of limitations based on the history of profitability and on the expectations of future taxable income determined in technical valuation approved by the Management.

In July 2010, the Company adhered to the Tax Recovery Program REFIS and chose to offset part of the tax loss balance as of December 31, 2009 and portion B of the tax accounting ledger (LALUR) of the corporate income tax and negative basis of social contribution in the amount of R$110,192 and R$39,669, respectively, with the last four installments of the tax recovery program, debit modality as provided for Provisional Measure 470/09 paid in 12 months, according to the applicable legislation.

For being subject to any material aspects that might change realization projections, the book value of deferred tax assets is reviewed monthly and projections are reviewed annually. These studies indicate the realization of these tax assets within the term established by said Instruction and within the 30% limit of the taxable income.

(CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE)

Some of CSN s subsidiaries have tax credits amounting to R$265,532 and R$69,910 of corporate income tax on tax loss carryforwards and negative basis of social contribution, for which no deferred tax was recorded, of which R$14,800 expire in 2011, R$50 in 2012, R$8,902 in 2013, R$623 in 2014, R$25,594 in 2015 and R$42,265 in 2025. The remaining tax credits refer to domestic companies, thus, these do not expire.

The tax benefit over goodwill of Nacional Minérios S.A., resulting from the merger of Big Jump in July 2009, was R$1,391,858. Up to December 2010, R$394,360 (R$115,988 in 2009) was realized, and remains R$997,498 to be realized by 2014. From 2011 to 2013 this realization will be R$278,372 per year. In 2014, the last year, the benefit will be R$162,382.

Undistributed profits related to the Company s foreign subsidiaries were invested and continued to be invested in its operations. These undistributed profits related to the Company s foreign subsidiaries amounted to R$2,434,537 on December 31, 2010. If circumstances change and the Company resolves to repatriate these unshared profits, the related tax risk will be R$1,083,367.

(c) Income tax recognized in shareholders equity:

Income tax and social contribution directly recognized in shareholders' equity are shown below:

	Consolidated		Parent Company	
	2010	**2009**	**2010**	**2009**
(Losses)/gains from Income and social contribution taxes				
Actuarial gains and losses	125,065	76,069	125,065	76,069
Available-for-sale financial instruments	75,522	-	11,242	-
Net investment	433,297	425,510	433,297	425,510

(d) Tax incentives

The Company benefits from tax incentives of income tax based on prevailing laws, such as: Employee Meal Program, Rouanet Law, Tax Incentives from Audiovisual Activities, Child and Teenager Rights Funds and Incentive to Sports and Sports for the Disabled Projects. On December 31, 2010, they amounted to R$8,160 (R$11,732 in 2009).

(e) Transitional Tax Regime

The Transitional Tax Regime (RTT), which was regulated by Law 11,941/09, will be effective until the law that rules tax effects of new accounting methods becomes effective, aiming at tax neutrality.

The regime was optional in calendar years 2008 and 2009, provided that: (i) it is applied to the two-year period 2008-2009, not to a single calendar year; and (ii) the option is expressed in the Statement of Corporate Economic-Financial Information (DIPJ), mandatory as of calendar year 2010.

The Company chose to adopt the RTT in 2008. As a consequence, for the purposes of calculating the income tax and social contribution on net income for the years ended in 2009 and 2008, prerogatives set forth in the RTT were used.

(CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE)

11. OTHER NONCURRENT ASSETS

Other noncurrent assets classified in long-term assets are broken down as follows:

	Consolidated		Parent Company	
	2010	**2009**	**2010**	**2009**
Judicial deposits (Note 21)	2,774,706	2,706,971	2,704,026	2,640,162
Taxes recoverable (*)	247,910	236,852	122,868	153,578
Other	283,478	278,814	172,202	162,717
	3,306,094	**3,222,637**	**2,999,096**	**2,956,457**

(*) This mainly refers to PIS/COFINS and ICMS on the acquisition of fixed assets, which will be recovered during a 48-month period.

12. INVESTMENTS

a) Direct interest in subsidiaries and jointly-owned subsidiaries

							20
Companies	**Number of shares (in units)**		**% Direct interest**	**Net income (loss) for the year**	**Assets**	**Liabilities**	**Shareholde equity**
	Common	**Preferred**					
Cia. Metalic Nordeste	92,293,156		99.99	14,667	153,707	48,472	105,2
INAL Nordeste	43,985,567		99.99	(6,556)	41,926	11,524	30,4

CSN Aços Longos	271,278,162		99.99	(3,953)	529,833	265,516	264,3
GalvaSud				8,424			
CSN Steel	1,680,726,588		100.00	(296,474)	3,450,038	99,293	3,350,7
CSN Metals	7,173,411		100.00	(37,882)	972,894	5,905	966,9
CSN Americas	4,240,032		100.00	124,758	964,271	4,857	959,4
CSN Minerals	3,675,319		100.00	213,954	1,649,792	4,463	1,645,3
CSN Export	1,036,429		100.00	136,530	499,857	155,713	344,1
Companhia Metalurgica Prada	3,155,036		100.00	(24,022)	609,133	170,423	438,7
CSN Islands VII	20,001,000		100.00	(4,866)	254,706	227,013	27,6
CSN Islands VIII	1,000		100.00	39,831	1,224,853	1,178,529	46,3
CSN Islands IX	3,000,000		100.00	(3,686)	698,345	698,567	(2
CSN Islands X	1,000		100.00	(3,205)	92	35,645	(35,5
CSN Islands XI	50,000		100.00	(5,695)	1,277,555	1,271,521	6,0
CSN Islands XII	1,540		100.00	(29,194)	1,634,731	1,663,925	(29,1
Tangua	10		100.00	6,419	21,228	39	21,1
International Investment Fund	50,000		100.00	13,511	141,852	20,724	121,1
MRS Logística	188,332,667	151,667,313	22.93	435,570	4,804,343	2,784,495	2,019,8
Transnordestina Logística	1,000,000,000	255,863,653	76.45	(817)	2,801,908	1,995,861	806,0
Sepetiba Tecon	254,015,053		99.99	23,389	293,264	105,350	187,9
Itá Energética	520,219,172		48.75	45,958	852,239	255,324	596,9
CSN Energia	26,123		99.99	(20,947)	17,929	(1)	17,9
Estanho of Rondônia - ERSA	34,236,307		99.99	3,417	27,684	9,548	18,1
Congonhas Minérios	64,610,863		99.99	(12,865)	2,035,285	2,013,926	21,3
Mineração Nacional	1,000,000		99.99	48	1,048	2	1,0
Nacional Minérios	475,067,405		59.99	1,974,019	13,688,670	2,934,166	10,754,5
Pelotização Nacional							
CSN Cimentos	854,313,855		99.99	(15,382)	1,217,313	854,590	362,7
	1,000,000		99.99	(23,266)	449,901	525,806	(75,9

Florestal
Nacional

The number of shares, the amounts of income/loss for the period and shareholders' equity refer to 100% of the companies   income.

(CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE)

b) Investment breakdown

	2010	2009
Opening balance of investments	**13,796,654**	**19,583,495**
Opening balance of provision for losses	**(51,246)**	**(39,014)**
Capital increase/decrease	2,430,965	(5,133,980)
Dividends	(622,544)	(446,026)
Result of equity pick-up and provision for losses	1,438,170	486,187
Comprehensive income	(161,036)	
Merger of subsidiary (*)		(835,115)
Other	(12,054)	129,861
Closing balance on investments	**16,959,784**	**13,796,654**
Closing balance of provision for losses	**(140,875)**	**(51,246)**

(*) Gain in equity results of the jointly-controlled subsidiary Namisa resulting from tax benefit due to the reverse merger of Big Jump (shareholder of Namisa) (Note 10 b).

c) Additional Information on the main operating subsidiaries

- CIA. METALIC NORDESTE

The Company, with its head office located in Maracanaú, State of Ceará, has as its main corporate purpose the manufacturing of metallic packaging destined to the beverage industry.

Its operation unit can be characterized as one of the world s most modern ones and counts on two different production lines: the can production line, whose raw material is tin-coated steel, supplied by the parent Company, and the lid production line, whose raw material is aluminum.

Its production is mainly geared towards the Brazilian northern and northeastern markets, with the surplus production of lids sold abroad.

- INAL NORDESTE

Based in Camaçari, State of Bahia, the Company has as its main purpose to reprocess and distribute the CSN steel products, operating as a service and distribution center in the Northeast region of the country.

- AÇOS LONGOS

Established in Volta Redonda in the state of Rio de Janeiro, it aims at manufacturing and selling rolled long steel, except tubes.

In October 2, 2009, the Company still pre-operational, started the construction works of the plant, which is expected to be concluded in 2011 and to become operational in 2012.

- GALVASUD

On January 29, 2010, CSN merged subsidiary GalvaSud S.A., headquartered in Porto Real, in the state of Rio de Janeiro, given the resemblance between the activities performed by both companies. The equity merger resulted in the optimization of processes and maximization of results, by concentrating both companies selling, operating and administrative activities in one single organizational structure. The Company informed the merger, approved at the Extraordinary General Meeting held on January 29, 2010, to shareholders and to the market on January 13, 2010 by disclosing a Material Fact.

(CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE)

The amounts included totaled a net asset of R$783,421, which mainly corresponded to cash and cash equivalents of R$299,232, inventory of R$122,104, fixed assets of R$228,138 and other assets and liabilities amounting to R$142,355.

- COMPANHIA METALÚRGICA PRADA

Packages

In the market since 1936, Companhia Metalúrgica Prada operates in the metallic steel packages segment, manufacturing the best and safest cans, buckets and aerosol containers, serving the chemical and food segments, supplying lithography packages and services to the main companies in the market.

In its three production units São Paulo, Pelotas and Uberlândia Prada produces more than 1 billion steel cans per year, a performance achieved due to a combination of attributes present in the Company s path since its foundation.

Distribution

PRADA Distribuição processes and distributes flat steel with a diversified line of products. It supplies coils, rolls, plates, strips, blanks, metallic sheets, shapes, tubes and tiles, among other products, to the most different industries - from automotive to civil construction. Materials produced by PRADA Distribuição are made from hot and cold-rolled coils, hot-dip galvanized, tin plate, chrome-plated steel, uncoated, pre-painted and galvalume. PRADA Distribuição is also specialized in providing steel processing service, meeting the demand of many Brazilian companies.

- SEPETIBA TECON

Company whose objective is to exploit the No.1 Containers Terminal of the Itaguaí Port, located in Itaguaí, State of Rio de Janeiro. This terminal is linked to Presidente Vargas Steelworks by the Southeast railroad network, which is granted to MRS Logística. Services agreement covers the handling and warehousing operation of containers, vehicles, steel products, among other containers washing and sanitation products and services.

When concession is extinguished, all the rights and privileges transferred to Tecon will return to the federal government, together with Tecon s assets and those resulting from its investments in leased properties, declared reversible by the federal government, as they are deemed necessary to carry on the services granted. The reversible assets will be indemnified by the federal government by the residual value of their cost, verified in Tecon s accounting records, after deducting the depreciations.

Sepetiba Tecon was the winner of the auction that occurred on September 3, 1998 for the takeover of the terminal concession and this concession allows the exploitation of the aforementioned terminal for the term of 25 years, extendable for another term of 25 years.

- CSN ENERGIA

Its main purpose is distributing and trading the surplus electric power generated by CSN and by companies, consortiums or other entities in which Company holds an interest.

- TRANSNORDESTINA LOGÍSTICA

Transnordestina has as its main purpose the exploitation and development of the public rail cargo transport service for the Northeast network of Brazil.

(CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE)

Transnordestina entered into a concession agreement with the Federal Government on December 31, 1997 for a period of 30 years, extendable for another equal period. The agreement allows the development of the public service of exploitation of the northeast network which comprises seven States of the Federal Government in an extension longer than 4,300 km. The concession also comprises the lease of assets of Rede Ferroviária Federal S.A. (RFFSA) which serve this network and include, among others, constructions, permanent tracks, locomotives, railcars, vehicles, tracks and accessories.

When concession is extinguished, all the rights and privileges transferred to Transnordestina will return to the federal government, together with Transnordestina s assets and those resulting from its investments in leased properties, declared reversible by the federal government, as they are deemed necessary to carry on the services granted. The reversible assets will be indemnified by the federal government by the residual value of their cost, verified in Transnordestina s accounting records, after deducting the depreciations.

In May 2009, Fundo de Investimentos do Nordeste FINOR paid up capital in Transnordestina by issuing 45,513,333 preferred shares in the amount of R$27,308, corresponding to a 6.40% interest in Transnordestina s capital stock.

On December 10, 2009, the Company increased Transnordestina s capital stock, with the issue of 124,831,721 common shares, which were subscribed and paid-up upon the capitalization of advance for future capital increase. As a consequence, the Company s interest in Transnordestina increased to 84.34%, whereby Transnordestina was fully merged.

In March 2010, Fundo de Investimentos do Nordeste increased Transnordestina s capital in the amount of R$89,438. Due to this capital increase, CSN s interest on Transnordestina s total capital stock went from 84.34% to 72.56%. Transnordestina will continue to be fully consolidated and the difference of percentage not corresponding to the Company will be accounted as non controlling interest.

On May 7, 2010, 45,513,333 preferred shares were transferred and subscribed by FINOR to CSN. Due to this transfer, CSN now holds 77.02% interest in Transnordestina s capital stock.

On October 15, 2010, CSN subscribed and paid-up 174,264,420 common shares in the capital stock of Transnordestina and now holds 76.45% of the capital stock.

- ESTANHO DE RONDÔNIA - ERSA

Ersa is a subsidiary based in the State of Rondônia, where it operates two units, one in the city of Itapuã do Oeste and the other one in the city of Ariquemes. The subsidiary s mining operation for cassiterite (tin ore) is located in Itapuã do Oeste and the casting operation from which metallic tin is obtained, which is the raw material used in UPV for the production of tin plates, is located in Ariquemes.

- CSN CIMENTOS

Based in Volta Redonda, State of Rio de Janeiro, it has the production and trading of cement as its corporate purpose. CSN Cimentos use as one of its raw material the blast furnace slag from the pig iron production of the Presidente Vargas Steelworks. The Company started to operate on May 14, 2009, with capacity to produce 200 thousand tonnes of cement, monthly.

d) Additional information on indirect interest abroad

- COMPANHIA SIDERURGICA NACIONAL - LLC

(CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE)

Incorporated in 2001 with the assets and liabilities of the extinct Heartland Steel Inc., headquartered in Wilmington, State of Delaware USA, it has an industrial plant in Terre Haute, State of Indiana USA, where there is a complex comprising a cold rolling line, a hot pickling line for spools and a galvanization line. CSN LLC is a wholly-owned indirect subsidiary of CSN Americas.

- LUSOSIDER

Incorporated in 1996 in succession to Siderurgia Nacional a Company privatized by the Portuguese government that year. Lusosider is the only Portuguese Company of the steel sector to produce cold-re-rolled flat steel, with a corrosion-resistant coating. The Company presents in Paio Pires an installed capacity of around 550 thousand tonnes/year to produce four large groups of steel products: galvanized plate, cold-rolled plate, pickled and oiled plate.

Products manufactured by Lusosider may be used in the packaging industry, civil construction (pipes and metallic structures) and in home appliance components.

e) Other investments

- RIVERSDALE MINING LIMITED - Riversdale

Incorporated in 1986, Riversdale Mining Limited (Riversdale) is a mining Company listed on the Australian Stock Exchange. Riversdale intends to develop a diversified mining Company, focusing on growth by investing in mining opportunities. The Company has anthracite mines in South Africa, and a metallurgical and thermal coal mine in Mozambique.

In November 2009, the Company s Board of Directors approved the acquisition by indirect subsidiary CSN Madeira Lda (currently called CSN Europe Lda) of non-controlling interest in Riversdale Mining Limited s capital stock. The acquisition comprised, at the first stage, 28,750,598 shares representing, at that time, 14.99% of Riversdale s capital stock and, on January 8, 2010, the proper Australian authorities allowed CSN Europe to conclude the second stage of the transaction, and acquire 2,482,729 shares, for the price of six Australian dollars and ten cents (A$6.10) per share.

In January 2010, with the conclusion of two stages of the operation, CSN indirectly held an interest of 16.20% of Riversdale s capital stock. Subsequently, due to the exercise of purchase options issued by Riversdale, the Company´s indirect interest decreased to 15.6%.

Between July and August 2010, Riversdale issued news shares and raised funds, of which CSN Europe took part acquiring 5,602,478 new common shares, holding the total amount of 36,835,805 shares, maintaining its 15.6% interest in the capital stock of Riversdale.

- PANATLÂNTICA

On January 5, 2010, the Company s Board of Directors approved the acquisition of common shares representing 9.39% of the capital stock of Panatlântica S.A. (Panatlântica), a publicly-held Company, headquartered in the city of Gravataí, state of Rio Grande do Sul, whose purpose is the industrialization, trade, imports, exports and processing of steel and ferrous or non-ferrous metals, coated or not. This investment is appraised at fair value.

- USIMINAS

Usinas Siderúrgicas de Minas Gerais S.A. USIMINAS headquartered in Belo Horizonte, state of Minas Gerais, aims at exploiting the steel industry and related industries. The Company manufactures flat rolled steel at the Intendente Câmara and José Bonifácio de Andrada e Silva Plants, located in the city of Ipatinga, state of Minas Gerais, and in the city of Cubatão, state of São Paulo, respectively, destined to the domestic market and exports.

(CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE)

The Company owns and explores iron ore mines located in the city of Itaúna, state of Minas Gerais, aiming at meeting the production costs verticalization and optimization strategies. The Company owns service and distribution centers in several regions of Brazil, besides the ports of Cubatão, state of São Paulo, and Praia Mole, state of Espírito Santo, strategic sites to ship its products.

The Company is listed at the São Paulo Stock Exchange (Bovespa : USIM3 and USIM5). On December 31, 2010, CSN directly and indirectly held 4.97% of Usiminas capital stock.

13. INVESTMENTS IN JOINT-CONTROLLED COMPANIES

The amounts of the balance sheet and of the statement of income of the companies whose control is shared are shown as follows. These amounts were consolidated in the Company s financial statements, in accordance with the interest described in item (a) of Note 10.

			2010			**2009**
	NAMISA	**MRS**	**ITASA**	**NAMISA**	**MRS**	**ITASA**
Current assets	3,937,574	1,034,466	82,817	2,266,333	1,271,294	78,005
Non-current assets	9,519,584	3,769,878	769,422	9,651,083	3,652,432	883,329
Long-term assets	8,570,421	476,758	48,850	8,773,789	763,116	5,385
Investments, property, plant and equipment and deferred assets	949,163	3,293,120	720,572	877,294	2,889,316	877,944
Total Assets	**13,457,158**	**4,804,344**	**852,239**	**11,917,416**	**4,923,726**	**961,334**
Current liabilities	1,273,436	1,015,234	115,454	624,682	1,469,225	118,072
Non-current liabilities	1,455,604	1,769,262	139,870	1,473,765	1,737,801	207,694
Shareholders' equity	10,728,118	2,019,848	596,915	9,818,969	1,716,700	635,568
Total Liabilities and Shareholders' Equity	**13,457,158**	**4,804,344**	**852,239**	**11,917,416**	**4,923,726**	**961,334**

			2010			2009
	NAMISA	**MRS**	**ITASA**	**NAMISA**	**MRS**	**ITASA**
Net Revenue	2,937,169	2,247,101	222,594	1,465,327	2,275,950	226,453
Cost of goods and services rendered	(1,109,067)	(1,326,655)	(76,600)	(889,681)	(1,217,982)	(73,583)
Gross income (loss)	1,828,102	920,446	145,994	575,646	1,057,968	152,870
Operating (expenses) and income	(476,621)	(306,668)	(52,422)	(339,882)	(118,866)	(51,677)
Net financial income	1,016,778	38,243	(23,890)	1,073,547	(51,995)	(25,508)
Income (loss) before income and social contribution taxes	2,368,259	652,021	69,682	1,309,311	887,107	75,685
Current and deferred income and social contribution taxes	(412,989)	(216,451)	(23,724)	(402,475)	(281,385)	(25,674)
Net income for the year	**1,955,270**	**435,570**	**45,958**	**906,836**	**605,722**	**50,011**

- **NACIONAL MINÉRIOS NAMISA**

Headquartered in Congonhas, state of Minas Gerais, the NAMISA main purpose is the production, purchase and sale of iron ore and it sells its products mainly in the foreign market. Its main operations are developed in the municipalities of Congonhas, Ouro Preto, Itabirito and Rio Acima, state of Minas Gerais, and in Itaguaí, state of Rio de Janeiro.

In December 2008, CSN sold 2,271,825 shares of the voting capital of Nacional Minérios S.A. to Big Jump Energy Participações S.A. ("Big Jump"), whose shareholders are the companies Posco and Brazil Japan Iron Ore Corp (Itochu Corporation, JFE Steel Corporation, Sumitomo Metal Industries, Ltd., Kobe Steel Ltd., Nisshin Steel Co. Ltd., Nippon Steel). Subsequently to this sale, Big Jump subscribed new shares, paying in cash the total of US$3,041,473 thousand, corresponding to R$7,286,154 thousand, R$6,707,886 thousand of which were recorded as goodwill at the subscription of the shares.

Due to the corporate structure of the jointly-owned subsidiary, in which an Asian Consortium holds 40% and CSN 60% and, due to the shareholders agreement entered into between the parties, CSN consolidated it in a proportional manner.

(CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE)

Such shareholders' agreement provides that certain extreme situations of stalemate between the shareholders, not resolved after the procedures of mediation and negotiation between CEOs of the parties, may give rise CSN the right to exercise the purchase option and the option exercise Big Jump sale of stake ownership of Big Jump in Namisa.

Other contracts to enable this association, among them the contract for the purchase of shares and long-term operating contracts between the CSN and Namisa (Note 31), provide for certain obligations to do that, if not met or resolved in a timely manner in certain extreme situations, can give rise to the aggrieved party the right to exercise the put option or purchase, as appropriate, of the shareholding of Big Jump in Namisa.

Continuing the restructuring process of Namisa, on July 30, 2009, the jointly-controlled subsidiary merged its former parent company Big Jump Energy Participações S.A., and Brazil and Posco Japan Iron Corp. began holding a direct interest of 39.99%.

At the merger there was no change in the participation of CSN.

- **MRS LOGÍSTICA**

The Company s main purpose is to exploit, by onerous concession, the public rail cargo transport service in the right of way of the Southeast network, located in the stretch connecting Rio de Janeiro, São Paulo and Belo Horizonte, of Rede Ferroviária Federal S.A. - RFFSA, privatized on September 20, 1996. In 2008, CSN transferred to Namisa 10% of its interest in MRS, and decreased this direct interest from 32.93% to 22.93%.

In addition to this direct interest, the Company also holds an indirect interest of 6% through Nacional Minérios S.A. Namisa, a proportionally consolidated Company, and 4.34% through International

Investment Fund.

MRS may also exploit modal transportation services regarding the rail transport and take part in developments aiming at the extension of rail transport services granted.

To provide the services which are the purpose of the concession obtained for a 30-year period, as from December 1, 1996, and extendable for another equal period at the exclusive discretion of the grantor, MRS leased from RFFSA, for the same period of the concession, the assets necessary to operate and maintain rail cargo transportation activities. When concession is extinguished, all the leased assets will be transferred to the possession of the railway operator designated in that same act.

- **ITÁ ENERGÉTICA S.A. - ITASA**

CSN holds 48.75% of the subscribed capital and the total amount of common shares issued by Itasa, a special purpose entity (SPE) originally established to make feasible the construction of the Itá Hydroelectric Power Plant, the contracting of the supply of goods and services necessary to carry out the venture and the obtainment of financing through the offering of the corresponding guarantees.

Itasa holds a 60.5% interest in the Itá Consortium, which was created for the exploitation of the Itá Hydroelectric Power Plant pursuant to the concession agreement of December 28, 1995, and its Addendum 1 dated July 31, 2000, entered into between the consortium holders (Itasa and Centrais Geradoras do Sul do Brasil - Gerasul, formerly called Tractebel Energia S.A.), granted by the Federal Government, by means of the Brazilian Agency for Electric Energy (ANEEL), whose maturity ends in October 2030.

In accordance with the terms provided for in the Consortium Agreement, ITASA is entitled to 60.5% of the average 668 MW, which is correspondent to the energy project apportioned among the consortium holders, while the other consortium holder, Tractebel Energia S.A. (Tractebel), will hold the remaining 39.5 %. From the Company s average 404.14 MW, the average of 342.95 MW is sold to its sharehoders at the ratio of their participation in the Company, and the average of 61.19 MW is sold to the consortium holder Tractebel.

(CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE)

- **CONSORTIUM OF THE IGARAPAVA HYDROELECTRIC POWER PLANT**

The Igarapava Hydroelectric Power Plant is located in Rio Grande, 400 km from Belo Horizonte and 450 km from São Paulo, with installed capacity of 210 MW, formed by 5 bulb-type generating units, and is considered a landmark for energy generation in Brazil.

Igarapava stands out for being the first Hydroelectric Power Plant built by a consortium of 5 large companies.

CSN holds 17.92% of the consortium subscribed capital, whose specific purpose is the distribution of electric energy, which is distributed according to the interest percentage of each Company.

The property plant and equipment balance in 2010, net of depreciation amounts to R$32,919 (R$38,150 in 2009) and the expense amount attributed to CSN totaled R$7,333 in 2010 (R$6,442 in 2009).

14. PROPERTY, PLANT AND EQUIPMENT

							Consolidated
	Land	**Buildings**	**Machinery, equipment and facilities**	**Furniture and fixtures**	**Work in process**	**Other (**)**	**Total**
Cost of property, plant and equipment							
Balance on January 1, 2009	**131,918**	**1,109,598**	**6,270,174**	**103,935**	**2,367,352**	**1,743,074**	**11,726,051**

Exchange variation effect	(4,366)	(20,246)	(125,167)	(3,576)	(950)	(10,568)	(164,873)
Acquisitions					1,996,759		1,996,759
Disposals		(181)	(24,615)	(10,568)	(26,364)	(28,407)	(90,135)
Transfer to other category of assets	(1,493)	391,101	1,603,859	2,179	(2,242,232)	246,586	
Other		(2,507)	589	5,334	(4,830)	27,811	26,397
Balance on December 31, 2009	**126,059**	**1,477,765**	**7,724,840**	**97,304**	**2,089,735**	**1,978,496**	**13,494,199**
Exchange variation effect	(1,659)	(2,914)	(31,235)	(1,230)	(746)	(11,919)	(49,703)
Acquisitions					3,635,911		3,635,911
Disposals			(12,754)	(302)	(15,501)	(5,129)	(33,686)
Transfer to other category of assets	10,785	131,138	1,633,738	10,645	(1,195,423)	(590,883)	
Write-off from supplies to internal consumption						(154,662)	(154,662)
Other (*)	40,607	(194,344)	101,028	23,017	1,830	21,909	(5,953)
Balance on December 31, 2010	**175,792**	**1,411,645**	**9,415,617**	**129,434**	**4,515,806**	**1,237,812**	**16,886,106**
Accumulated depreciation							
Balance on January 1, 2009		**(147,187)**	**(961,984)**	**(79,135)**		**(465,911)**	**(1,654,217)**
Exchange variation effect		8,111	77,922	2,955		6,644	95,632
Depreciation		(51,619)	(602,726)	(3,912)		(133,088)	(791,345)
Losses due to impairment						(11,472)	(11,472)
Disposals			1,669	10,544		7,428	19,641
Other		2,441	3,773	(5,341)		(19,964)	(19,091)
Balance on December 31, 2009		**(188,254)**	**(1,481,346)**	**(74,889)**		**(616,363)**	**(2,360,852)**
Exchange variation effect		2,739	28,473	1,180		1,546	33,938
Depreciation		(74,344)	(677,266)	(4,469)		(36,877)	(792,956)
Disposals			7,689	280		19,889	27,858
Transfer to other category of assets		28,849	(290,017)	(54)		261,222	
Other		32,973	(29,126)	(23,055)		1,681	(17,527)
Balance on December 31, 2010		**(198,037)**	**(2,441,593)**	**(101,007)**		**(368,902)**	**(3,109,539)**
Net Property, Plant and Equipment							
January 1, 2009	**131,918**	**962,411**	**5,308,190**	**24,800**	**2,367,352**	**1,277,163**	**10,071,834**
December 31, 2009	**126,059**	**1,289,511**	**6,243,494**	**22,415**	**2,089,735**	**1,362,133**	**11,133,347**
December 31, 2010	**175,792**	**1,213,608**	**6,974,024**	**28,427**	**4,515,806**	**868,910**	**13,776,567**

(*) Refers mainly to the adjustment of ITASA that chose to adopt the attributed cost.

(CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE)

Parent Company

	Land	Buildings	Machinery, equipment and facilities	Furniture and fixtures	Work in process	Other (**)	Total
Cost of property, plant and equipment							
Balance on January 1, 2009	**84,708**	**506,380**	**5,030,247**	**77,461**	**1,598,458**	**273,209**	**7,570,463**
Acquisitions					1,164,430		1,164,430
Disposals			(22,691)	(10,346)	(21,372)	(21,736)	(76,145)
Transfer to other category of assets	(1,493)	227,714	1,392,428	883	(1,631,222)	11,690	
Other		(309)	277	5,200	(2,845)	11,755	14,078
Balance on December 31, 2009	**83,215**	**733,785**	**6,400,261**	**73,198**	**1,107,449**	**274,918**	**8,672,826**
Acquisitions through business combination	697	38,896	233,581	3,057		2,720	278,951
Acquisitions					1,549,303		1,549,303
Sales			(588)	(280)	(15,419)	(1,684)	(17,971)
Transfer to other category of assets	10,221	69,390	716,332	8,349	(995,042)	190,750	
Write-off from supplies to internal consumption						(154,662)	(154,662)
Other		46	(15,413)	28,854	2,891	24,038	40,416
Balance on December 31, 2010	**94,133**	**842,117**	**7,334,173**	**113,178**	**1,649,182**	**336,080**	**10,368,863**
Accumulated depreciation							
Balance on January 1, 2009		**(28,444)**	**(515,358)**	**(59,865)**		**(76,953)**	**(680,620)**
Depreciation		(26,564)	(534,296)	(2,828)		(7,330)	(571,018)
Losses due to impairment						(11,472)	(11,472)
Disposals			1,307	10,346		4,759	16,412
Other		2,566	1,402	(5,204)		(3,728)	(4,964)
Balance on December 31, 2009		**(52,442)**	**(1,046,945)**	**(57,551)**		**(94,724)**	**(1,251,662)**
Acquisitions through business combination		(2,248)	(44,512)	(1,708)		(2,353)	(50,821)
Depreciation		(20,555)	(591,130)	(3,385)		(7,712)	(622,782)
Disposals			181	275		16,726	17,182
Other		(46)	(110)	(28,856)		648	(28,364)

Balance on December 31, 2010		**(75,291)**	**(1,682,516)**	**(91,225)**		**(87,415)**	**(1,936,447)**
Net Property, Plant and Equipment							
January 1, 2009	**84,708**	**477,936**	**4,514,889**	**17,596**	**1,598,458**	**196,256**	**6,889,843**
December 31, 2009	**83,215**	**681,343**	**5,353,316**	**15,647**	**1,107,449**	**180,194**	**7,421,164**
December 31, 2010	**94,133**	**766,826**	**5,651,657**	**21,953**	**1,649,182**	**248,665**	**8,432,416**

(**) In the consolidated it refers to railway assets, such as yards, tracks and railway sleepers. In the controlling entities it also include leasehold improvements, vehicles, hardware, mines and fields and replacement storehouses.

Below, the weighted average term of depreciation (years):

The useful life of property, plant and equipment is as follows:

	Consolidated	**Parent Company**
Buildings	45	45
Machinery, equipment and facilities	15	15
Furniture and fixtures	10	10
Other	15	15

The Company chose to adopt historical cost reviewing the remaining economic useful life of property, plant and equipment, estimated by external experts. Effects resulting from the evaluation, recorded as of January 1, 2010, are as follows:

Parent Company:

Reduction in depreciation expenses R$25,633

Consolidated:

Reduction in depreciation expenses R$69,744

a) Loan costs were capitalized in the amount of R$179,626 (R$82,713 in 2009) in the parent Company and R$215,624 (R$85,260 in 2009) in the consolidated. These costs are basically estimated for mining, cement, long steel and Transnordestina projects, mainly relating to: (i) Casa de Pedra expansion (ii) construction of the cement plant in the city of Volta Redonda (State of Rio de Janeiro) and of the clinker plant in the city of Arcos (State of Minas Gerais); (iii) construction of the long steel mill in the city of Volta Redonda (State of Rio de Janeiro) and (iv) extension of Transnordestina railroad, which will connect the countryside of the northeast region to the ports of Suape (State of Pernambuco) and Pecém (State of Ceará).

(CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE)

Below, the capitalization rates used in borrowing costs:

RATES	
Specific projects	**Non-specific projects**
TJLP + 1.3% and 3.2%	
UM006 + 2.7%	7.44%

b) The additions of depreciation, amortization and depletion for the period are presented as follows:

	Consolidated		Parent Company	
	2010	**2009**	**2010**	**2009**
Production cost	770,542	747,164	614,679	559,628
Sales expenses	6,471	6,250	5,021	4,988
General and administrative expenses	29,156	26,738	8,152	7,471
	806,169	**780,152**	**627,852**	**572,087**

c) CSN leases information technology equipment under several agreements and contracts as operating lease. Total expenses in 2010 added up to R$4,446 (R$3,731 in 2009).

d) Itasa, CSN subsidiary, which chose to adopt attributable cost, adjusting opening balance sheets on the transition date as of January 1, 2009 for its fair values, estimated by external experts. The need to apply the attributable cost option was mainly due to the economic environment they operate and other particularities of the Company s businesses. The effect in the parent Company was a reduction in the amount of R$36,232 recorded under shareholders equity.

15. INTANGIBLE ASSETS

					Consolidated
	Goodwill	Intangible with definite useful life	Software	Other	Total
Acquisition cost					
Balance on January 1, 2009	**743,469**	**49,909**	**43,089**		**836,467**
Acquisitions and expenses			5,628		5,628
Deferred income and social contribution taxes on goodwill of reverse merger in the subsidiary (**)	(39,462)				(39,462)
Balance on December 31, 2009	**704,007**	**49,909**	**48,717**		**802,633**
Acquisitions and expenses			25,239	1,002	26,241
Disposals			(23)		(23)
Balance on December 31, 2010	**704,007**	**49,909**	**73,933**	**1,002**	**828,851**
Amortization					
Balance on January 1, 2009	**(257,172)**	**(34,936)**	**(17,563)**		**(309,671)**
Amortization		(4,991)	(7,275)		(12,266)
Impairment	(23,137)				(23,137)
Balance on December 31, 2009	**(280,309)**	**(39,927)**	**(24,838)**		**(345,074)**
Amortization		(4,991)	(16,353)		(21,344)
Disposals			23		23
Balance at the end of the period	**(280,309)**	**(44,918)**	**(41,168)**		**(366,395)**
Net intangible assets					
January 1, 2009	**486,297**	**14,973**	**25,526**		**526,796**
December 31, 2009	**423,698**	**9,982**	**23,879**		**457,559**
December 31, 2010	**423,698**	**4,991**	**32,765**	**1,002**	**462,456**

(*) Transfer relating to deferred Income Tax/Social Contribution.

(CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE)

Concession intangible asset with definite useful life refers to the amount originally paid by shareholders, whose economic fundamental was the expectation of future result due to the concession right incorporated by the Company. Amortization is calculated by the straight-line method at 10% p.a.

			Parent Company
	Goodwill	**Software**	**Total**
Acquisition cost			
Balance on January 1, 2009	**206,928**	**17,327**	**224,255**
Acquisitions and expenses		2,846	2,846
Goodwill in the reverse merger in the subsidiary (*)	76,599		76,599
Balance on December 31, 2009	**283,527**	**20,173**	**303,700**
Acquisitions and expenses		1,332	1,332
Disposals		(23)	(23)
Balance on December 31, 2010	**283,527**	**21,482**	**305,009**
Amortization			
Balance on January 1, 2009	**(183,790)**	**(4,416)**	**(188,206)**
Amortization		(3,763)	(3,763)
Impairment	(23,137)		(23,137)
Balance on December 31, 2009	**(206,927)**	**(8,179)**	**(215,106)**
Amortization		(3,784)	(3,784)
Disposals		23	23
Balance on December 31, 2010	**(206,927)**	**(11,940)**	**(218,867)**
Net intangible assets			
January 1, 2009	**23,138**	**12,911**	**36,049**
December 31, 2009	**76,600**	**11,994**	**88,594**
December 31, 2010	**76,600**	**9,542**	**86,142**

(**)The Company carried out a recoverability study for the tax benefit on goodwill resulting from the acquisition of subsidiaries, finding unnecessary to record impairment on such assets for fiscal year 2010.

Software useful life is 5 years. Annual depreciation rate is 20%.

Goodwill: The goodwill economic basis is the expected future profitability and, in accordance with the new pronouncements, these amounts are not amortized as from January 1, 2009, when they started to be subject only to impairment tests, which did not result in impairment charges.

Goodwill from investments	**Balance in 2010**	**Investee**
Parent Company		
Galvasud	13,091	CSN
Prada	63,509	CSN
Subtotal Parent Company	**76,600**	
NAMISA		
CFM	339,615	Namisa
Cayman do Brasil	7,483	Namisa
Total consolidated	**423,698**	

- **Goodwill test for impairment**

For impairment test purposes, the goodwill is allocated to CSN s operational divisions which represent the lowest level inside the Company in which goodwill is monitored for in-house management purposes, never above the Operational segments.

(CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE)

Cash generating unit	Segment	2010	2009	01/01/09
Mining (Namisa)	Mining	347,098	347,098	347,098
Ersa	Mining			23,137
Packaging	Steel	63,509	63,509	96,227
Flat steel	Steel	13,091	13,091	19,835
		423,698	**423,698**	**486,297**

The recoverable value of the Packaging Cash Generating Unit (CGU) was based on its value in use with the assistance of independent appraisers, which was used for impairment test, as the following criteria have been met:

- No significant changes occurred in assets and liabilities;
- The calculation resulted in a recoverable value that substantially exceeded the book value at CGU;
- There is no evidence or facts and circumstances showing the loss of assets in use from the date of last valuation prepared by independent appraisers.

The recoverable value of Cash Generating Units (UCG) Mining (Namisa) is above the book value and was determined based on the discounted cash flow, at a discount rate net of income and social contribution taxes of 9.72% p.a. in US dollars, considering long-term contracts for the purchase of iron ore maturing in 2042. Revenue from the sale of iron ore under these long-term contracts was limited to contractual amounts.

The recoverable value of Cash Generating Units mentioned above (except for Packages and Mining) was determined based on discounted cash flows and is above the book value. The projections used are based on budgets approved by CSN s Board of Directors and consider the following items:

- Average Gross Margin of each Cash Generating Units based on track record and projections approved by the Board for the next 3 years;

- Costs updates based on inflation projections in the long term;

- Annual discount rate of 11.92% before income tax and social contribution;

- Average growth rate used in extrapolated cash flows after the budgeted period of 0.5% p.a.

The Management determined the budgeted gross margin based on the past performance and market growth expectations. Cash flow amounts after 3 years were extrapolated based on estimated growth rates and based on projections included in specific reports of the sector.

During 2009, given the reduction of production for strategic purposes, the Cash Generating Units Ersa registered losses due to a R$23.137 reduction in the recoverable amount. This loss was fully allocated to the goodwill and registered under other operating expenses.

Based on these assumptions, no impairment was identified in the aforementioned cash generating units.

(CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE)

16. LOANS, FINANCING AND DEBENTURES

		Consolidated						
		Current liabilities		Non-current liabilities			Current liabilit	
	Rates (%)	2010	2009	2010	2009	Rates (%)	2010	20
FOREIGN CURRENCY								
Advance of Exchange Agreement (ACC)	4.35% and 4.98%		233,837			4.35% and 4.98%		233,
Prepayment	1.24% to 3.50%	473,255	309,437	1,840,269	2,872,698	1.24% to 3.50%	473,485	59,
Prepayment	3.51% to 7.50%	138,210		522,116		3.51% to 7.50%	372,519	515,
Prepayment						7.51% to 10.00%	15,596	16,
Perpetual bonds	7.00% and 9.50%	2,268	26,191	1,666,200	1,305,900			
Fixed rate notes	6.50% to 9.75%	76,006	29,339	3,832,260	2,263,560	1.50% to 5.65%	6,613	683,
Fixed rate notes	10.50%	32,074	33,518	666,480	696,480	9.13%	7,349	7,
Import financing	3.52% to 6.00%	57,293	42,107	59,322	80,481	3.52% to 6.00%	31,626	20,
Import financing	6.01% to	16,849	38,041	24,396	41,679	6.01% to 8.00%	16,849	38,

	8.00%							
BNDES/Finame	Int. rate Res. 635/87 + 1.70% and 2.70%	20,085	19,796	55,256	75,241	Int. rate Res. 635/87 + 1.70% and 2.70%	17,875	17,4
Other	3.30% and 4.19% and 5.37% and CDI + 1.20%	85,790	27,826	103,587	126,870	Libor 6M + 2.25% and 4.00%	34,603	28,2
		901,830	**760,092**	**8,769,886**	**7,462,909**		**976,515**	**1,619,1**

LOCAL CURRENCY

BNDES/Finame	TJLP + 1.50% to 3.20%	308,968	280,802	1,907,596	1,634,920	TJLP + 1.50% to 3.20%	196,176	181,3
Debentures	103.60 % CDI and 9.40% + IGPM and 1.00% + TJLP	41,750	30,659	1,760,846	624,570	103.60 % CDI	26,755	21,5
Prepayment	104.80% and 109.50 % CDI	64,216	31,217	3,400,000	1,400,000	104.80% and 109.50 % CDI	38,266	31,2
CCB	112.50% CDI	1,354	19,782	3,000,000	2,000,000	112.50% CDI	1,354	19,7
Intercompany						100.50% to 105.50% CDI	1,155,991	
Other	100% IGPDI and 106% CDI and CDI + 0.29% and 5%	26,443	18,489	23,303	93,444	100% IGPDI	1,744	1,5

and
14%

	442,731	**380,949**	**10,091,745**	**5,752,934**	**1,420,286**	**255,**
Total loans and financing	**1,344,561**	**1,141,041**	**18,861,631**	**13,215,843**	**2,396,801**	**1,874,**
Transaction costs	(35,929)	(27,121)	(80,816)	(62,162)	(30,454)	(23,5
Total loans and financing + transaction costs	**1,308,632**	**1,113,920**	**18,780,815**	**13,153,681**	**2,366,347**	**1,851,**

On December 31, 2010, funding transaction costs are as follows:

Consolidated

	Short-term	**Long-term**							
		Total	**2012**	**2013**	**2014**	**2015**	**After 2015**	**TJ (1)**	**TIR (2)**
Fixed rate notes	3,900	23,155	2,786	2,920	2,219	2,068	13,162	6,5% até 10%	6,75% até 10,7%
BNDES	637	5,602	2,763	403	334	300	1,802	1,3% até 1,7%	1,44% até 7,39%
BNDES	1,578	3,440	1,578	1,578	284			2,2% até 3,2%	7,59% até 9,75%
Pre-payment	7,590	27,089	7,591	7,591	5,928	1,750	4,229	109,50% e 110,79% CDI	10,08% até 12,44%
Pre-payment	676	3,461	676	676	676	578	855	2,37% e 3,24%	2,68% até 4,04%
CCB	20,765	17,881	16,727	1,154				113,5% até 117,5% CDI	11,33% até 12,82%
Other	783	188	188					103,6% CDI	12.59%
Total	**35,929**	**80,816**	**32,309**	**14,322**	**9,441**	**4,696**	**20,048**		

Parent Company

	Short-term	**Long-term**							
		Total	**2012**	**2013**	**2014**	**2015**	**After 2015**	**TJ (1)**	**TIR (2)**
Fixed rate notes	701	1,403	701	702				9.75%	10.01%
BNDES	403	3,242	403	403	334	300	1,802	1,30% até 1,70%	1,44% até 7,39%
BNDES	1,453	3,149	1,453	1,453	243			2,2% até 3,2%	7,59% até 9,75%
Prepayment	5,841	15,861	5,841	5,841	4,179			109,50% CDI	10.08%
Prepayment	509	2,891	509	509	509	509	855	2,37% e 3,24%	2,68% até 4,04%
CCB	20,765	17,881	16,727	1,154				112,5% CDI	

									11,33% até 12,82%
Other	782	187	187					103,6% CDI	12.59%
Total	**30,454**	**44,614**	**25,821**	**10,062**	**5,265**	**809**	**2,657**		

(1) TJ contractual annual interest rate

(2) TIR internal return annual rate

(CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE)

On December 31, 2010, the principal of long-term loans, financing and debentures presents the following composition, by year of maturity:

	Consolidated		Parent Company	
2012	2,165,803	11.5%	2,083,976	16.2%
2013	2,088,254	11.1%	2,574,384	20.0%
2014	1,947,418	10.3%	2,074,421	16.1%
2015	2,187,899	11.6%	2,463,610	19.2%
2016	2,221,853	11.8%	1,732,319	13.5%
After 2016	6,584,204	34.9%	1,932,906	15.0%
Perpetual bonds	1,666,200	8.8%		
	18,861,631	**100.0%**	**12,861,616**	**100.0%**

In September 2009, the Company issued bonds amounting to US$750 million through subsidiary CSN Islands XI Corp., which are due in September 2019 and pay 6.875% p.a., and interest rates paid twice a year as of March 2010. The Issuer may redeem the transaction in advance, with the payment of premium to the bonds creditors.

In July 2010, the Company issued bonds amounting to US$1 billion through its subsidiary CSN Resources, which are due in July 2020 and pay 6.5% p.a., its interest rates are paid twice a year as of January 2011. The Issuer may redeem the transaction in advance, with the payment of premium to the bonds creditors.

In September 2010, the Company issued bonds amounting to US$1 billion through subsidiary CSN Islands XII Corp. These indefinite maturity bonds pay 7% p.a. and interest rates will be paid quarterly as of December 2010, and the issuer has the option to redeem the transaction at its face value in any maturity date for the interest as of September 23, 2015 (including).

On October 14, 2010, the Company fully redeemed Guaranteed Perpetual Bonds issued in 2005, through its wholly-owned subsidiary CSN Islands X Corp., guaranteed by CSN, at a 9.50% p.a. interest rate and amounting to US$750 million, plus the accrued interest rates and not paid up to the redemption date and any additional amounts payable regarding the Guaranteed Perpetual Bonds.

The collateral provided for loans comprise fixed asset items, sureties, bank guarantees and securitization operations (exports), as shown in the following table and do not include the guarantees provided to subsidiaries and jointly-owned subsidiaries.

	2010	**2009**
Property, plant and equipment	47,985	47,985
Personal guarantee	74,488	74,612
Imports	21,820	41,964
Securitization (exports)	288,338	206,125
	432,631	**370,686**

(CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE)

DFP STANDARD FINANCIAL STATEMENTS December 31, 2010 CIA SIDERURGICA NACIONAL **Version: 1**

The following table shows the amortization and funding in the current period:

	Consolidated		Parent Company	
	2010	**2009**	**2010**	**2009**
Opening balance	14,356,884	11,983,153	13,662,818	13,064,803
Funding	8,789,548	7,671,696	2,663,709	5,946,354
Amortization	(3,897,405)	(3,775,593)	(2,393,173)	(3,457,822)
Other (*)	957,165	(1,522,372)	1,325,063	(1,890,517)
Closing balance	**20,206,192**	**14,356,884**	**15,258,417**	**13,662,818**

(*) Including exchange and monetary variations.

a) Loans and financing with certain agents contain covenants, with which the Company is in compliance on December 31, 2010.

- **DEBENTURES**

i. Companhia Siderurgica Nacional

Fourth issue

As approved at the Board of Directors Meeting held on December 20, 2005 and ratified on April 24, 2006, the Company issued, on February 1, 2006, 60,000 non-convertible and unsecured debentures, in one single tranche, with a unit face value of R$10. These debentures were issued in the total issuance value of

R$600,000. The credits from the negotiations with the financial institutions were received on May 3, 2006.

Compensation interest is applied on the face value of these debentures corresponding to 103.6% of the Clearing House for the Custody and Financial Settlement of Securities (Cetip) Interbank Deposit Certificate (CDI), and the maturity of the face value is scheduled for February 1, 2012, with early redemption option.

ii. Transnordestina Logística

On March 10, 2010, Transnordestina Logística S.A., obtained from the Northeast Development Bank (FDNE), approval for the issue of the 1st series of its 1st Private Issue of debentures convertible into shares, totaling ten tranches amounting to R$2,672,400. The first, third, fourth, seventh and ninth tranches refer to funds to be invested in module Missão Velha Salgueiro Trindade and Salgueiro Port of Suape, which also includes investments in Port of Suape and reconstruction of stretch Cabo Porto Real de Colégio. The second and fifth tranches refer to funds to be invested in module Eliseu Martins Trindade. The sixth, eighth and tenth tranches refer to funds to be invested in module Missão Velha Pecém, which also includes investments in Port of Pecém. The second and third tranches were fully subscribed and paid-up according to the dates and amounts shown below:

Issue	Series	General Meeting	Number Issued	Unitary Face Value	Issue	Maturity	Charges	Balance 2010
1st	1st	02/08/10	336,647,184	R$ 1.00	09/03/10	03/10/27	TJLP + 0.85% p.a	336,647
1st	2nd	02/08/10	350,270,386	R$ 1.00	25/11/10	03/10/27	TJLP + 0.85% p.a	350,270
1st	3rd	02/08/10	338,035,512	R$ 1.00	01/12/10	03/10/27	TJLP + 0.85% p.a	338,036

Fourth issue

(CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE)

17. FINANCIAL INSTRUMENTS

I - Identification and valuation of financial instruments

The Company operates with several financial instruments, from which the most relevant are funds available, including financial investments, securities, trade accounts receivable, accounts payable to suppliers and loans and financing. In addition, the Company also operates with derivative financial instruments, especially exchange swap and interest rate swap operations.

Considering the nature of instruments, the fair value is basically determined by using market prices in Brazil and abroad and prices at the Commodities and Futures Exchange. The amounts recorded in current assets and liabilities either have acid test ratio or are mostly due in three-month periods or less. Given the term and characteristics of these instruments, which are systematically renegotiated, book values are close to fair values.

Classification of financial instruments

					2010					2009
Consolidated - R$ thousand	Available-for-sale	Fair value through profit and loss	Loans and receivables - effective rate	Other liabilities - Amortized cost method	Balances	Available-for-sale	Fair value through profit and loss	Loans and receivables - effective rate	Other liabilities - Amortized cost method	Balances
Assets										
Current										
			10,239,278		10,239,278			7,970,791		7,970,791

Cash and cash equivalents										
Net accounts receivable			1,259,461		1,259,461			1,186,315		1,186,315
Guarantee margin of financial instruments			254,485		254,485			115,949		115,949
Securitization reserve fund			22,644		22,644			91,703		91,703
Non-current										
Other receivables			73,731		73,731			59,952		59,952
Investments	2,102,112				2,102,112	319,727				319,727
Securitization reserve fund			32,031		32,031			34,389		34,389
Liabilities										
Current										
Loans and financing				1,302,811	1,302,811				1,110,382	1,110,382
Debentures				41,750	41,750				30,659	30,659
Derivatives		116,407			116,407		77,147			77,147
Suppliers				521,156	521,156				504,223	504,223
Non-current										
Loans and financing				17,100,785	17,100,785				12,591,273	12,591,273
Debentures				1,760,844	1,760,844				624,570	624,570
Derivatives		263			263		18,730			18,730

Fair value measuring

Financial instruments recorded at their fair value require the disclosure of fair value measurement in three hierarchical levels:

- Level 1: prices stated (unadjusted) in current markets for identical assets and liabilities

- Level 2: Other information available, except that of level 1, which is noticeable to assets or liabilities, directly (with prices) or indirectly (resulting from prices).

• Level 3: Available information due to little or none market activity, which is significant to set assets fair value.

(CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE)

The table below shows financial instruments recorded at fair value, using the evaluation method:

				2010				2009
Consolidated - R$ thousand	**Level 1**	**Level 2**	**Level 3**	**Balances**	**Level 1**	**Level 2**	**Level 3**	**Balances**
Assets								
Non-current								
Available-for-sale financial assets								
Investments	2,102,112			2,102,112	319,727			319,727
Liabilities								
Current								
Financial liabilities at fair value through profit and loss								
Derivatives		116,407		116,407		77,147		77,147
Non-current								
Derivatives		263		263		18,729		18,729

Instruments related to other price fluctuation risks for financial assets

II - Cash and cash equivalents, financial investments, accounts receivable, other current assets, suppliers, accounts payable and other current liabilities

Amounts that are accounted for in the financial statements by their book value are substantially similar to those which would be reached in case they were traded in the market. Fair values of other long-term assets and liabilities are not significantly different from their book values, except for the amounts below.

The estimated fair value for consolidated long-term loans and financing was calculated at market rates in force, considering the nature, term and risks similar to those of registered contracts, compared below:

	2010		2009	
	Book Value	**Market Value**	**Book Value**	**Market Value**
Perpetual bonds	1,668,468	1,663,701	1,332,091	1,317,327
Fixed Rate Notes	4,605,997	4,966,629	3,022,138	3,283,359

III Investments in available-for-sale securities and measured at fair value through profit and loss

These mainly represent investments in shares acquired in Brazil and abroad from first-tier companies rated by international rating agencies as investment grade, which are recorded in non-current assets and gains and eventual losses are recorded in shareholders equity, remaining there until the effective realization of these securities, or when an eventual loss is deemed impaired.

Financial assets measured at fair value through profit and loss are recorded under current assets and gains and eventual losses are recorded as financial revenue and expenses respectively.

IV - Financial risk management policy

The Company has and follows a risk management policy that provides guidance on the risks incurred by the Company. According to this policy, the nature and general position of financial risks is regularly monitored and managed with the purpose of evaluating results and the financial impact on cash flow. Credit limits and the quality of the counterparties hedge are also periodically revised.

The risk management policy was established by the Board of Directors. According to this policy, market risks are hedged when it is considered necessary to support the corporate strategy or when it is necessary to maintain the financial flexibility level.

Under the risk management policy, the Company manages some risks by using derivative instruments. The Company s risk policy forbids speculative negotiations and short sale.

(CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE)

- **Liquidity risk**

This is the risk that the Company might not have sufficient cash to honor its financial commitments, due to term or volume mismatch between receipts and expected payments.

In order to manage cash liquidity in domestic and foreign currency, disbursement and future receipts assumptions were established and are daily monitored by the Treasury. Payment schedules for long-term installments of loans, financings and debentures are presented in Note16.

Below are the contracted financial liabilities maturities, including the payment of estimated interest.

				Consolidated
December 31. 2010	**Less than 1 year**	**1 -2 years**	**2 - 5 years**	**Over 5 years**
Loans, financing and debentures	1,344,561	4,254,057	6,357,168	8,250,406
Derivative financial instruments	116,407	263		
Suppliers	521,156			
December 31. 2009				
Loans, financing and debentures	1,141,041	5,864,415	4,150,017	3,201,411
Derivative financial instruments	77,147	18,729		
Suppliers	504,223			

- **Exchange rate risk**

The Company evaluates its exposure to exchange rate risk by subtracting its liabilities from its assets in US dollar, Euro and Iene, recording its net exposure to exchange risk, which is effectively the exposure risk in foreign currency. Therefore, in addition to accounts receivable from exports and investments abroad that are economically natural hedge instruments, the Company evaluates and uses several financial instruments, such as derivative instruments (swap, dollar x real, future exchange contracts) to manage its exposure to exchange rate variation risks of the real against U.S. dollar.

Policies for the use of hedging derivatives

The Company s financial policy reflects the liquidity parameters, credit and market risk approved by the Audit Committee and Board of Directors. The use of derivative instruments, with the purpose of preventing interest rate and foreign exchange rate fluctuations from having a negative impact on the Company s balance sheet and statement of income, should comply with the same parameters. Pursuant to internal rules, this financial investment policy was approved and is managed by the Board of Executive Officers.

As a routine, the Board of Executive Officers presents and discusses, at the meetings of the Board of Executive Officers and Board of Directors, the Company s financial positions. Pursuant to the Bylaws, significant amount operations require previous approval by the Company s Management. The use of other derivative instruments is subject to prior approval by the Board of Directors.

In order to finance its activities, the Company often resorts to capital markets, either domestic or international ones, and due to the debt profile it seeks, part of the Company s debt is pegged to foreign currency, mainly to the U.S. dollar, which motivates the Company to seek hedge for its indebtedness through derivative financial instruments.

In order to contract financial instruments and derivatives with the purpose of hedge in compliance with the structure of internal controls, the Company adopts the following policies:

- continuous ascertainment of the exchange exposure, which occurs by means of the assessment of assets and liabilities exposed to foreign currency, within the following terms: (i) accounts receivable and payable in foreign currency; (ii) cash and cash equivalents and debt in foreign currency, considering the maturity of assets and liabilities exposed to exchange rate fluctuation;

- presentation of the financial position and foreign exchange exposure, as a routine, at meetings of the Board of Executive Officers and of the Board of Directors which approve this hedging strategy;

- contracting of hedge derivative operations only with first-tier banks, diluting the credit risk due to diversification of these banks;

The consolidated net exposure to the foreign exchange rate on December 31, 2010 is shown as follows:

	2010
	Consolidated (amounts in US$ thousand)
Cash and cash equivalents abroad	4,239,578
Margin of derivative guarantee	152,734
Trade accounts receivable - foreign market clients	96,584
Securitization reserve fund	32,814
Other assets	130,645
Total assets	**4,652,355**
Loans and financing	(5,734,873)
Suppliers	(7,795)
Other liabilities	(59,981)
Total liabilities	**(5,802,649)**

Gross exposure	**(1,150,294)**
Notional value of contracted derivatives	1,249,529
Net exposure	**99,235**

The results obtained with these operations are in accordance with the policies and strategies defined by the Management.

- **Real-U.S. Dollar Commercial Exchange Rate Futures Contract**

It seeks to hedge foreign-denominated liabilities against the Real variation. The Company may buy or sell commercial U.S. dollar futures contracts on the Commodities and Futures Exchange (BM&F) to mitigate the foreign currency exposure of its US dollar-denominated liabilities. The specifications of the Real-U.S. dollar exchange rate futures contract, including detailed explanation on the contracts characteristics and calculation of daily adjustments, are published by BM&F and disclosed on its website (www.bmf.com.br). In 2010, the Company paid R$179,564 and received R$259,490 in adjustments, thus having a gain of R$79,926. Gains and losses from these contracts are directly related to the currency fluctuations. On December 31, 2010, the Company did not have outstanding transactions.

- **Exchange swap transactions**

The Company carries out exchange swap operations, aiming to protect its assets and liabilities of possible US dollar/Brazilian real fluctuations. Said exchange swap protection provides the Company, through the contract long position, FRA (Forward Rate Agreement) exchange coupon gain, which at the same time improves investment rates and reduces fundraising in the foreign market.

(CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE)

On December 31, 2010, the Company held an exchange swap long position of US$1,178,000 thousand (US$1,519,500 thousand in 2009), where it was received, from the long position, exchange variation over 2.29% per year on average (in 2009 exchange variation over 0.88% per year), and paid 100% of CDI in the exchange swap contract short position.

On December 31, 2010, the consolidated position of these contracts is as follows:

i) Outstanding operations

	Notional value (US$ thousand)		Valuation 2010 (R$ thousand)		Fair value (market) (R$	Amount payable in the year (R$ thousand)
Counterparties	**2010**	**Operation maturity**	**Long-term position**	**Short-term position**	**2010**	**Amount payable**
HSBC	223,000	01/03/11	372,794	(385,900)	(13,106)	(13,106)
Deutsche Bank	265,000	01/03/2011 to 02/01/2011	443,143	(468,544)	(25,401)	(25,401)
Itau BBA	450,000	01/03/11	751,835	(778,892)	(27,057)	(27,057)
Santander	110,000	01/03/2011 to 01/02/2015	183,787	(190,395)	(6,608)	(6,608)
Goldman Sachs	130,000	01/03/2011 to 01/02/2015	215,302	(224,658)	(9,356)	(9,356)
	1,178,000		**1,966,861**	**(2,048,389)**	**(81,528)**	**(81,528)**

ii) Settled operations

	Notional value (US$ thousand)		Valuation 2010 (R$ thousand)		Valuation 2009 (R$ thousand)		Fair value (market) (R$ thousand)		Amount paid/received in the year (R$ thousand)	
Counterparties	**2010**	**2009**	**Long-term position**	**Short-term position**	**Long-term position**	**Short-term position**	**2010**	**2009**	**Amount received**	**Amount paid**
Deutsche Bank	983,000		1,740,799	(1,748,563)			(7,764)		6,170	(13,934)
Goldman Sachs	2,132,000	300,000	3,857,227	(3,845,925)	523,270	(527,928)	11,302	(4,658)	54,579	(38,619)
HSBC	3,680,500		6,442,985	(6,587,554)			(144,569)		17,266	(161,835)
Itau BBA	2,890,000	130,000	5,081,102	(5,111,321)	226,753	(228,968)	(30,219)	(2,215)	64,845	(92,849)
Santander	4,601,220	1,024,500	8,285,964	(8,292,883)	1,788,212	(1,824,172)	(6,919)	(35,960)	131,592	(102,551)
Westlb	265,000	65,000	475,789	(491,788)	113,379	(114,569)	(15,999)	(1,190)		(14,809)
	14,551,720	**1,519,500**	**25,883,866**	**(26,078,034)**	**2,651,614**	**(2,695,637)**	**(194,168)**	**(44,023)**	**274,452**	**(424,597)**

The net position of the aforementioned contracts is recorded in a specific derivative account as a loss in the amount of R$81,528 in 2010 (loss of R$44,023 in 2009) and its effects are recognized in the Company s financial result as loss in the amount of R$231,673.

The subsidiaries Tecon and Lusosider maintain derivative operations to hedge against Yen and US Dollar exposures. The notional value of these operations are JPY 2,390,398 and US$3,065 respectively and the results of these operations are consolidated in the Company s results in the amount of R$11,387. As of December 31,2010, the net liability position was R$ 8,042.

The jointly-owned subsidiary MRS Logística has derivative (swap) operations with a notional of US$71,529 which caused proportional losses to the Company s interest, in the amount of R$19,775 recognized in CSN s consolidated financial results. On December 31, 2010, the net liability position was R$ 27,517.

In addition to the swaps above mentioned, the Company also made NDFs (Non Deliverable Forward) of its assets in Euros. Basically, the Company realized financial derivatives of its assets in Euros, from which it will receive the difference between the exchange variation in U.S. dollars observed in the period, multiplied by the notional value (long position) and pays the difference between the exchange variation in Euros observed in the period, over the notional value in Euros on the agreement date (short position). These are over-the-counter Brazilian market operations, and first-tier financial institutions are the counterparties, contracted within exclusive funds.

(CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE)

On December 31, 2010, the consolidated position of these agreements was as follows:

i) **Outstanding transactions**

	Notional value (EUR thousand)		Valuation - 2010 (R$ thousand)		Fair value (market) (R$ thousand)	Amount receivable in the year (R$ thousand)
Counterparties	**2010**	**Operation maturity**	**Long-term position**	**Short-term position**	**2010**	**Amount receivable**
Deutsche Bank	25,000	1/20/2011	56,648	(55,707)	941	941
Goldman Sachs	50,000	1/20/2011	113,295	(111,415)	1,880	1,880
HSBC	15,000	1/20/2011	34,029	(33,424)	605	605
	90,000		**203,972**	**(200,546)**	**3,426**	**3,426**

ii) **Settled operations**

	Notional value (EUR thousand)		Valuation - 2010 (R$ thousand)		Amount payable in the year (R$ thousand)	
Counterparties	**2010**	**Operation maturity**	**Long-term position**	**Short-term position**	**Amount receivable / received**	**Amount payable / paid**
Itau BBA	25,000	07/12/10	56,833	(57,010)		(177)

Deutsche Bank	30,000	7/12/2010 to 9/15/2010	68,061	(68,266)	(205)
HSBC	75,000	7/12/2010 to 11/18/2010	170,998	(175,322)	(4,324)
Goldman Sachs	125,000	9/15/2010 to 11/18/2010	283,127	(288,610)	(5,483)
	255,000		**579,019**	**(589,208)**	**(10,189)**

- **Sensitivity analysis**

For the consolidated exchange operations with US Dollar fluctuation risk, based on the foreign exchange rate on December 31, 2010 of R$1.6662 per US$1.00, adjustments were estimated for five scenarios:

- Scenario 1: Probable scenario, 1.6736 future U.S. Dollar rate in the BM&F, maturing on February 1st, 2010, collected on December 31, 2010;

- Scenario 2: (25% of Real appreciation) R$/US$ parity of 1.2497;

- Scenario 3: (50% of Real appreciation) R$/US$ parity of 0.8331;

- Scenario 4: (25% of Real devaluation) R$/US$ parity of 2.0828;

- Scenario 5: (50% of Real devaluation) R$/US$ parity of 2.4993.

							2010
	Risk	**US$ notional value**	**Scenario 1**	**Scenario 2**	**Scenario 3**	**Scenario 4**	**Scenario 5**
		1.6662	1.6736	1.2497	0.8331	2.0828	2.4993
Exchange swap	U.S. Dollar fluctuation	1,178,000	8,720	(490,696)	(981,392)	490,696	981,392
Exchange position - functional currency Brazilian Reais (not including foreign exchange derivatives above)	U.S. Dollar fluctuation	(1,150,294)	(8,514)	479,155	958,310	(479,155)	(958,310)
Consolidated exchange position (including foreign exchange derivatives above)	U.S. Dollar fluctuation	99,235	735	(41,336)	(82,673)	41,336	82,673

(CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE)

For the consolidated exchange operations with Euro fluctuation risk, based on the foreign exchange rate on December 31, 2010 of R$2.2280 per $1.00, adjustments were estimated for five scenarios:

- Scenario 1: Probable scenario, R$2.2188 future Euro rate in the BM&F, maturing on February 1st, 2010, collected on December 31, 2010;

- Scenario 2: (25% of Real appreciation) R$/ $ parity of 1.6710;

- Scenario 3: (50% of Real appreciation) R$/ $ parity of 1.1140;

- Scenario 4: (25% of Real devaluation) R$/ $ parity of 2.7850;

- Scenario 5: (50% of Real devaluation) R$/ $ parity of 3.3420.

							2010
	Risk	**EUR Notional value**	**Scenario 1**	**Scenario 2**	**Scenario 3**	**Scenario 4**	**Scenario 5**
		2.2280	2.2188	1.6710	1.1140	2.7850	3.3420
Exchange swap	EURO fluctuation	90,000	(831)	(50,130)	(100,260)	50,130	100,260
Exchange position - functional currency							
Brazilian Reais	EURO fluctuation	5,588	(52)	(3,113)	(6,225)	3,113	6,225
(not including foreign exchange derivatives above)							
Consolidated exchange position	EURO fluctuation	95,588	(883)	(53,243)	(106,485)	53,243	106,485
(including foreign exchange derivatives above)							

Interest rate risk

Short and long-term liabilities, indexed to floating interest rates and inflation indexes. Due to this exposure, the Company maintains derivatives to manage these risks better.

- **Libor x CDI swap transactions**

The purpose of these transactions is to hedge liabilities indexed to US Dollar Libor from Brazilian interest rate fluctuations. The Company has basically executed swaps of its liabilities indexed to Libor, in which it receives interest of 1.25% p.a. on the notional value in dollar (long position) and pays 96% of the Interbank Deposit Certificate CDI on the notional value in Reais on the date of the contracting (short position). The notional value of these swaps on December 31, 2010 is US$150,000 thousand, hedging an export pre-payment operation in the same amount. The gains and losses from these contracts are directly related to exchange (dollar), Libor and CDI fluctuations. They are related to operations in the Brazilian over-the-counter market, in general, having first-tier financial institutions as counterparts.

On December 31, 2010, the position of these contracts is as follows:

a) Outstanding operations

		Notional value US$ thousand	Valuation-2010 (R$ thousand)		Fair value (market) (R$ thousand)	Amount payable in the year (R$ thousand)
Date of maturity	**Counterparties**	**2010**	**Long-term position**	**Short-term position**	**2010**	**Amount payable**
2/12/2011	*CSFB*	150,000	254,575	(257,584)	(3,009)	(3,009)

(CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE)

b) Settled operations

		Notional value US$ thousand		Valuation - 2010 (R$ thousand)		Valuation - 2009 (R$ thousand)		Fair value (market) (R$ thousand)		
Date of maturity	**Counterparties**	**2010**	**2009**	**Long-term position**	**Short-term position**	**Long-term position**	**Short-term position**	**2010**	**2009**	**Amount paid**
02/12/2010	*CSFB*	150,000	150,000	255,316	(259,411)	254,787	(256,971)	(4,095)	(2,184)	(1,911)
05/12/2010	*CSFB*	150,000		255,228	(259,066)			(3,838)		(3,838)
12/08/2010	*CSFB*	150,000		255,367	(260,316)			(4,949)		(4,949)
12/11/2010	*CSFB*	150,000		255,320	(260,475)			(5,155)		(5,155)
				1,021,231	**(1,039,268)**	**254,787**	**(256,971)**	**(18,037)**	**(2,184)**	**(15,853)**

The net position of the aforementioned contracts is recorded in a specific derivative account as loss in the amount of R$3,009 on December 31, 2010 and its effects are recognized in the Company s financial result as a loss in the amount of R$18,862.

- **Sensitivity analysis of interest rate swaps**

					2010
	US$ notional	**Risk**	**Probable**	**25%**	**50%**
Interest rate swaps Libor vs CDI	150,000	(Libor) US$	(1,795)	(26,823)	(31,904)

- **Sensitivity analysis of interest rate variations**

The Company considers the effects of a 5% increase or decrease of interest rates over its loans, financing and outstanding debentures on December 31, 2010 of its Consolidated Financial Statements.

	Effects on results	
	2010	2009
Variations in interest rates		
TJLP	6,465	5,603
Libor	7,102	7,466
CDI	42,103	17,209

- **Share s market price risks**

The Company is exposed to risks of changes in share prices due to the investments held and classified as available for sale.

The table below summarizes the share price variation effects on shareholders equity and other comprehensive income.

		Consolidated
Other comprehensive income	**2010**	**2009**
Net variation in the market value of available-for-sale financial instruments	515,572	36,885

The Company received in 2010 the amount of R$11,754 referring to interest on shareholders equity.

Investments in ADR/shares acquired from first-tier companies traded at BOVESPA and ASX (Australian Securities Exchange).

(CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE)

The sensitivity analysis is based on the assumption of maintaning the market values of 12/31/2010 as probable scenario. Therefore, not impacting on the above-mentioned financial instruments classified as available for sale. The Company considered the scenarios presented below for volatilidade das ações.

Scenario 1: (25% of shares appreciation);

Scenario 2: (50% of of shares appreciation);

Scenario 3: (25% of shares devaluaition);

Scenario 4: (50% of shares devaluation)

	Impact on Shareholders' Equity			
Companies	**25%**	**50%**	**25%**	**50%**
Usiminas	204,934	409,867	(204,934)	(409,867)
Riversdale Mining Limited	103,103	206,205	(103,103)	(206,205)
Planatlântica	2,551	5,101	(2,551)	(5,101)
	310,587	**621,174**	**(310,587)**	**(621,174)**

- **Credit risk**

The exposure to credit risk of financial institutions complies with the parameters established in the financial policy. The Company normally uses a detailed analysis of its equity and financial situation, in addition to that of its customers and suppliers, establishing a credit limit and a permanent follow up of its debt balance.

Regarding its financial investments, the Company only invests in low credit risk institutions assessed by rating agencies. Since part of the Companies funds is invested in Brazilian government bonds, there is also exposure to the Brazil s credit risk.

- **Capital Management**

The Company manages its capital structure with the purpose of protecting/preserving its capacity to continually offer return to shareholders and benefits to other interested parties, in addition to keeping an ideal capital structure to reduce this cost.

Other risks **i**nstruments associated with fluctuation in prices of financial assets

Total return equity swap contracts

On August 13, 2009, the Company pre-settled the total return equity swap operation contracted on September 5, 2008, as approved by the Board of Directors on July 8, 2009.

					2009
Date of issue	Settlement date	Notional value (US$	Assets	Liabilities	Market value
9/5/2008	8/13/2009	1,050,763	1,364,812	(1,934,741)	(569,929)

Despite this operation s accumulated losses from September 5, 2008 up to the date of its settlement, in the amount of R$569,929, during 2009 the operation generated a profit totaling R$1,026,465.

Swap contract without cash, had as counterpart Banco Goldman Sachs International, was pegged to 29,684,400 American Depositary Receipts (ADR) of Companhia Siderúrgica Nacional (long position) and Libor of 3 months + spread of 0.75% p.a. (short position).

The gains and losses from this contract were directly related to foreign exchange fluctuations, the Company s ADRs and Libor quotation. This instrument was recorded in other accounts payable in the balance sheet, and gains and loss, by accrual period, in the Company s financial income (loss).

This operation had deposit related to the guarantee margin with the counterparty in the amount of US$593,410 remunerated daily at the Fed Fund rate, and this deposit was released on the operation settlement date. The guarantee margin was recorded in other accounts receivable under current assets.

V Guaranteed deposits

The Company has guaranteed deposits amounting to R$254,485 (R$115,964 in 2009); which is invested at the Deutsche to guarantee the derivative financial instrument agreements, specially swap between CSN Islands VIII and CSN. Additionally, the Company has a securitization reserve fund amounting to R$54,675 (R$126,092 in 2009) as set forth in the securitization program agreements (see Note 16).

(CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE)

18. OTHER LIABILITIES

Other liabilities classified under current and non-current liabilities are as follows:

	Current				Non current			
	Consolidated		Parent Company		Consolidated		Parent Company	
	2010	2009	2010	2009	2010	2009	2010	2009
Obligations with related parties (Note 5)	148,364	80,062	372,185	200,152	3,028,924	2,980,772	8,141,037	8,056,146
Unrealized losses with derivatives (Note 17)	116,407	77,146	3,010	2,184	263	18,729		
Dividends and interest on shareholders' equity	631,344	383,079	630,051	383,079				
Advances to clients	35,361	85,464	29,003	29,607				
Taxes paid in installments (Note 20)	656,678	582,190	652,894	547,292	859,898	437,231	829,537	277,050
Other liabilities	266,798	410,633	223,848	319,224	178,350	229,591	136,996	144,776
	1,854,952	**1,618,574**	**1,910,991**	**1,481,538**	**4,067,435**	**3,666,323**	**9,107,570**	**8,477,972**

19. SURETIES AND GUARANTEES

The Company has the following liabilities with its subsidiaries and jointly-owned subsidiaries, in the amount of R$7,484,271 (R$4,863,348 in 2009), for guarantees provided:

									In million
Currency	Maturity	Loans		Tax foreclosure		Other		Total	
		2010	2009	2010	2009	2010	2009	2010	2009

Transnordestina	R$	06/01/2010 to 05/08/2028	1,145,397	298,000			5,186	2,800	1,150,583	300,800
CSN Cimentos	R$	Indefinite			32,745	26,100	26,987	26,987	59,732	53,087
Prada	R$	Indefinite			9,958	9,900	740	1,900	10,699	11,800
Sepetiba Tecon	R$	Indefinite	1,465	1,900	15,000	15,000	61,519	66,500	77,983	83,400
Itá Energética	R$	09/15/2013	9,587	93,700					9,587	93,700
CSN Energia	R$	Indefinite			1,029	1,000	2,336	3,300	3,365	4,300
Total in R$			**1,156,449**	**393,600**	**58,732**	**52,000**	**96,767**	**101,487**	**1,311,948**	**547,087**
CSN Islands VIII	US$	12/16/2013	550,000	550,000					550,000	550,000
CSN Islands IX	US$	01/15/2015	400,000	400,000					400,000	400,000
CSN Islands X	US$	Perpetual		750,000						750,000
CSN Islands XI	US$	09/21/2019	750,000	750,000					750,000	750,000
CSN Islands XII	US$	Perpetual	1,000,000						1,000,000	
Aços Longos	US$	12/31/2011	4,431	8,700					4,431	8,700
CSN Resources	US$	07/21/2020	1,000,000						1,000,000	
CSN Cimentos	US$	07/15/2010		200						200
Namisa	US$	12/31/2009		20,000						20,000
Total in US$			**3,704,431**	**2,478,900**					**3,704,431**	**2,478,900**
Total in R$			**6,172,323**	**4,316,261**					**6,172,323**	**4,316,261**
			7,328,772	**4,709,861**	**58,732**	**52,000**	**96,767**	**101,487**	**7,484,271**	**4,863,348**

20. TAXES PAID IN INSTALLMENTS

- **Tax recovery program (Refis)**

- **Federal Refis**

On November 26, 2009, CSN and its subsidiaries adhered to the Federal Tax Repayment Program (REFIS) introduced by Law 11,941/09 and Provisional Measure 470/09, in order to settle their tax and social security liabilities through a special settlement and installment payment system. The adhesion to special tax programs reduced the amount payable of fines, interests and legal charges previously due.

The Management s decision took into account the matters judged by higher courts, as well as the evaluation of its external advisors as to the possibility of a favorable court decision for the lawsuits in progress.

In November 2009 and February 2010, companies recorded the adjustments necessary to be made in the provisions, as well as reductions in debits set forth in special programs, according to the waiver date of administrative appeals or legal proceedings. In 2009, the Parent Company recorded a positive effect of R$505,853 before IRPJ and CSLL whereas the consolidated was R$507,633. In 1Q10, those amounts corresponded to a negative effect of R$48,890 and R$42,364 before IRPJ and CSLL in the Parent Company and consolidated, respectively, which were recorded in other operating revenues and expenses and financial income (loss) (see Notes 26 and 27).

(CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE)

The new debit value after the application of reductions related to the tax program of Law 11,941/09 was offset with court deposits related to these lawsuits and is subject to validation by the proper authorities. The remaining balance will be paid in 180 monthly installments as of the consolidation of debits by the authorities.

As for debits recorded pursuant to Provisional Measure 470/09, these are being paid in 12 installments as of November 2009. In July 2010, the Company chose to offset with the amounts of tax loss carryforwards and negative basis of social contribution the last four installments of this tax recovery program, pursuant to the possibility set forth in the applicable legislation.

Respective authorities are still examining the data presented with the purpose of consolidating the debits included in installment payments set forth by Provisional Measure 470/09 and Law 11,941/09.

On December 31, 2010, the position of debits from Refis, recorded in taxes paid in installments was R$1,410,062 (R$824,342 in 2009) in the parent Company and R$1,444,207 (R$826,844 in 2009) in the consolidated.

- **State Refis**

On January 18, 2010, the state of Rio de Janeiro enacted Law 5,647/10, which implemented the Tax Recovery Program. Based on this new rule, amounts due have reduced fines and interests and could be settled with judgment debts of the government until May 31, 2010. The Company and its subsidiaries, CSN Cimentos and MRS, have chosen to include certain state tax debits in the Tax Recovery Program (REFIS), which amounted to R$52,387, with no significant impact on the income for the year.

21. TAX, SOCIAL SECURITY, LABOR AND CIVIL PROVISIONS AND JUDICIAL DEPOSITS

Several proceedings involving actions and complaints of a number of issues are being challenged at the proper jurisdictions. The breakdown of the amounts recorded as provisions and the respective judicial deposits related to those actions are shown as follows:

		2010		**2009**		**01/01/2009**
	Judicial deposits	**Liabilities provisioned**	**Judicial deposits**	**Liabilities provisioned**	**Judicial deposits**	**Liabilities provisioned**
Social security and labor	78,302	183,141	58,617	131,032	43,331	120,403
Civil	38,646	54,613	31,066	41,625	22,025	44,704
Tax	847,301	67,427	839,008	15,753		1,266
Guaranteed deposits	43,856		42,184		39,563	
	1,008,105	**305,181**	**970,875**	**188,410**	**104,919**	**166,373**
Legal liabilities challenged in court:						
Tax						
IPI premium credit	1,227,892	1,227,892	1,227,892	1,227,892	1,196,822	2,227,203
CSLL credit on exports		401,916		1,240,158		1,156,830
SAT				50,880		66,650
Education allowance	36,189	33,121	36,189	33,121	36,189	33,121
CIDE	54,211	27,545	29,913	27,674	27,616	27,390
Income tax / "Plano Verão"	341,551	20,892	339,215	20,892	336,826	20,892
Other provisions	36,078	113,552	36,078	108,203	370,268	107,436
	1,695,921	**1,824,918**	**1,669,287**	**2,708,820**	**1,967,721**	**3,639,522**
	2,704,026	**2,130,099**	**2,640,162**	**2,897,230**	**2,072,640**	**3,805,895**
Total current - consolidated		**200,288**		**172,657**		**149,799**
Total non-current - parent company	**2,704,026**	**1,929,811**	**2,640,162**	**2,724,573**	**2,072,640**	**3,656,096**
Total current - consolidated		**222,461**		**189,517**		**161,144**
Total non-current - parent company	**2,774,706**	**2,016,842**	**2,706,971**	**2,838,670**	**2,107,251**	**3,747,601**

(CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE)

The change in provisions for contingencies for the years ended December 31, 2010 and December 31, 2009 are as follows:

								Consolidated
						Non current		Current
Nature	2009	Additions	Final charges	Utilization	Transfer to taxes in installments	2009	2010	2009
Civil	17,717	5,500	5,384	(5,393)		23,208	57,622	43,711
Labor	18,778		7,511	(2,940)		23,349	164,839	145,806
Tax	2,696,181	60,707	519,074	(957,809)	(406,893)	1,911,260		
Pension plan	105,994	36,966	16,550	(100,485)		59,025		
	2,838,670	**103,173**	**548,519**	**(1,066,627)**	**(406,893)**	**2,016,842**	**222,461**	**189,517**

								Parent Company
						Non current		Current
Nature	2009	Additions	Final charges	Utilization	Transfer to taxes in installments	2009	2010	2009
Civil		5,500		(5,000)		500	54,113	41,625
Labor							146,175	131,032
Tax	2,673,693	49,532	506,397	(930,384)	(406,893)	1,892,345		
Pension plan	50,880	36,966	16,550	(67,430)		36,966		
	2,724,573	**91,998**	**522,947**	**(1,002,814)**	**(406,893)**	**1,929,811**	**200,288**	**172,657**

The provisions for civil, labor, tax, environmental and social security liabilities were estimated by the Company s Management substantially based on the opinion of its legal counsel, and only the cases classified as risk of probable loss were recorded. Additionally, the provisions include tax liabilities arising from actions taken on the Company s initiative, plus SELIC (Special Settlement and Custody System) interest.

The Company and its subsidiaries are defendants in other judicial and administrative proceedings (labor, civil and tax) in the approximate amount of R$4,200,104, R$2,939,678 of which corresponds to tax proceedings, R$302,847 to civil actions and R$957,579 to labor and social security lawsuits. According to the Company s legal counsel, these administrative and legal proceedings are assessed as possible risk of loss. These proceedings were not accrued in accordance with the Management s judgment and with accounting practices adopted in Brazil.

a) Labor proceedings

On December 31, 2010, the Company is defendant in 9,302 labor claims, with a provision in the amount of R$146,175 (R$131,032 in 2009). Most of the pleadings of the actions are related to joint and/or subsidiary liability, wage parity, additional allowances for unhealthy and hazardous activities, overtime and differences related to the 40% fine on FGTS (severance pay) resulting from the federal government s economic plans, health plan, action for damages due to alleged occupational disease or accident and profit sharing differences from 1997 to 1999 and from 2001 to 2003.

b) Civil proceedings

Among the civil judicial proceedings to which the Company is defendant, there are mainly actions with indemnification request. Such proceedings, in general, arise from occupational accidents, diseases, contractual controversies, related to the Company s industrial activities. A provision in the amount of R$54,113 on December 31, 2010 (R$41,625 in 2009) was recorded for proceedings involving civil matters.

Among the environmental administrative/legal proceedings in which the Company is defendant, these mainly refer to administrative proceedings aiming the verification of possible environmental irregularities and the environmental licenses regularization; at courts, there are collection suits of fines levied due to these irregularities

(CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE)

and public civil actions requesting the regularization cumulated with indemnities, which include environmental restoration, in most of the cases. These proceedings usually derive from controversies related to alleged damage to the environment, concerning the Company s industrial activities. On December 31, 2010, the Company accrued the amount of R$500 for environmental-related lawsuits.

c) Tax proceedings

§ **Income and Social Contribution Taxes**

(i) Plano Verão - The parent Company claims the recognition of the financial-tax effects on the calculation of the income and social contribution taxes on net income, related to the 51.87% inflation write-down of the Consumer Price Index (IPC), which occurred in January and February 1989 (Plano Verão).

In 2004, the proceeding was concluded and a final and unappealable decision was reached, granting the right to apply the index of 42.72% (January 1989), from which the 12.15% already applied should be deducted. The use of the index of 10.14% (February 1989) was also granted. The proceeding is currently under expert inspection.

On December 31, 2010 the Company recorded R$341,551 (R$339,215 in 2009) deposited in court and classified in a specific court deposit account in long-term receivables and provision of R$20,892 (R$20,892 in 2009), representing the portion not recognized in court.

(ii) Social Contribution on Net Income - Exports In February 2004, the Company filed a lawsuit in order to be exempted from the social contribution payment on its export revenues/earnings, as well as obtaining a court authorization to be able to repeat/offset all social contribution values that had been improperly paid on export revenues/earnings since the publication of the Amendment 33/2001, which provided a new wording to Article 149, paragraph 2 of CF/88, when establishing that social contributions will not levy on revenues resulting from exports .

In March 2004, a preliminary injunction was issued, later confirmed in a court decision, which authorized the exclusion (of the CSLL calculation basis) only from the profit from exports.

Said decision was renewed by the 4th Panel of the 2nd Regional Federal Court (TRF), which overruled the writ claimed by the Parent Company. An Extraordinary Appeal was filed against this decision, whose progress was suspended until the Brazilian Federal Court (STF) renders a decision on the matter in the records of the Extraordinary Appeal 564,413 (leading case), in which the existence of a general rebound of this very constitutional issue was acknowledged.

In December 2008, the Company received a Collection Letter of the amounts referred to the exclusion of revenues on the CSLL calculation basis. Consequently, the Company s Management approved the adhesion of the Collection Letter to the tax payment in installments program set forth by Law 11,941/2009 (REFIS), and also the litigation continuity about the main principle, related to the non-levy of CSLL on export profit, which was recently judged by the Supreme Court in Extraordinary Appeal notices 564,413 (leading case) in dissenting opinion (6X5) to taxpayers, still pending publication and that shall be purpose of an appeal.

Up to December 31, 2010, the amount of suspended liability and the credits offset based on the aforementioned proceeding was R$401,916 (R$1,240,158 in 2009), plus Selic interest rate.

§ **Contribution for intervention in the Economic Domain - CIDE**

The parent Company questioned the legality of Law 10168/00, which established the payment of CIDE on the amounts paid, credited or remitted to beneficiaries not resident in Brazil, for royalties or remuneration purposes on supply contracts, technical assistance, trademark license agreement and exploitation of patents.

(CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE)

The lower court decision was unfavorable, which was ratified by the 2nd Regional Federal Court (TRF). Appeals for Clarification of Judgment were filed, which were rejected, and an Extraordinary Appeal was filed at STF, which is awaiting decision as to its admissibility.

Due to adverse decisions and benefits from reduction of fines and interest rates, the Company s Board of Directors approved the adhesion of said litigation to the tax recovery program of Law 11,941/2009.

After having applied the benefits of this program, the Company also maintains judicial deposits in the amount of R$6,141, out of which R$2,895 refer to excess deposits after the application of REFIS reductions that may be offset with other debits discussed in court by the taxpayer or converted into income. On December 31, 2010, there is a provision in the amount of R$3,246 (R$3,376 in 2009), which includes legal charges.

§ **Education allowance**

The parent Company challenged the unconstitutionality of the education allowance and the possible recovery of the amounts paid in the period from January 5, 1989 to October 16, 1996. The proceeding was judged unfounded, and the Federal Regional Court maintained its unfavorable decision, which is final and unappealable.

In view of this fact, CSN attempted to pay the amount due, but FNDE and INSS did not reach an agreement about who should receive it. A fine was also demanded, but CSN did not agree on it.

CSN filed new proceedings questioning the above-mentioned facts and deposited in court the amounts due. In the first proceeding, the 1st level sentence judged partially favorable the pleading, in which the Judge removed the amount of the fine, maintaining, however, the SELIC rate. The Company presented brief of respondent to the defendant s appeal, and appealed concerning the SELIC rate.

The amount provided for and deposited in court on December 31, 2010 totals R$33,121 (R$33,121 in 2009).

§ **Workers Compensation Insurance - SAT**

The parent Company is challenging in court the increase in the SAT rate from 1% to 3% and is also contests the raise in SAT for purposes of Contribution to Special Retirement, whose rate was set at 6%, in accordance with the legislation, for employees who are exposed to harmful agents.

As for the first proceeding mentioned above, the lower court decision was unfavorable and the proceeding is under judgment in the 2nd Region of the Federal Regional Court. As for the second proceeding it ended up unfavorably for the Company, and the total amount due in this proceeding of R$33,077, which was deposited in court, was converted into revenue for the benefit of INSS.

The amount accrued on December 31, 2010, totals R$36,966 (R$50,880 in 2009), which includes legal additions and is exclusively related to the process of rate difference from 1% to 3% for all establishments of the Company. Due to the probability of losing of this discussion, the Company s Board of Directors approved the adhesion of said discussions to the installment payment set forth by Law 11941/09. Due to the adhesion to REFIS and the withdrawal from the litigation that discussed the rate increase from 1% to 3%, CSN included the period that had not been assessed in the Common Installment Program, which awaits ratification.

§ **IPI premium credit on exports**

The Brazilian tax laws allowed companies to recognize IPI premium credit until 1983, when the Brazilian government, through Executive act, cancelled these benefits, prohibiting companies to use these credits.

The parent Company challenged the constitutionality of this act and filed a claim to obtain the right to use the IPI premium credit on exports from 1992 to 2002, once only laws enacted by the legislative branch may cancel or revoke benefits prepared by prior legislation.

(CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE)

In August 2003 the Company obtained a favorable lower court decision, authorizing the use of the credits aforementioned. The national treasury appealed against this decision and obtained a favorable decision, and the Company then filed a special and extraordinary appeal against this decision at the Superior Court of Justice and at the Federal Supreme Court, respectively.

Between September 2006 and May 2007, the Brazilian Treasury filed 5 tax foreclosures and 3 administrative proceedings against the Company, related to the payment of taxes which were offset with IPI premium credits. The total payment amount was restated at approximately R$4.5 billion on December 31, 2010.

On August 29, 2007, CSN offered property to be levied upon treasury shares in the amount of R$536 million. 25% of this amount will be replaced by judicial deposits in monthly installments performed up to December 31, 2007 and as these substitutions take place, it was requested that the equivalent amount in shares be released from the levy of execution for the share price determined at the closing price of the day prior to the deposit. The requirement was pending decision.

On August 13, 2009, the Federal Supreme Court issued a decision with effects of general repercussion establishing that the IPI Premium Credit was only effective up to October 1990. Thus, the credits determined after 1990 were not recognized, and, in view of this court decision, the Company s Board of Directors approved the adhesion of said issues to the tax recovery programs of tax debits pursuant to the Provisional Measure 470/09 and Law 11941/09, in which there is the advantage of reduced fines, interest and legal charges.

The Company held accrued the amount of credits already offset, increased by default charges up to September 30, 2009. The new debit value after the application of reductions set forth in the program of Law 11941/09, was offset with court deposits related to said operations, resulting in an excess deposits amounting to R$516 million after the application of REFIS reductions, which can be offset with other debits included in the installment payment or refunded. Such debits are yet subject to ratification by the proper authorities, which will take place as of the second quarter of 2011.

Debits registered pursuant to MP 470/09 have been paid in 12 installments as of November 2009, and the last four installments were replaced by the amounts of loss carryforwards and negative basis of social contribution, pursuant to the possibility set forth in the applicable legislation. Proper authorities are still examining the data presented to consolidate debits included in said payment in installments. Up to the moment, four administrative proceedings, amounting to R$1,8 billion, are being challenged in court by proper authorities, two of which were purpose of registry as an overdue tax liability. The Company promptly challenged appeals in the administrative scope (by presenting proper appeals) in view of strong arguments about the inclusion of such debits in the payment in installments allowed for by MP 470/09 and, by means of an Injunction, suspended the appeals presented, said effect will suspend the enforceability of said debts until a final decision is issued in the administrative scope. Administrative Proceedings which aim at including again the debts in the Provisional Measure 470/09 have still been analyzed.

§ **Other**

The parent Company also recorded provisions for proceedings related to INSS, Severance Pay (FGTS) - Supplementary Law 110, COFINS Law 10833/03, PIS - Law 10637/02 and PIS/COFINS - Manaus Free-trade Zone, amount of which totaled R$84,367 on December 31, 2010 (R$72,124 in 2009), which includes legal accruals.

Regarding the Cofins debit Law 10833/03, the Board of Executive Officers approved the adhesion of said discussions to the tax recovery program Law 11941/09. The Parent Company maintained a provision in the amount of credits already offset, increased by default charges up to September 30, 2009.

The new debit value after the application of reductions set forth in the program of Law 11941/09, was offset by court deposits related to said operations, resulting in an excess deposits amounting to R$9,141 after the application of REFIS reductions, which can be offset by other debits included in the installment payment, or under court decision or refunded. Such debits are yet subject to ratification by the proper authorities yet, which will take place by 2011.

(CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE)

On June 14, 2010, the Regional Federal Court of Brasília rejected the annulment action filed by CSN against CADE Administrative Council for Economic Defense, which aimed at annulling its injunction for the so-infringements provided for in Articles 20 and 21, item I of Law 8884/1984. The respective appeals were presented against this decision, which were denied allowing for a Motion for Clarification that await final decision. It remained pending. The collection of the fine, amounting to R$65,292, was suspended by Court decision, which granted a provisional supersede as to guarantee the debit through a surety issued by CSN. This action is classified under risk of possible loss.

22. PROVISIONS FOR ENVIRONMENTAL LIABILITIES AND DECOMMISSIONING

a) Environmental liabilities

On December 31, 2010, the Company has a provision in the amount of R$271,608 in the Parent Company and R$278,106 in the consolidated (R$116,309 and R$116,544 in 2009) for use in expenses related to services for environmental investigation and recovery of areas potentially polluted within the plants in the States of Rio de Janeiro, Minas Gerais and Santa Catarina. The expenses estimates are reviewed periodically by adjusting the amounts already recorded, whenever necessary. These are the Management s best estimates considering the degraded area recovery studies and those in process of exploitation.

Provisions are measured by present value of expenses that shall be required to settle the obligation, using a rate before taxes, which reflects the market s current valuations of cash value over time and the specific risks of obligation. The higher obligation due to passage of time is recognized as financial expenses.

The long term interest rate used for discount at present value and adjustments to provisions accounted for 11.00% in December 31,2010. The constituted liabilities are periodically adjusted based on the discount rates plus the interest rate (IGPM) at force in the period.

b) Assets decommissioning

Liabilities related to assets decommissioning consist of costs estimates due to decommissioning or restoration of areas at the shutdown of mineral resources exploitation and extraction activities. Initial measurement is recognized as liability discounted at present value and subsequently by adding expenses over time. Assets decommissioning costs corresponding to the initial liability is capitalized as part of the book value of that asset that has been depreciated during the asset s useful life period. The liability recorded on December 31, 2010 was R$13,435 in the Parent Company and R$17,421 in the consolidated (R$11,915 and R$15,524 in 2009).

23. SHAREHOLDERS EQUITY

i.Paid in capital stock

The Company s fully subscribed and paid-in capital stock on December 31, 2010 amounted to R$1,680,947 (R$1,680,947 on December 31, 2009), split into 1,483,033,685 (755,179,610 in 2009) common book-entry shares, with no par value. Each share is entitled to one vote in the resolutions of the General Meeting. The Extraordinary General Meeting held on March 25, 2010, approved the split of shares representing the capital stock. After this split, each share is now represented by two (2) new shares. At the Extraordinary General Meeting held on November 1st, 2010 the shareholders approved to cancel 27,325,535 shares held in treasury.

(CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE)

ii. Authorized capital stock

The Company s bylaws in force on December 31, 2010, determine that the capital stock can be increased up to 2,400,000,000 shares, by decision of the Board of Directors.

iii. Legal reserve

Recorded at the proportion of 5% on the net income determined in each period, pursuant to Article 193 of Law 6404/76, reaching the limit for its recording, as determined by the current legislation.

iv. Treasury shares

The Company holds 25,063,577 shares in treasury issued by itself purchased in the market for the amount of R$570,176 (R$1,191,559 in 2009) for future sale or cancelation. The market value on December 31, 2010 was R$668,446 (R$1,466,895 in 2009).

v. Shareholding structure

On December 31, 2010, the shareholding structure was as follows:

2010

	Number of Common Shares	% Total shares	% excluding treasury shares
Vicunha Siderurgia S.A.	697,719,990	47.05%	47.86%
Rio Iaco Participações S.A.	58,193,503	3.92%	3.99%
Caixa Beneficente dos Empregados da CSN - CBS	12,788,231	0.86%	0.88%
BNDESPAR	31,773,516	2.14%	2.18%
Sundry (ADR - NYSE)	358,913,048	24.20%	24.62%
Other shareholders (approximately 10 thousand)	298,581,820	20.13%	20.47%
	1,457,970,108	**98.31%**	**100.00%**
Treasury shares	25,063,577	1.69%	
Total shares	**1,483,033,685**	**100.00%**	

vi. Breakdown of outstanding shares

Breakdown of outstanding common shares	**Number of shares**	**Balance of treasury shares**
Initial balance in 2009	1,517,338,908	69,468,768
Acquisition of treasury shares	(59,368,800)	59,368,800
Cancellation of shares		(76,448,456)
Balance on December 31, 2009	**1,457,970,108**	**52,389,112**
Cancellation of shares		(27,325,535)
Balance on December 31, 2010	**1,457,970,108**	**25,063,577**

(CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE)

24. SHAREHOLDERS REMUNERATION

	12/31/2010
Net income for the year	2,516,376
IFRS adjustment - First-time adoption	(33,416)
Basic net income to calculate dividends	**2,482,960**
Proposed Allocation:	
Investment reserve	(626,160)
Total allocation in reserves	**(626,160)**
Interest on shareholders' equity	(356,800)
Dividends proposed	(1,500,000)
Total dividends and interest on shareholders' equity proposed	**(1,856,800)**
Weighted average of number of shares	1,457,970
Dividends and interest on equity per share	1.2736
Additional information:	
Minimum mandatory dividends (*)	629,094
Leftover from previous years	957
	630,051

(*) The Bylaws of the CSN decides to distribute dividends in the mandatory minimum percentage of 25% after exclusion of legal reserves.

a) Interest on shareholders equity

The Company s Management will propose to the Annual General Meeting the payment of interest on shareholders equity in the amount of R$356,800, equivalent to R$0.244724 per share of the outstanding capital stock on this date.

The calculation of interest on shareholders equity is based on the variation of the Long-Term Interest Rate (TJLP) on shareholders equity, limited to 50% of the income for the year before income tax or 50% of retained earnings and profit reserves, in which case the higher of the two limits may be used, pursuant to the legislation in force.

In compliance with the CVM Resolution 207, of December 31, 1996, and with tax rules, the Company opted to record the proposed interest on shareholders equity, as corresponding entry against the financial expenses account, and reverse it in the same account, and not presenting it in the statement of income and not generating effects on net income, except with respect to tax effects recognized in deferred income and social contribution taxes. Management will propose that the amount of interest on shareholders equity be attributed to the mandatory minimum dividend.

(CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE)

25. NET REVENUE

Net selling revenue is broken down as follows:

	Consolidated		Parent Company	
	2010	**2009**	**2010**	**2009**
Gross Revenue				
Local market	13,201,074	10,488,409	11,770,069	9,079,288
Foreign market	4,270,333	3,197,187	1,130,695	1,494,799
	17,471,407	**13,685,595**	**12,900,764**	**10,574,087**
Deductions				
Sales cancelled and discounts	(416,706)	(462,954)	(133,287)	(99,254)
Taxes on sales	(2,604,191)	(2,244,278)	(2,315,507)	(1,870,472)
	(3,020,897)	**(2,707,232)**	**(2,448,794)**	**(1,969,727)**
Net Revenue	**14,450,510**	**10,978,364**	**10,451,970**	**8,604,360**

26. OTHER OPERATING EXPENSES AND INCOME

	Consolidated		Parent Company	
	2010	**2009**	**2010**	**2009**
Other operating expenses	**(643,081)**	**(695,905)**	**(613,072)**	**(676,248)**
Taxes and fees	(81,394)	(109,753)	(68,885)	(89,570)
Effect of REFIS Law 11,941/09 and MP 470/09 (Note 20)	(8,444)		(42,835)	
Provision for contingencies and net losses of reversals	(260,235)	(297,695)	(210,439)	(275,897)
contractual penalties and nondeductible	(155,445)	(46,882)	(167,865)	(63,075)
Fixed cost - stoppage	(21,213)	(34,198)	(18,101)	(29,571)

Derecognition of obsolete assets	(32,098)	(112,483)	(24,886)	(107,276)
Expenses with project engineering	(21,142)	(6,385)	(21,109)	(6,385)
Impairment ERSA		(23,137)		(23,137)
Other liabilities	(63,110)	(65,372)	(58,952)	(81,337)
Other operating income	**92,478**	**1,416,735**	**120,942**	**1,405,341**
Extemporaneous credit PIS / COFINS / ICMS	32,739		32,739	
Gains from investments (Note 10b)	2,534	835,115	2,893	835,115
Effect of REFIS Law 11,941/09 and MP 470/09 (Note 20)		505,297		504,762
Gain on the acquisition of judgment debt to the municipality of Piraí	15,595		15,595	
Other income	41,610	76,323	69,715	65,464
Other operating (expenses) and income	**(550,603)**	**720,830**	**(492,130)**	**729,093**

(CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE)

DFP STANDARD FINANCIAL STATEMENTS December 31, 2010 CIA SIDERURGICA NACIONAL **Version: 1**

27. FINANCIAL EXPENSES AND INCOME

	Consolidated		Parent Company	
	2010	**2009**	**2010**	**2009**
Financial expenses:				
Loans and financing - foreign currency	(641,632)	(598,849)	(105,541)	(138,894)
Loans and financing - local currency	(791,926)	(277,699)	(609,594)	(257,776)
Related parties	(374,929)	(365,150)	(1,396,861)	(1,955,035)
Capitalized interest	215,624	85,260	179,626	82,713
PIS/COFINS on other revenues	(1,079)	(1,072)	(1,044)	(1,072)
Losses from derivative instruments (*)	(27,252)	(152,102)	(18,864)	(17,445)
Effect of REFIS Law 11,941/09 and MP 470/09, net	(33,921)	2,336	(6,055)	1,091
Interest rates, fines and tax charges	(283,768)	(281,190)	(244,571)	(242,593)
Other financial expenses	(261,570)	(304,049)	(230,549)	(275,422)
	(2,200,453)	**(1,892,515)**	**(2,433,453)**	**(2,804,433)**
Financial income:				
Related parties	53,491	55,750	121,177	106,013
Income on financial investments	394,183	276,177	36,386	7,072
Other income	195,466	254,098	76,044	213,666
	643,140	**586,025**	**233,607**	**326,751**
Monetary variations:				
- Gains	271	8,465	1,876	7,947
- Losses	(8,714)	69,266	(6,003)	2,331
	(8,443)	**77,731**	**(4,127)**	**10,278**
Exchange variations:				
- Gains	(585,719)	(295,526)	(30,669)	(199,809)
- Losses	398,527	995,064	171,421	1,985,323
- Exchange variations with derivatives (*)	(158,510)	282,786		
	(345,702)	**982,324**	**140,752**	**1,785,514**

Net monetary and exchange variations	**(354,145)**	**1,060,055**	**136,625**	**1,795,792**
Net financial income/(loss)	**(1,911,458)**	**(246,435)**	**(2,063,221)**	**(681,890)**
(*) Statement of income from derivative operations				
Swap CDI x USD	(231,673)	(581,523)		
Swap EUR x USD	(6,763)			
Swap Libor x CDI	(18,864)	(17,445)	(18,864)	(17,445)
U.S. Dollar Futures	79,926	(231,563)		
Total return equity swap		1,026,463		
Other	(8,388)	(65,248)		
	(185,762)	**130,684**	**(18,864)**	**(17,445)**

(CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE)

28. INFORMATION BY OPERATING SEGMENT

According to the Company s structure, its businesses are distributed in five operational segments. Consequently, CSN has analyzed its information by segment as follows:

- **Steel**

The steel division encompasses all operations related to the production, distribution, and sale of flat steel products, steel containers and galvanized steel in Brazil, the U.S. and Portugal. The segment makes steel packaging materials for Brazil s chemical and food industries and also serves the country s civil construction, while line (appliances) automotive and motors and compressors segments. The Company s steel units produce highly durable hot- and cold-laminated, galvanized and pre-painted steel products. The Company also makes tinplate, a raw material used in the production of packaging products. At Lusosider, in Portugal, the division also produces metallic leafing, in addition to galvanized steel products. CSN LLC, which operates in the U.S., serves the local market, offering cold-laminated and galvanized products. The production of long steel is slated to begin in 2012. With an initial production of 500 thousand tons, the Company will consolidates its position as a one-stop provider for the civil construction industry, rounding out its portfolio of high valued-added products in the steel chain.

- **Mining**

The mining division encompasses the firm s iron ore and tin operations. Those high quality iron ore operations are located in the Iron Quadrangle region of Minas Gerais State, the Casa de Pedra mine, located in Congonhas, Minas Gerais, which produces high quality iron ore, as does its subsidiary Nacional Minérios S.A. (Namisa), which owns its own mines, also of excellent quality. It also sells iron ore for third parties. CSN also owns the Estanho de Rondônia S.A. (ERSA) mining Company, which operates tin mining and smelting operations.

The Company holds the concession to operate TECAR, a solid bulk terminal, one of the four terminals consisting Port of Itaguaí, located in the State of Rio de Janeiro. Coal and coke imports are carried out by means of this terminal.

- **Logistics**

i. Rail

CSN holds stakes in two rail companies: MRS Logística, which manages Southeast Network formerly run by Rede Ferroviária Federal S.A. (RFFSA), and Transnordestina Logística, which operates RFFSA s former Northeast Network, which traverses the states on Maranhão, Piauí, Ceará, Rio Grande do Norte, Paraíba, Pernambuco and Alagoas.

a) MRS

The transport services provided by MRS are fundamental to the supply of raw materials and the movement of end products to their destinations. All of the iron ore, carbon and coke used at the Presidente Vargas Plant is transported by MRS, as well as a portion of the steel produced by CSN for the domestic market and for export.

Railroad system in Southeastern Brazil, with a 1,674 km rail network, serves the industrial triangle São Paulo - Rio de Janeiro - Minas Gerais in the southeast, connecting its mines located in Minas Gerais to ports located in São Paulo and Rio de Janeiro, and to CSN s steel plants, Companhia Siderúrgica Paulista, or Cosipa, and Gerdau Açominas. In addition to serving other clients, the line transports iron ore from its mines of Casa de Pedra in Minas Gerais and coke and coal from Port of Itaguaí, in the State of Rio de Janeiro, to the city of Volta Redonda, and transports its exports to the Ports of Itaguaí and Rio de Janeiro. Its transportation volume accounts for nearly 28% of the total volume of the railroad system in southeastern Brazil.

(CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE)

b) Transnordestina Logística

CSN and the federal government will jointly finance the implementation of the Transnordestina Project, which involves the construction of nearly 1,728 kilometers of new lines. That project, which is slated for conclusion in 2013, also includes extensions of and improvements of part of the infrastructure (or rows) of the Transnordestina Logística s concession network, which will be expanded from its current 2,600 operational kilometers to approximately 4,300 operational kilometers.

Tansnordestina Logística S.A. holds a 30-year concession granted in 1998 to operate the rail system in northeastern Brazil. The rail system in northeastern Brazil comprises a 4,238 km network and operates in the States of Maranhão, Piauí, Ceará, Paraíba, Pernambuco, Alagoas, and Rio Grande do Norte. In addition, it connects itself to the main ports of the region, thus offering an important competitive advantage by means of opportunities for combined transportation solutions and customized logistic projects.

The project will increase transportation capacity of Transnordestina Logística by 20 times, almost the same level of the world s most modern railways.

Transnordestina will become the best logistic option to export grains through the ports of Pecém and Suape, as well as other solid bulks, such as iron ore of the Northeast Region, playing an important part in the region s development.

ii. Ports Logistics

The ports logistics segment encompasses operation of the Sepetiba Tecon terminal built in the post-privatization period. The Sepetiba terminal s infrastructure can meet all the needs of exporters, importers and ship-owners, since its installed capacity surpasses those of most other Brazilian terminals.

Its berths have an excellent depth of 14.5 meters and plenty of storage space, and the terminal also provides adequate access to state-of-the-art equipment, systems and intermodal connections.

The Company s Constant investment in terminal projects consolidates the Port Complex of Itaguaí as one of the country s most modern ones, currently with a movement capacity of 480 thousand containers on an annual basis and 30 million tons of bulk.

- **Energy**

CSN is one of the major industrial consumers of electricity in Brazil. Considering that energy is essential in its productive process, the Company invests in energy generation assets to guarantee its self-sufficiency, which include**:** the Itá Hydroelectric Plant, located in Santa Catarina State, with an installed capacity of 1,450 MW, in which CSN holds a 29.5% interest; the Igarapava Hydroelectric Plant, located in Minas Gerais, which has an installed capacity of 210 MW and in which CSN holds a 17.9% interest; and the thermo-electric co-generation station, with 238 MW, operational at the Presidente Vargas steelworks since 1999. The station uses residual gases deriving from its own steel production as fuel. CSN obtains 430 MW of energy from these three energy generation assets.

- **Cement**

The cement division consolidates the Company s cement production, distribution and sales operations, which use the slag produced by the Volta Redonda plant s blast furnaces. Currently, the clinker used in cement production is leased from third parties however, it will be produced by CSN itself in 2011, when the first stage of the Arcos factory in Minas Gerais will be completed. CSN also has a limestone mine on that site, which is already part of its cement division.

The information presented to the Management pertinent to each division is generally derived directly from the accounting records combined with a few inter-unit allocations.

(CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE)

Sales by geographic area are determined based on customer location. In consolidated terms, Brazilian sales consist of revenues obtained from clients in Brazil, while export sales correspond to revenues obtained from clients abroad.

								2010
	Steel	**Ore**	**Logistics**		**Electricity**	**Cement**	**Elimination**	**Consolidated**
			Port	**Railway**				
Result								
Tonnes (thousand) - (unaudited) (*)	4,795,851	18,554,984				991,789		24,342,624
Revenue								
Local market	8,763,470	573,976	119,315	838,436	113,517	201,841	(363,750)	10,246,805
Foreign market	1,162,539	3,041,166						4,203,705
Cost of products and services rendered	(6,095,348)	(1,186,962)	(70,046)	(521,747)	(41,579)	(163,631)	392,571	(7,686,742)
Gross revenue	**3,830,661**	**2,428,180**	**49,269**	**316,689**	**71,938**	**38,210**	**28,821**	**6,763,768**
Selling and administrative expenses	(573,572)	(134,580)	(16,590)	(70,644)	(25,555)	(43,119)	(350,759)	(1,214,819)
Depreciation	519,411	145,817	5,577	102,629	22,501	13,648	(3,414)	806,169
Adjusted EBITDA	**3,776,500**	**2,439,417**	**38,256**	**348,674**	**68,884**	**8,739**	**(325,352)**	**6,355,118**

								2010
	Steel	**Ore**	**Logistics**		**Electricity**	**Cement**	**Elimination**	**Consolidated**
			Port	**Railway**				
Sales by geographic area								
Asia	40,752	2,513,499						2,554,251
North America	432,229							432,229
Latin America	193,692							193,692
Europe	454,997	527,667						982,664
Other	40,868							40,868
Foreign market	**1,162,538**	**3,041,166**						**4,203,704**

Local market	**8,763,471**	**573,976**	**119,315**	**838,436**	**113,517**	**201,841**	**(363,750)**	**10,246,806**
TOTAL	**9,926,009**	**3,615,142**	**119,315**	**838,436**	**113,517**	**201,841**	**(363,750)**	**14,450,510**

(*) The ore sales volumes presented in this chart include those of the Company and its stake in subsidiaries (Namisa 60%).

								2009
	Steel	**Ore**	**Logistics**		**Electricity**	**Cement**	**Elimination**	**Consolidated**
			Port	**Railway**				
Result								
Tonnes (thousands) - (unaudited) (*)	4,110,266	17,478,837				338,272		21,927,375
Revenue								
Local market	7,045,510	247,490	144,363	822,503	116,641	60,380	(330,353)	8,106,534
Foreign market	1,155,780	1,716,050						2,871,830
Cost of products and services rendered	(5,572,268)	(1,179,304)	(75,563)	(464,104)	(43,363)	(60,893)	373,376	(7,022,119)
Gross revenue	**2,629,022**	**784,236**	**68,800**	**358,399**	**73,278**	**(513)**	**43,023**	**3,956,245**
Selling and administrative expenses	(490,708)	(108,137)	(14,290)	(58,283)	(24,978)	(16,135)	(403,325)	(1,115,856)
Depreciation	484,351	134,665	10,776	109,514	25,234	8,714	6,898	780,152
Adjusted EBITDA	**2,622,665**	**810,764**	**65,286**	**409,630**	**73,534**	**(7,934)**	**(353,404)**	**3,620,541**

								2009
	Steel	**Ore**	**Logistics**		**Electricity**	**Cement**	**Elimination**	**Consolidated**
			Port	**Railway**				
Sales by geographic area								
Asia	248,663	1,368,608						1,617,271
North America	322,798	79,426						402,224
Latin America	117,982							117,982
Europe	424,314	268,016						692,330
Other	42,023							42,023
Foreign market	**1,155,780**	**1,716,050**						**2,871,830**
Local market	**7,045,510**	**247,490**	**144,363**	**822,503**	**116,641**	**60,380**	**(330,353)**	**8,106,534**
TOTAL	**8,201,290**	**1,963,540**	**144,363**	**822,503**	**116,641**	**60,380**	**(330,353)**	**10,978,364**

(CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE)

(*) The ore sales volumes presented in this chart include those of the Company and its stake in subsidiaries (Namisa 60%).

The adjusted EBITDA comprises the net income plus income before taxes, income and social contribution, depreciation and amortization, in addition to other operating revenues (expenses), which are excluded for being non recurring items

The Company s Board of Executive Officers uses the adjusted EBITDA as means of measuring the recurring generation capacity of operational cash, allowing for comparison criteria with other companies.

	2010	**2009**
Adjusted EBITDA	6,355,118	3,620,541
Depreciation	(806,169)	(780,152)
Other operating expenses (Note 26)	(550,603)	720,843
Financial result (Note 27)	(1,911,458)	(246,435)
Income before taxes	3,086,888	3,314,797
Income and social contribution taxes (Note 10)	(570,697)	(699,616)
Net income	**2,516,191**	**2,615,181**

(CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE)

- **Quarterly Information**

This information was subject to special reviewing procedures by the independent auditors, in accordance with the CVM requirements for Quarterly Financial Information (NPA 06 by IBRACON), and were not audited in the scope of the Financial Statements.

3/31/2010

	Steel	Ore	Logistics		Electricity	Cement	Corporate expenses / Elimination	Consolidated
			Port	Railway				
Result								
Tonnes (thousands) - (unaudited) (*)	1,261,586	4,178,734				226,778		5,667,097
Revenue								
Local market	2,277,085	93,147	28,225	202,272	27,019	36,436	(116,398)	2,547,787
Foreign market	276,283	360,560						636,843
Cost of products and services render	(1,514,396)	(190,476)	(16,899)	(110,132)	(7,960)	(37,113)	95,909	(1,781,066)
Gross revenue	**1,038,972**	**263,232**	**11,326**	**92,141**	**19,059**	**(676)**	**(20,489)**	**1,403,565**
Selling and administrative expenses	(146,765)	(31,997)	(3,661)	(15,884)	(6,427)	(7,142)	(101,291)	(313,168)
Depreciation	131,328	35,506	3,041	23,714	5,625	2,253	(2,515)	198,952
Adjusted EBITDA	**1,023,534**	**266,741**	**10,705**	**99,971**	**18,258**	**(5,565)**	**(124,295)**	**1,289,349**

6/30/2010

	Steel	Ore	Logistics		Electricity	Cement	Corporate expenses / Elimination	Consolidated
			Port	Railway				
Result								

Tonnes (thousands) - (unaudited) (*)	1,299,480	4,631,394				146,125		6,076,999
Revenue								
Local market	2,486,787	110,544	26,742	222,528	27,865	39,464	(48,421)	2,865,507
Foreign market	272,344	734,701						1,007,045
Cost of products and services render	(1,572,285)	(294,661)	(19,196)	(126,201)	(9,598)	(26,010)	70,590	(1,977,361)
Gross revenue	**1,186,846**	**550,583**	**7,545**	**96,327**	**18,267**	**13,453**	**22,169**	**1,895,192**
Selling and administrative expenses	(144,584)	(36,039)	(3,660)	(17,033)	(6,574)	(6,898)	(87,889)	(302,676)
Depreciation	121,123	36,353	3,057	24,105	5,230	3,079	2,125	195,072
Adjusted EBITDA	**1,163,385**	**550,897**	**6,943**	**103,399**	**16,924**	**9,634**	**(63,595)**	**1,787,587**

								9/30/2010
	Steel	**Ore**	**Logistics**		**Electricity**	**Cement**	**Corporate expenses / Elimination**	**Consolidated**
			Port	**Railway**				
Result								
Tonnes (thousands) - (unaudited) (*)	1,190,720	5,270,703				308,489		6,769,912
Revenue								
Local market	2,202,652	158,354	31,318	228,825	30,339	64,493	(103,906)	2,612,076
Foreign market	290,156	1,046,601						1,336,757
Cost of products and services render	(1,527,646)	(372,211)	(19,794)	(129,991)	(13,495)	(50,127)	113,574	(1,999,691)
Gross revenue	**965,162**	**832,745**	**11,524**	**98,834**	**16,844**	**14,366**	**9,668**	**1,949,142**
Selling and administrative expenses	(144,054)	(38,183)	(4,494)	(53,819)	(6,342)	(12,028)	(58,294)	(317,213)
Depreciation	136,142	36,573	3,072	24,123	6,024	4,018	(6,009)	203,944
Adjusted EBITDA	**957,250**	**831,135**	**10,103**	**69,138**	**16,527**	**6,356**	**(54,635)**	**1,835,873**

(CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE)

								3/31/2009
	Steel	Ore	Logistics		Electricity	Cement	Corporate expenses / Elimination	Consolidated
			Port	Railway				
Result								
Tonnes (thousands) - (unaudited) (*)	643,381	5,164,614						5,807,995
Revenue								
Local market	1,414,290	46,571	45,273	167,336	30,912	254	(70,659)	1,633,977
Foreign market	183,745	626,259						810,004
Cost of products and services render	(1,270,446)	(434,195)	(17,350)	(106,384)	(11,545)	(242)	152,724	(1,687,438)
Gross revenue	**327,589**	**238,635**	**27,923**	**60,952**	**19,367**	**12**	**82,065**	**756,543**
Selling and administrative expenses	(104,787)	(30,147)	(3,018)	(13,827)	(5,977)	(1,217)	(76,687)	(235,660)
Depreciation	118,272	23,899	2,667	26,993	6,328	1,307	(17,083)	162,383
Adjusted EBITDA	**341,074**	**232,387**	**27,572**	**74,118**	**19,718**	**102**	**(11,705)**	**683,266**

								6/30/2009
	Steel	Ore	Logistics		Electricity	Cement	Corporate expenses / Elimination	Consolidated
			Port	Railway				
Result								
Tonnes (thousands) - (unaudited) (*)	947,398	3,443,276				24,652		4,415,326
Revenue								
Local market	1,697,920	46,928	32,120	185,158	29,168	5,112	(71,808)	1,924,598
Foreign market	217,906	349,195						567,101
Cost of products and services render	(1,394,503)	(184,545)	(18,145)	(109,180)	(10,209)	(6,955)	15,140	(1,708,397)
Gross revenue	**521,323**	**211,578**	**13,975**	**75,978**	**18,959**	**(1,843)**	**(56,668)**	**783,302**

Selling and administrative expenses	(96,621)	(25,120)	(3,940)	(13,264)	(3,555)	(2,862)	(123,855)	(269,217)
Depreciation	105,057	37,801	2,674	27,937	3,807	1,349	22,471	201,096
Adjusted EBITDA	**529,759**	**224,259**	**12,709**	**90,651**	**19,211**	**(3,356)**	**(158,052)**	**715,181**

								9/30/2009
	Steel	**Ore**	**Logistics**		**Electricity**	**Cement**	**Corporate expenses / Elimination**	**Consolidated**
			Port	**Railway**				
Result								
Tonnes (thousands) - (unaudited) (*)	1,319,705	4,727,006				122,341		6,169,052
Revenue								
Local market	1,814,461	82,764	41,050	242,543	29,122	23,864	(101,358)	2,132,446
Foreign market	470,854	382,468						853,322
Cost of products and services render	(1,534,099)	(304,359)	(20,939)	(117,929)	(11,005)	(23,361)	125,144	(1,886,548)
Gross revenue	**751,216**	**160,873**	**20,111**	**124,614**	**18,117**	**503**	**23,786**	**1,099,220**
Selling and administrative expenses	(156,269)	(26,679)	(3,262)	(12,800)	(5,479)	(5,742)	(87,624)	(297,855)
Depreciation	125,629	35,855	2,666	27,951	5,054	2,870	1,247	201,272
Adjusted EBITDA	**720,576**	**170,049**	**19,515**	**139,765**	**17,692**	**(2,369)**	**(62,591)**	**1,002,637**

29. EARNINGS PER SHARE

<u>Basic earnings per share:</u>

Basic earnings per share is based on profit ascribable to CSN s controlling of R$2,516,376 (R$2,618,934 in 2009) divided by the weighted average of outstanding common shares during the year (after the stock splitting), except common shares purchased and held in treasury and was calculated as follows:

	2010	**2009**	**2010**	**2009**
	Common Shares		**Common Shares**	
Profit attributed to CSN's shareholders	2,516,376	2,618,934	2,516,376	2,618,934
Weighted average of the number of shares	1,457,970	1,492,453	1,457,970	1,492,453
Basic and Diluted EPS	1.72594	1.75478	1.72594	1.75478

(CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE)

30. BENEFITS TO EMPLOYEES

Pension plans granted by the Company cover substantially all employees. Plans are administered by a foundation named Caixa Beneficente dos Empregados da CSN (CBS), a private non-profit pension fund established in July 1960, which has as its members employees (and ex- employees) of the parent company and certain of its subsidiaries, that joined the fund by agreement, and CBS s own employees. The board of directors of CBS is comprised of its president and two directors, chosen by CSN, the principal sponsor of CBS. The Deliberative Council is CBS s higher guidance presided over by the president of the pension fund and composed of ten members, six of them chosen by CSN, the principal sponsor of CBS, and four of them are elected by participants.

Up to December 1995, CBS Previdência administered two benefit plans based on years of service, salary and social security benefits. On December 27, 1995, the Secretaria de Previdência Complementar (SPC) approved the implementation of a new benefit plan, effective as of the abovementioned date, called Plano Misto de Benefício Suplementar (The Hybrid Plan), structured in the form of a variable contribution plan. Employees hired after this date may only join the new plan (Hybrid Plan"). Additionally, all active employees who were participants in the old defined benefit plan were offered the opportunity to switch to the new Hybrid Plan. As of December 31, 2010, CBS had 30,540 participants (28,419 in 2009), which 15,433 were active (12,884 in 2009), 9,888 were retired employees (10,117 in 2009) and 5,219 were beneficiaries (5,418 in 2009). Of the total participants at December 31, 2010, 14,108 belong to the defined benefit plan and 16,432 to hybrid plan.

CBS s assets are mainly invested in restricted operations (backed by in federal public securities, federal public securities indexed to the inflation, shares, loans and real estate. On December 31, 2010, CBS held 12,788,231 common shares of CSN (70,981,734 common shares on December 31, 2009). In 2010, CBS received R$73 million dividends on shareholders equity from these shares. The entity s total pension assets amounted to R$3.4 billion and R$3.6 billion on December 31, 2009 and 2010, respectively. CBS s fund managers try to combine the plan assets with the benefit liabilities payable in the long term. Brazilian pension funds are subject to certain restrictions related to their investment capacity in foreign assets and, consequently, funds invest mainly in securities in Brazil.

a. Description of pension plans

Plano de 35% da media salarial

This plan, which began on February 1st, 1996, is a defined benefit plan for the purpose of paying retirements (due to time in service, special cases, disability or age) on a life-long basis, equivalent to 35% of the participant s adjusted average for the last 12 salaries. The plan also guarantees the payment of a sickness allowance to a participant on sick leave through the Official Pension Plan and it also guarantees the payment of benefits, death grant and a cash grant. This plan became inactive on October 31, 1977, when the supplementation of the average salary plan.

Plano de suplementação da média salarial

The defined benefit plan began on November 1, 1977. The purpose of this plan is to supplement the difference between the 12 last average adjusted salaries of the participant and the benefit paid by the Social Security Pension Plan (Previdência Oficial) benefit, to the retired employees, on a life-long basis. Like in the 35% Average Salary Plan, there is sickness allowance, death grant and pension coverage. This plan became inactive on December 26, 1995, after the combined supplementary benefits plan has been implemented.

Plano Misto de Benefício Suplementar (Hybrid plan)

Begun on December 27, 1995, this is a variable contribution plan. Besides the programmed pension benefit, there is the payment of risk benefits (pension in activity, disability and sickness/accident benefit). In this plan, the retirement benefit is calculated based on the total accumulated sponsor s and participant s contributions per month, as well as on each participant s payment option, which may occur by lifetime (with or without receiving death benefit) or by a percentage applied on the balance of the benefit generating fund (loss by indefinite term). Upon the participant s retirement grant, the plan starts having a defined benefit plan.

(CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE)

b. Investment policy

The investment policy sets forth principles and guidelines that should rule investments from funds of the entity, aiming to promote safety, liquidity and profitability necessary to ensure balance between the plan assets and liabilities, based on the Asset Liability Management (ALM) study, which takes into consideration the benefits of the participants and beneficiaries of each plan.

The investment plan is reviewed on a yearly basis and approved by the Deliberative Council taking into consideration a 5-year period, as set forth by CGPC Rule 7 of December 4, 2003. Investment limits and criteria set forth in the policy are based on Resolution 3792/09, published by the Brazilian Monetary Council (CMN).

c. Employee benefits

	2010	2009	1/1/2009
Obligations recorded in the Balance Sheet			
Pension plan benefits			67,532
Post-employment health benefits	367,839	317,145	296,608
	367,839	**317,145**	**364,140**

Assets and liabilities conciliation of employee benefits is described as follows:

	2010	2009	01/01/2009
Present value of defined benefits	1,982,556	1,731,767	1,415,029
Fair value of the plan's assets	(2,316,018)	(2,160,158)	(1,396,350)
Deficit/(Surplus)	**(333,462)**	**(428,391)**	**18,679**

Restriction to actuarial assets due to recovery limitation	280,582	380,092	18,737
Net Liabilities/(Assets)	**(52,879)**	**(48,299)**	**37,416**
Liabilities			67,534
Assets (*)	(52,879)	(48,299)	(30,118)
Net Liabilities/Assets recognized in the balance sheet	**(52,879)**	**(48,299)**	**37,416**

(*) Assets from the actuarial valuation were not recorded by the Company as they do not clearly evidence their realization, pursuant to item 59 of CPC 33 Employee benefits and IAS 19 Employee benefits.

Present value breakdown of defined benefit liability during the year is as follows:

	2010	**2009**
Present value of the obligations in the end of the year	**1,731,767**	**1,415,029**
Cost of services	1,313	1,249
Cost of interest rates	185,285	174,122
Benefits paid	(166,147)	(148,561)
Actuarial losses/(gains)	225,341	287,146
Other	4,999	2,782
Present value of obligations at the end of the year	**1,982,556**	**1,731,767**

(CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE)

Fair value breakdown of plan assets during the year is as follows:

	2010	2009
Fair value of assets in the beginning of the year	**(2,160,158)**	**(1,396,350)**
Expected return of the plan's assets	(218,229)	(176,356)
Sponsors' contributions	(63,109)	(68,890)
Participants' contributions		(2,782)
Benefits paid	166,147	148,561
Actuarial gains/(losses)	(40,669)	(664,341)
Fair value of the plan's assets on December 31	**(2,316,018)**	**(2,160,158)**

Breakdown of amounts to be recognized in the statement of income is as follows:

	2010	2009
Cost of services	1,313	1,249
Cost of interest rates	185,285	174,122
Expected return of the plan's assets	(218,229)	(176,356)
Total unrecognized revenue (*)	(31,631)	(4,467)
Total costs recognized on the statement of income		3,482
Total costs (income), net (*)	**(31,631)**	**(985)**

(*) Income resulting from the actuarial valuation was not recorded by the Company as it does not clearly evidence its realization, pursuant to item 59 of CPC 33 Employee benefits, IAS 19 Employee benefits.

Cost is recognized in the income statement under other operating expenses.

Breakdown of actuarial gains and losses is as follows:

	2010	2009
Actuarial (gains) and losses	184,671	(377,195)
Restriction due to recovery limitation	(99,509)	361,355
Total cost actuarial (gain) and losses	**85,162**	**(15,840)**

(*) There were no changes in actuarial liabilities/(assets) from 2009 to 2010. The actuarial loss results from fluctuation in investments comprising CBS s assets portfolio.

Actuarial gains and losses history is as follows:

	2010	2009	1/1/2009
Present value of the defined benefit	1,982,556	1,731,767	1,415,029
Fair value of the plan's assets	(2,316,018)	(2,160,158)	(1,396,350)
Surplus	**333,462**	**428,391**	**(18,679)**
Adjustment on the plan's obligations	225,341	287,146	
Adjustments on the plan's assets	40,669	664,341	

(CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE)

The main actuarial assumptions used were as follows:

	2010	**2009**	**01/01/2009**
Actuarial financing method	Unitary Projected Credit	Unitary Projected Credit	Unitary Projected Credit
Functional currency	Real (R$)	Real (R$)	Real (R$)
Accounting of the plan's assets	Market value	Market value	Market value
Value used as estimate of equity at the end of the year	Best estimate for the equity at the end of the year, using the projection of amounts recorded in October	Best CBS estimate for 12/31/2009	Best CBS estimate for 01/01/2009
Discount rate	10.66%	11.18%	12.76% - 13.07%
Inflation rate	4.40%	4.20%	4.50%
Nominal salary increase rate	5.44%	5.24%	5.55%
Nominal benefit increase rate	4.40%	4.20%	4.50%
Investment return rate	11.31% - 12.21%	10.21% - 10.78%	12.93% - 13.21%
General mortality table	AT 2000 by gender	AT 2000 by gender	AT 2000 by gender
Disability entry table	Mercer Disability with probabilities x 2	Mercer Disability with probabilities x 2	Mercer Disability with probabilities x 2
Disabled mortality table	Winklevoss - 1%	Winklevoss - 1%	Winklevoss
Turnover table	2% p.a. millennium plan, null for defined benefit plans	2% p.a. millennium plan, null for defined benefit plans	2% p.a. millennium plan, null for defined benefit plans
Retirement age	100% on the first date the individual becomes eligible to a retirement benefit programmed by the plan	100% on the first date the individual becomes eligible to a retirement benefit programmed by the plan	100% on the first date the individual becomes eligible to a retirement benefit programmed by the plan
Family breakdown of active participants	95% will be married at the time of retirement, the wife is 4 years younger	95% will be married at the time of retirement, the wife is 4 years younger than	95% will be married at the time of retirement, the wife is 4 years younger than

	than the husband	the husband	the husband

Assumptions regarding the mortality table are based on statistics and mortality tables published. These tables represent an average life expectancy in years of the employee retiring at the age of 65, as follows:

	2010	2009	1/1/2009
Longevity at the age of 65 for current participants			
Male	19.55	19.55	18.63
Female	22.17	22.17	21.98
Longevity at the age of 65 for current participants			
Male	19.55	19.55	18.63
Female	22.17	22.17	21.98

The actual return of the plan assets was R$258,898 (R$840,697 on December 31, 2009).

The asset allocation are presented as follows:

		2010		2009
Variable income	234,303	10.12%	1,308,232	60.56%
Fixed income	1,961,306	84.68%	756,424	35.01%
Properties	52,352	2.26%	41,190	1.92%
Other	68,057	2.94%	54,312	2.51%
Total	**2,316,018**	**100.00%**	**2,160,158**	**100.00%**

The expected return of the assets are presented as follows:

	2010	2009
Variable income	15.58%	12.30%
Fixed income	10.44%	9.48%
Properties	9.62%	9.71%
Other	9.62%	16.05%
Total	**10.31%**	**11.50%**

Variable income assets are mainly invested in CSN s shares.

Fixed income assets are mainly composed of debentures, interbank deposit certificates ("CDI") and National Treasury Notes (NTN-B).

(CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE)

Real properties refer to the buildings valued by a Company specialized in assets valuation. CSN or its subsidiaries do not use any assets.

Referring to the mixed plan which has defined contribution components, the expenses in 2010 totaled R$ 22,514 (R$19,560 in 2009).

d. Expected contributions

Expected contributions of R$64,747 will be paid to the defined benefit plans in 2011.

For combined supplementary benefit plan, with defined contribution elements, expected contributions of R$25,000 will be paid in 2011.

e. Post-employment health care plan

It is related to Bradesco health care plan created on December 1st, 1996 exclusively covering former retired employees, pensioners, those who were granted amnesty, veterans, widows of injured employees and retirees until March 20, 1997 and their respective legal dependents, since then, the health plan does not allow the inclusion of new beneficiaries. The Plan is sponsored by CSN and managed by the Caixa Beneficente dos Empregados da Cia Siderúrgica Nacional CBS.

Amounts registered in the balance sheet were determined as follows:

	2010	2009
Present value of obligations	367,839	317,145
Liabilities	**367,839**	**317,145**

Interest on actuarial liability was R$35,457 (R$38,440 in 2009)

The reconciliation of liabilities of health benefits is as follows:

	2010	2009
Actuarial Liabilities in the beginning of the year	317,145	296,608
Cost of current service	35,457	38,440
Sponsor's contributions calculated for the previous year	(33,064)	(35,136)
Recognition of (Gains)/Losses in the year	48,301	17,232
Actuarial Liabilities in the end of the year	**367,839**	**317,145**

Actuarial gains and losses registered in shareholders   equity are as follows:

	2010	2009
Actuarial obligation losses	48,301	17,232
Losses recognized in shareholders' equity	**48,301**	**17,232**

Actuarial gains and losses history is as follows:

	2010	2009	01/01/2009 (*)
Present value of defined benefit	367,839	317,145	296,608
Deficit/(Surplus)	**367,839**	**317,145**	**296,608**
Adjustments on the plan's obligations	48,301	17,232	9,023

(*) IAS 19/CPC 33 requires a five-year disclosure, however, it does not have to be applied retroactively to an entity applying IFRS/CPCs for the first time.

(CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE)

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

	2010		**2009**	
	Increase	Decrease	Increase	Decrease
Effect on total cost of current services and financial cost	3,603	(3,128)	3,274	(2,847)
Effect on defined benefit	34,122	(29,617)	29,287	(25,461)

Actuarial assumptions used to calculate post-employment health benefits were as follows:

	2010	**2009**
Biometrics		
General mortality table	AT 2000 by gender	AT 2000 by gender
Turnover	N/A	N/A
Family breakdow n	Real breakdow n	Real breakdow n

Financial	**2010**	**2009**
Nominal rate of actuarial discount	10.77%	11.18%
Inflation	4.40%	4.20%
Increase in Medical Assistance Costs due to age	1.50%	1.50%
Nominal grow th rate in Medical Assistance Costs	2.31%	2.31%
Average Medical Assistance Costs	316.22	274.16

31. COMMITMENTS

a. TAKE-OR-PAY CONTRACTS

On December 31, 2010 and 2009, the Company had take-or-pay agreements, as shown below:

			Payments						Minimum future commit		
Company engaged	Nature of Service	Contract conditions	2009	2010	2011	2012	2013	2014	2015	After 2016	
MRS Logística	Iron ore transportation	Transportation of at least 80% of the tonnes agreed upon by MRS.	157,685	92,504	136,607	136,607	136,607	136,607	136,607	68,303	**75**
MRS Logística	Iron ore, coke and coal transportation	Transportation of 8,280,000 tonnes p.a. for coal, coke and other reduction products is 3,600,000 tonnes p.a.	259,979	7,151	133,412	100,060					**23**
FCA	Mining products transportation	Transportation of at least 1,900,000 tonnes p.a.	58,473	419	63,085	63,085	63,085				**18**
FCA	Rail transportation of clinker by FCA to CSN Cimentos.	Carriage of at least 675,000 tons of clinker per year in 2011 and 738,000 tons of clinker per year from 2012.			24,638	26,937	26,937	26,937	26,937	116,727	**24**
ALL	Railway transportation of steel products	Railway transportation of at least 20,000 tonnes of steel products in the month , from the Água Branca Terminal in São Paulo to CSN PR in Araucária - Paraná .		10,214	14,760	3,690					**1**
White Martins	Gas supply (oxygen, nitrogen and argon).	CSN is committed to acquire at least 90% of the annual	103,008	103,098	88,698	88,698	88,698	88,698	88,698	88,698	**53**

		volume of gas contracted with White Martins.									
CEG Rio	Natural gas supply	CSN is committed to acquire at least 286,160.000 m ^{3} of natural gas	359,780	431,093	264,646	264,646					**52**
Vale S.A	Ore pellets supply	CSN is committed to acquire at least 90% of the volume of ore pellets guaranteed by the contract	22,268	195,221	141,765	141,765	141,765	94,510			**51**
Compagás	Natural gas supply	CSN is committed to acquire at least 80% of the annual volume of natural gas contracted with Compagás .	11,984	15,318	11,754	11,754	11,754	11,754	11,754	105,786	**16**
COPEL	Electricity supply	CSN is committed to acquire at least 80% of the annual volume of electricity contracted with COPEL.	9,583	13,178	8,809	8,809	8,809	8,809	8,809	52,852	**9**
K&K Tecnologia	Supply of mud for blast furnace generated in the pig iron production.	CSN is committed to acquire at least 3,000 tonnes monthly of mud for blast furnace to be processed at CSN's mud concentration plant			6,480	6,480	6,480	6,480	6,480	46,980	**7**
Multiserv Ltda	Processing of slag resulting from the production of pig iron and steel.	The Multiserver Ltd undertakes to perform the processing of at least 400,000 tons per month of slag to CSN, resulting from the	32,819	37,279	28,416	28,416	28,416	14,208			**9**

production of pig iron and steel.									
	1,015,579	**905,475**	**923,070**	**880,947**	**512,551**	**388,003**	**279,285**	**479,346**	**3,4**

(CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE)

b. Concession agreements

On December 31, 2010, the minimum future payments referring to governmental concessions have the following maturities:

		Minimum future commitments						
Concession	**Nature of service**	**2011**	**2012**	**2013**	**2014**	**2015**	**After 2016**	**Total**
MRS	30-year concession, renewable for another 30 years of iron ore transportation from Casa of Pedra mine in Minas Gerais and coke and coal from the Itaguaí Port, in Rio of Janeiro to Volta Redonda and exports directed to Itaguaí and Rio of Janeiro Ports.	9,480	9,480	9,480	9,480	9,480	4,740	**52,140**
Transnordestina	30-year concession granted on December 31, 1997, renewable for another 30 years to develop the public utility service to operate Brazil's northeast railway system. The railway system in the northeast region comprises 4,238 km of railway network and operates in Maranhão, Piauí, Ceará, Paraíba, Pernambuco, Alagoas and Rio Grande do Norte.	5,809	5,809	5,809	5,809	5,809	69,705	**98,750**
Tecar	Concession to operate TECAR, a solid bulk terminal, one of the four terminals of the Itaguaí port located in Rio of Janeiro, maturing in 2022 and renewable for another 25 years.	4,556	3,220	3,220	3,220	3,220	23,099	**40,535**
Tecon	25-year concession granted on September 3, 1998 , renewable for another 25 years to operate the containers terminal at the Itaguaí port.	20,490	20,490	20,490	20,490	20,490	215,142	**317,592**
		40,335	**38,999**	**38,999**	**38,999**	**38,999**	**312,686**	**509,017**

c. Projects and other commitments

- **Steelmaking Flat and long steel**

The Company has been setting up a long steel plant in the city of Volta Redonda, State of Rio de Janeiro, within its main steelmaking facility. CSN intends to produce 500,000 tonnes/year of long steel products, aiming at 400,000 tonnes/year of iron rode and 100,000 tonnes/year of wire rod. Total investment in manufacturing long-steel products will be nearly R$974 million. Facilities will use off scouring and pig iron as main raw material. In addition to this mill, CSN has developed two completely new long steel projects in Brazil, also with 500,000 tonnes/year capacity each. The Company expects these two mills to start production up to the end of 2013. CSN has been developing a flat steel project, with 1.5 million tonnes per year (Mtpa) estimated capacity, in a place to be confirmed yet.

- **Iron ore project**

CSN s iron ore business includes expansion of mining activities and port facilities. CSN estimates to manufacture 89 million tonnes per year (Mtpa) iron ore products by 2014: 50 million tonnes per year (Mtpa) in Casa de Pedra and 39 million tonnes per year (Mtpa) in Namisa. The Company expects to finance these investments with the Brazilian Development Bank (BNDES), export credit agencies, security-offering procedures, and free cash flow from its current operations.

In addition, CSN has invested on increasing the capacity of Port of Itaguaí (TECAR) to a level of 84 million tonnes per year (Mtpa). Current annual export capacity is equivalent to 30 million tonnes.

In addition to these projects under implementation, the Company has considered other Greenfield and Brownfield project opportunities, in addition to acquisition options.

CSN owns the concession to operate TECAR, a solid bulk terminal, one of the four terminals that compose Itaguaí Port, located in the city of Rio de Janeiro. Coal and coke are imported through this terminal. The concession agreement has a 25-year term, which is renewable for another 25 years.

When the concession is extinguished, all the rights and privileges transferred to CSN will return to CDRJ (Port Authority of Rio de Janeiro), together with the assets under CSN s possession and those resulting from its investments in leased assets declared reversible by CDRJ as they are necessary to carry on the service granted.

The reversible assets will be indemnified by CDRJ by their residual value of their cost, after deducting depreciation/amortization.

- **Cement project**

The Company has invested R$814 million in a whole new grinding mill in the city of Volta Redonda, already in operation, and a clinker furnace in the city of Arcos, State of Minas Gerais, with 2.4 million tonnes per year (Mtpa) and 830,000 tonnes/year capacity, respectively. This project is a landmark for CSN in the cement market by taking advantage from offscouring coming from its blast furnaces and limestone reserves in the city of Arcos.

In 4Q10, CSN s cement sales added up to 342,799 tonnes (338,000 in 2009), expecting to reach total production capacity by 2012. These investments have been partially financed by the Brazilian Development Bank (BNDES).

In addition to this plant, the Company has developed other projects: building an integrated cement plant in the city of Arcos, with an up to 1 million tonnes per year (Mtpa) capacity, and considering the construction of other three cement integrated plants (cement and clinker) in Brazil by 2014, also with 1 million tonnes per year (Mtpa) capacity each. Altogether, these operations and projects will total 6.4 million tonnes per year (Mtpa) capacity until 2014.

- **Nova Transnordestina Project**

In August of 2006, in order to allow the implementation of a main infrastructure project lead by the Brazilian federal government, CSN management team, approved a merger transaction of Transnordestina S.A., the Company which the Nova Transnordestina Project is related, with Companhia Ferroviária do Nordeste -

CFN, an controlled Company of CSN, currently called Transnordestina Logística S.A., which holds a 30-year concession granted in 1998 to operate Ferrovia Nordestina da RFFSA, with 4,238 km of rail network. Nova Transnordestina Project includes an additional 1,728 km of rail network of last generation gagging. The Company expects that investments allow Transnordestina Logística to increase transportation of several products, such as iron ore, limestone, soybean, cotton, sugar cane, oil and fuel. Investments will be financed by means of several agencies, such as Fundo de Investimento do Nordeste (FINOR), Superintendência de Desenvolvimento do Nordeste (SUDENE) and the Brazilian Development Bank (BNDES). The Company obtained certain required environmental authorization, acquired some equipment and services and the implementation is in progress in certain regions.

The Company guarantees loans of Transnordestina from BNDES, totaling R$373.5 million on December 31, 2010. These loans are for the purpose of financing Transnordestina s infrastructure investments. The maximum amount for future payments which may be required to the guarantor as guarantee is R$373.5.

- **Logistic Platform Project of CSN Itaguaí**

Pursuant to concession terms, CSN is responsible for unloading at least 3.4 million tonnes of coal and coke from CSN s suppliers through this terminal on an annual basis, as well as third-party loading. Among approved investments disclosed by CSN, highlights to the development and expansion of the solid bulk terminal in Itaguaí to deal with up to 130 million tonnes of iron ore per year.

(CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE)

- **Long-term agreements with Namisa**

The Company entered into long term agreements with Namisa for port operation services and iron ore supply (ROM) of Casa de Pedra mine, as described below:

i. Operational port service agreement

On December 30, 2008, CSN signed an agreement for the port services with Namisa, for a period of 34 years, which is related to receive, handle, store and ship iron ore from Namisa in annual volumes ranging from 18.0 million tons and 39.0 million tons. CSN has received approximately R$ 5.3 billion as part of advance due for services to be provided under this agreement. The amount of port services is reviewed quarterly and adjusted, considering changes in the market price of iron ore.

ii. High silicon

On December 30, 2008, CSN signed an agreement for the iron ore supply (ROM) of high silica to Namisa, for a period of 30 years, in volumes ranging from 42.0 million tons to 54.0 million tons per years. CSN has received approximately R$ 1.6 billion as part of advance due for the supplies to be made under this agreement. The value of the provision is reviewed quarterly and adjusted, considering changes in the market price of iron ore.

iii. Low silicon ROM

On December 30, 2008, CSN signed an agreement for the supply of crude iron ore (ROM) low silica to Namisa, for a period of 35 years, in volumes ranging from 2.8 million tons to 5.04 million tons per years. CSN has received approximately $ 424 million as part of an advance due for supplies to be made under this agreement. The value of the provision is reviewed quarterly and adjusted, considering changes in the market price of iron ore.

32. INSURANCE

Aiming at properly mitigating risks and in view of the nature of its operations, the Company and its subsidiaries took out several different types of insurance policies. The policies are taken out in line with the Risk Management policy and are similar to insurances taken out by other companies operating in the same line as CSN and its subsidiaries. The coverage of these policies include: National Transportation, International Transportation, Carrier Civil Responsibility, Import, Export, Life and Personal Accidents Insurance, Health, Vehicle Fleet, D&O (Administrator Civil Responsibility Insurance), General Civil Responsibility, Engineering Risks, Sundry Risks, Export Credit, Guarantee Insurance and Port Operator Civil Responsibility.

The Company also renewed the Property Damage and Loss of Profits insurances to its entities and subsidiaries with the following exceptions: Usina Presidente Vargas, Casa de Pedra, Mineração Arcos, CSN Paraná, Terminal de Carvão TECAR (it has Property Damage), which are under negotiation with insurance and reinsurance companies in Brazil and abroad in order to obtain, place and pay these other policies.

The risk assumptions adopted, given their nature, are not part of the scope of a financial statement audit, and, consequently, they were not reviewed by our independent auditors.

33. SUBSEQUENT EVENTS

- On January 26, 2011, the Company released to the market a Material Fact, that it increased its ownership in the capital stock of Usinas Siderúrgicas de Minas Gerais S.A. USIMINAS, thorough acquisitions of common and preferred shares. Then the Company held 5.03% common shares and 4.99% preferred shares, as disclosed to the market on January 13, 2011.

Between January 26 and March 21, 2011, the Company acquired common shares. With these acquisitions, the Company owns 8.62% of common shares.

(CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE)

The Company is considering strategies towards its investment in Usiminas, including possible additional share acquisitions higher than mentioned values. Possible additional purchases could lead to changes in Usiminas ownership or management structure.

- On January 28, 2011, CSN merged into subsidiary CSN Aços Longos S.A. The merger optimized processes, reduced and simplified administrative costs, mainly management ones, due to the concentration into one single organizational structure of all commercial, operational and administrative activities of its companies.

- On February 3, 2011, the Company loaned R$2 billion from the Brazilian Federal Savings Bank (Caixa Econômica Federal). The operation was carried out by means of line Company Special Credit Large Corporations, upon the issue of a bank credit note in the loan total amount, due in 94 months.

- From February 1st to February 10, 2011, the Company acquired 10,456,086 shares of the capital stock of Mineradora Riversdale Mining Limited, amounting to R$281,438, an indirect interest of 19.98% in the capital stock of Riversdale.

(CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE)

Independent Auditors Report on the Financial Statements

(a free translation from the original in Portuguese)

To
The Board of Directors and Shareholders
Companhia Siderúrgica Nacional
Rio de Janeiro - RJ

We have audited the accompanying individual and consolidated financial statements of Companhia Siderúrgica Nacional (the Company), identified as Parent and Consolidated, respectively, which comprises the statement of financial position as at December 31, 2010 and the related statements of income, comprehensive income, changes in shareholders equity and cash flows for the year then ended, as well as a summary of significant accounting policies and other explanatory information.

Management s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these individual financial statements in accordance with the accounting practices adopted in Brazil and of these consolidated financial statements in accordance with 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.

Independent Auditors Responsibility

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

An audit involves performing procedures selected to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement in the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity s preparation and fair presentation of the 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 policies 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 have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on the individual financial statements

In our opinion, the aforementioned individual financial statements present fairly, in all material respects, the individual financial position of Companhia Siderúrgica Nacional as at December 31, 2010, and its financial performance and its cash flows for the year then ended in accordance with the accounting practices adopted in Brazil.

Opinion on the consolidated financial statements

In our opinion, the aforementioned consolidated financial statements present fairly, in all material respects, the consolidated financial position of Companhia Siderúrgica Nacional as of December 31, 2010, and its consolidated financial 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 the accounting practices adopted in Brazil.

Emphasis of matter paragraph

As mentioned in note 2, the individual financial statements were prepared in accordance with the accounting practices adopted in Brazil. In the case of Companhia Siderúrgica Nacional these practices differ from the IFRS, applicable to the separate financial statements, only with respect to the measurements of investments in subsidiaries, associated companies and jointly controlled entities measured by the equity method, while for IFRS purposes these investments would be measured at cost or fair value.

As mentioned in note 32 to the financial statements, the Company has been negotiating with insurance and reinsurance companies in Brazil and abroad, in order to obtain insurance coverage for property damages and business interruption in certain sites of the Company.

Other matters

Statements of added value

We also examined the individual and consolidated statements of added value (DVA), which are the responsibility of Company’s management, for the year ended on December 31, 2010, for which the disclosure is required by Brazilian corporation laws applicable to publicly-held companies and is an additional information for IFRS which does not require this disclosure. These statements were submitted to the same audit procedures previously described and, in our opinion, are fairly presented in all its material respects, in relation to the financial statements taken as whole.

São Paulo, March 22, 2011

KPMG Auditores Independentes

CRC SP-014428/O-6 F-RJ

Original in Portuguese signed by

Anselmo Neves Macedo

Accountant CRC SP-160482/O-6 S-RJ

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: April 13, 2011

COMPANHIA SIDERÚRGICA NACIONAL

By: /s/ Benjamin Steinbruch

Benjamin Steinbruch
Chief Executive Officer

By: /s/ Paulo Penido Pinto Marques

Paulo Penido Pinto Marques
Chief Financial Officer and
Investor Relations Officer

FORWARD-LOOKING STATEMENTS

This press release may contain forward-looking statements. These statements are statements that are not historical facts, and are based on management's current view and estimates of future economic circumstances, industry conditions, company performance and financial results. The words "anticipates", "believes", "estimates", "expects", "plans" and similar expressions, as they relate to the company, are intended to identify forward-looking statements. Statements regarding the declaration or payment of dividends, the implementation of principal operating and financing strategies and capital expenditure plans, the direction of future operations and the factors or trends affecting financial condition, liquidity or results of operations are examples of forward-looking statements. Such statements reflect the current views of management and are subject to a number of risks and uncertainties. There is no guarantee that the expected events, trends or results will actually occur. The statements are based on many assumptions and factors, including general economic and market conditions, industry conditions, and operating factors. Any changes in such assumptions or factors could cause actual results to differ materially from current expectations.