NATIONAL STEEL CO
Form 6-K
March 31, 2011

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 6-K

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

For the month of March, 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____

(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

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

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)

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

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** 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	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

Page 12 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 / 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

Page 13 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 / 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

(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

Page 21 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**

(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**

Specific purpose companies	Interest in the capital stock (%) 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.

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.

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

(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)

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)

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

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)

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.

Florestal 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.

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

- **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**

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.

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.