

NATIONAL STEEL CO  
Form 6-K  
June 01, 2010

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**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

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**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 June, 2010**

**Commission File Number 1-14732**

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**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  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

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

FEDERAL PUBLIC SERVICE

CVM BRAZILIAN SECURITIES AND EXCHANGE COMMISSION

QUARTERLY INFORMATION

COMMERCIAL, INDUSTRY & OTHER TYPES OF COMPANY

March 31, 2010

Accounting Practices Adopted in Brazil

Registration with CVM SHOULD not BE CONSTRUED AS AN EVALUATION of the company.

company management is responsible for the information provided.

## 01.01 IDENTIFICATION

1 - CVM CODE

00403-0

2 - COMPANY NAME

COMPANHIA SIDERÚRGICA NACIONAL

3 - CNPJ (Corporate Taxpayer s ID)

33.042.730/0001-04

4 - NIRE (Corporate Registry ID)

33-300011595

## 01.02 HEAD OFFICE

1 - ADDRESS

RUA SÃO JOSÉ, 20 GR, 1602 PARTE

3 - ZIP CODE

20010-020

6 - AREA CODE

21

11 - AREA CODE

21

4 - CITY

RIO DE JANEIRO

7 - TELEPHONE

2141-1800

12 - FAX

2141-1809

2 - DISTRICT

CENTRO

5 - STATE

RJ

8 - TELEPHONE

-

13 - FAX

-

9 - TELEPHONE

-

14 FAX

-

10 - TELEX

21  
15 - E-MAIL

invrel@csn.com.br

## 01.03 INVESTOR RELATIONS OFFICER (Company Mailing Address)

1- NAME

PAULO PENIDO PINTO MARQUES

2 - ADDRESS

3 - DISTRICT

AV. BRIGADEIRO FARIA LIMA, 3400 20º ANDAR

ITAIM BIBI

4 - ZIP CODE

5 - CITY

6 - STATE

04538-132

SÃO PAULO

SP

7 - AREA  
CODE

8 - TELEPHONE

9 - TELEPHONE

10 - TELEPHONE

11 - TELEX

11

3049-7100

-

-

12 - AREA  
CODE

13 - FAX

14 - FAX

15 FAX

11

3049-7212

-

-

16 - E-MAIL

paulopenido@csn.com.br

## 01.04 REFERENCE AND AUDITOR INFORMATION

| CURRENT YEAR                 |            | CURRENT QUARTER |           |           | PREVIOUS QUARTER                               |           |            |
|------------------------------|------------|-----------------|-----------|-----------|--|-----------|------------|
| 1 -                          | 2 - END    | 3 -             | 4 -       | 5 - END   | 6 -  | 7 -       | 8 - END    |
| BEGINNING                    |            | QUARTER         | BEGINNING |           | QUARTER  | BEGINNING |            |
| 1/1/2010                     | 12/31/2010 | 1               | 1/1/2010  | 3/31/2010 | 4  | 1/10/2009 | 12/31/2009 |
| 09 - INDEPENDENT ACCOUNTANT  |            |                 |           |           | 10 - CVM CODE                                  |           |            |
| KPMG AUDITORES INDEPENDENTES |            |                 |           |           | 00418-9  |           |            |
| 11. TECHNICIAN IN CHARGE     |            |                 |           |           | 12 TECHNICIAN S CPF (INDIVIDUAL TAXPAYER S ID) |           |            |
| ANSELMO NEVES MACEDO         |            |                 |           |           | 033.169.788-28                                 |           |            |



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

**FEDERAL PUBLIC SERVICE**

**CVM BRAZILIAN SECURITIES AND EXCHANGE COMMISSION**

**March 31, 2010**

**Accounting Practices Adopted in Brazil**

**QUARTERLY INFORMATION**

**COMMERCIAL, INDUSTRY & OTHER TYPES OF COMPANY**

**01.01 IDENTIFICATION**

|              |                                |                                    |
|--------------|--------------------------------|------------------------------------|
| 1 - CVM CODE | 2 - COMPANY NAME               | 3 - CNPJ (Corporate Taxpayer's ID) |
| 00403-0      | COMPANHIA SIDERÚRGICA NACIONAL | 33.042.730/0001-04                 |

**01.05 CAPITAL STOCK**

| Number of Shares       | 1- CURRENT QUARTER | 2- PREVIOUS QUARTER | 3 SAME QUARTER PREVIOUS YEAR |
|------------------------|--------------------|---------------------|------------------------------|
| (In thousands)         | 3/31/2010          | 12/31/2009          | 3/31/2009                    |
| <b>Paid-in Capital</b> |                    |                     |                              |
| 1 Common               | 1,510,359          | 755,180             | 793,404                      |
| 2 Preferred            | 0                  | 0                   | 0                            |
| 3 Total                | 1,510,359          | 755,180             | 793,404                      |
| <b>Treasury Shares</b> |                    |                     |                              |
| 4 Common               | 52,389             | 26,195              | 34,734                       |
| 5 Preferred            | 0                  | 0                   | 0                            |
| 6 Total                | 52,389             | 26,195              | 34,734                       |

**01.06 COMPANY PROFILE**

1 - TYPE OF COMPANY

Commercial, Industry and Other Types of Company

2 - STATUS

Operational

3 - NATURE OF OWNERSHIP

Private National

4 - ACTIVITY CODE

1060 Metallurgy and Steel Industry

5 - MAIN ACTIVITY

MANUFACTURING, TRANSFORMATION AND TRADING OF STEEL PRODUCTS

6 - CONSOLIDATION TYPE

Total

7 - TYPE OF REPORT OF INDEPENDENT AUDITORS

Unqualified

## 01.07 COMPANIES NOT INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS

1 - ITEM    2 - CNPJ (Corporate Taxpayer s ID)    3 - COMPANY NAME

## 01.08 - CASH DIVIDENDS APPROVED AND/OR PAID DURING AND AFTER THE QUARTER

| 1 - ITEM | 2 - EVENT | 3 - APPROVAL | 4 - TYPE | 5 - DATE OF PAYMENT | 6 - TYPE OF SHARE | 7 - AMOUNT PER SHARE |
|----------|-----------|--------------|----------|---------------------|-------------------|----------------------|
|----------|-----------|--------------|----------|---------------------|-------------------|----------------------|

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00403-0

COMPANHIA SIDERÚRGICA NACIONAL

33.042.730/0001-04

## 01.09 - SUBSCRIBED CAPITAL AND CHANGES IN THE CURRENT YEAR

| 1 - ITEM | 2 - DATE OF CHANGE | 3 - CAPITAL STOCK       | 4 - AMOUNT OF CHANGE    | 5 - NATURE OF CHANGE | 7 - NUMBER OF SHARES ISSUED | 8 - SHARE PRICE WHEN ISSUED |
|----------|--------------------|-------------------------|-------------------------|----------------------|-----------------------------|-----------------------------|
|          |                    | (In thousands of reais) | (In thousands of reais) |                      | (Thousand)                  | (In reais)                  |

## 01.10 - INVESTOR RELATIONS OFFICER

1 - DATE

2 - SIGNATURE

01.10 - INVESTOR RELATIONS OFFICER

5/6/2010

3

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**02.01 BALANCE SHEET - ASSETS (in thousands of Reais)**

| 1 - CODE      | 2 - DESCRIPTION  | 3 - 3/31/2010 | 4 -12/31/2009 |
|---------------|--|---------------|---------------|
| 1             | Total Assets   | 34,166,011    | 32,454,410    |
| 1.01          | Current Assets   | 7,133,218     | 7,753,387     |
| 1.01.01       | Cash and Cash Equivalents                                | 1,681,646     | 2,872,919     |
| 1.01.01.01    | Cash   | 24,808        | 31,023        |
| 1.01.01.02    | Cash Equivalents   | 1,656,838     | 2,841,896     |
| 1.01.02       | Receivables  | 3,124,296     | 2,917,108     |
| 1.01.02.01    | Accounts receivable                                      | 1,617,863     | 1,420,435     |
| 1.01.02.01.01 | Accounts Receivable subsidiaries                         | 1,155,925     | 1,031,593     |
| 1.01.02.01.02 | Accounts Receivable third-parties                        | 802,483       | 678,975       |
| 1.01.02.01.03 | Allowance for Doubtful Accounts                          | (340,545)     | (290,133)     |
| 1.01.02.02    | Sundry Receivables                                       | 1,506,433     | 1,496,673     |
| 1.01.02.02.01 | Employees  | 5,449         | 4,872         |
| 1.01.02.02.02 | Corporate Income Tax and Social Contribution Recoverable | 264,053       | 366,928       |
| 1.01.02.02.03 | Deferred Income Tax                                      | 485,364       | 382,018       |
| 1.01.02.02.04 | Deferred Social Contribution                             | 179,069       | 140,373       |

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|               |  |            |            |
|---------------|--|------------|------------|
| 1.01.02.02.06 | Other Taxes  | 164,052    | 172,480    |
| 1.01.02.02.07 | Proposed Dividends Receivable                          | 369,981    | 369,981    |
| 1.01.02.02.09 | Other Receivables                                      | 38,465     | 60,021     |
| 1.01.03       | Inventories  | 2,303,834  | 1,955,541  |
| 1.01.04       | Other  | 23,442     | 7,819      |
| 1.01.04.02    | Prepaid Expenses                                       | 23,442     | 7,819      |
| 1.02          | Noncurrent Assets                                      | 27,032,793 | 24,701,023 |
| 1.02.01       | Long-Term Assets                                       | 3,119,757  | 3,136,275  |
| 1.02.01.01    | Sundry Receivables                                     | 528,041    | 557,870    |
| 1.02.01.01.01 | Securities Receivables                                 | 36,422     | 27,139     |
| 1.02.01.01.02 | Deferred Income Tax                                    | 265,506    | 280,947    |
| 1.02.01.01.03 | Deferred Social Contribution                           | 90,471     | 96,206     |
| 1.02.01.01.04 | Other Taxes  | 135,642    | 153,578    |
| 1.02.01.02    | Receivables from Related Parties                       | 1,197,800  | 1,201,162  |
| 1.02.01.02.01 | Associated and Related Companies                       | 0          | 0          |
| 1.02.01.02.02 | Subsidiaries   | 1,197,800  | 1,201,162  |
| 1.02.01.02.03 | Other Related Parties                                  | 0          | 0          |
| 1.02.01.03    | Other  | 1,393,916  | 1,377,243  |
| 1.02.01.03.01 | Judicial Deposits                                      | 1,213,634  | 1,197,136  |
| 1.02.01.03.02 | Prepaid Expenses                                       | 16,650     | 17,390     |
| 1.02.01.03.03 | Other  | 163,632    | 162,717    |
| 1.02.02       | Permanent Assets                                       | 23,913,036 | 21,564,748 |
| 1.02.02.01    | Investments  | 16,073,352 | 14,029,455 |
| 1.02.02.01.01 | Interest in Associated/Related Companies               | 0          | 0          |
| 1.02.02.01.02 | Interest in Associated/Related Companies -<br>Goodwill | 0          | 0          |
| 1.02.02.01.03 | Interest in Subsidiaries                               | 16,073,321 | 14,029,424 |

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**March 31, 2010**

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|--------------|--------------------------------|------------------------------------|
| 00403-0      | COMPANHIA SIDERÚRGICA NACIONAL | 33.042.730/0001-04                 |

**02.01 BALANCE SHEETS - ASSETS (in thousands of Reais)**

| 1 - CODE      | 2 - DESCRIPTION                     | 3 - 3/31/2010 | 4 - 12/31/2009 |
|---------------|-------------------------------------|---------------|----------------|
| 1.02.02.01.04 | Interest in Subsidiaries - Goodwill |               | 0              |
| 1.02.02.01.05 | Other Investments                   |               | 31             |
| 1.02.02.02    | Property, Plant and Equipment       | 7,724,853     | 7,418,185      |
| 1.02.02.02.01 | In operation, Net                   | 6,350,864     | 6,226,861      |
| 1.02.02.02.02 | In Construction                     | 1,288,594     | 1,107,449      |
| 1.02.02.02.03 | Land                                | 85,395        | 83,875         |
| 1.02.02.03    | Intangible Assets                   | 87,650        | 88,594         |
| 1.02.02.04    | Deferred Charges                    | 27,181        | 28,514         |

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## **02.02 BALANCE SHEET - LIABILITIES (in thousands of Reais)**

| 1 - CODE   | 2 - DESCRIPTION                   | 3 - 3/31/2010 | 4 - 12/31/2009 |
|------------|-----------------------------------|---------------|----------------|
| 2          | Total Liabilities                 | 34,166,011    | 32,454,410     |
| 2.01       | Current Liabilities               | 5,330,886     | 5,108,658      |
| 2.01.01    | Loans and Financing               | 1,644,548     | 1,679,464      |
| 2.01.02    | Debentures                        | 8,211         | 21,592         |
| 2.01.03    | Suppliers                         | 323,116       | 337,444        |
| 2.01.04    | Taxes, Fees and Contributions     | 932,136       | 726,857        |
| 2.01.04.01 | Salaries and Social Contributions | 87,701        | 89,685         |
| 2.01.04.02 | Taxes Payable                     | 95,549        | 89,880         |
| 2.01.04.05 | Taxes Paid by Installments        | 748,886       | 547,292        |
| 2.01.05    | Dividends Payable                 | 1,650,908     | 1,561,713      |
| 2.01.06    | Provisions                        | 119,855       | 132,581        |
| 2.01.06.01 | Contingencies                     | 183,410       | 172,657        |
| 2.01.06.02 | Judicial Deposits                 | (95,867)      | (97,234)       |
| 2.01.06.03 | Provision for Pension Fund        | 32,312        | 57,158         |
| 2.01.07    | Debts with Related Parties        | 0             | 0              |
| 2.01.08    | Other                             | 652,112       | 649,007        |

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|               |   |             |             |
|---------------|---|-------------|-------------|
| 2.01.08.01    | Accounts Payable - Subsidiaries         | 283,292     | 200,152     |
| 2.01.08.02    | Other                                   | 368,820     | 448,855     |
| 2.02          | Noncurrent Liabilities                  | 22,784,954  | 21,781,119  |
| 2.02.01       | Long-Term Liabilities                   | 22,784,954  | 21,781,119  |
| 2.02.01.01    | Loans and Financing                     | 12,196,857  | 11,132,108  |
| 2.02.01.02    | Debentures                              | 600,000     | 600,000     |
| 2.02.01.03    | Provisions                              | 636,759     | 1,495,091   |
| 2.02.01.03.01 | Tax Contingencies                       | 1,808,835   | 2,673,693   |
| 2.02.01.03.02 | Environmental Contingencies             | 122,277     | 116,309     |
| 2.02.01.03.03 | Labor and Social Security Contingencies | 51,533      | 50,880      |
| 2.02.01.03.04 | Judicial Deposits                       | (1,345,886) | (1,345,791) |
| 2.02.01.04    | Debts with Related Parties              | 0           | 0           |
| 2.02.01.05    | Advance for Future Capital Increase     | 0           | 0           |
| 2.02.01.06    | Other                                   | 9,351,338   | 8,553,920   |
| 2.02.01.06.01 | Provision for investment losses         | 34,091      | 51,246      |
| 2.02.01.06.02 | Accounts Payable Subsidiaries           | 8,104,477   | 8,016,557   |
| 2.02.01.06.03 | Provision for Pension Fund              | 0           | 12,788      |
| 2.02.01.06.04 | Taxes Paid by Installments              | 962,991     | 277,050     |
| 2.02.01.06.05 | Other                                   | 249,779     | 196,279     |
| 2.03          | Deferred Income                         | 0           | 0           |
| 2.05          | Shareholders Equity                     | 6,050,171   | 5,564,633   |
| 2.05.01       | Paid-In Capital Stock                   | 1,680,947   | 1,680,947   |
| 2.05.02       | Capital Reserves                        | 30          | 30          |
| 2.05.03       | Revaluation Reserves                    | 0           | 0           |
| 2.05.03.01    | Own Assets                              | 0           | 0           |

6

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**02.02 BALANCE SHEET - LIABILITIES (in thousands of Reais)**

| 1 - CODE      | 2 - DESCRIPTION                               | 3 - 3/31/2010 | 4 - 12/31/2009 |
|---------------|---|---------------|----------------|
| 2.05.03.02    | Subsidiaries/Associated and Related Companies | 0             | 0              |
| 2.05.04       | Profit Reserves                               | 4,265,970     | 4,265,970      |
| 2.05.04.01    | Legal   | 336,190       | 336,190        |
| 2.05.04.02    | Statutory                                     | 0             | 0              |
| 2.05.04.03    | For Contingencies                             | 0             | 0              |
| 2.05.04.04    | Unrealized Income                             | 3,779,357     | 3,779,357      |
| 2.05.04.05    | Retention of Profits                          | 0             | 0              |
| 2.05.04.06    | Special For Undistributed Dividends           | 0             | 0              |
| 2.05.04.07    | Other Profit Reserves                         | 150,423       | 150,423        |
| 2.05.04.07.01 | From Investments                              | 1,341,982     | 1,341,982      |
| 2.05.04.07.02 | Treasury Shares                               | (1,191,559)   | (1,191,559)    |
| 2.05.05       | Equity Valuation Adjustments                  | (270,538)     | (382,314)      |
| 2.05.05.01    | Securities Adjustments                        | 147,798       | 36,885         |
| 2.05.05.02    | Accumulated Translation Adjustments           | (418,336)     | (419,199)      |
| 2.05.05.03    | Business Combination Adjustments              | 0             | 0              |
| 2.05.06       | Retained Earnings/ Accumulated Losses         | 373,762       | 0              |

|         |                                     |   |   |
|---------|-------------------------------------|---|---|
| 2.05.07 | Advance for Future Capital Increase | 0 | 0 |
|---------|-------------------------------------|---|---|

7

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**03.01 STATEMENT OF INCOME (in thousands of Reais)**

| 1 - CODE   | 2 - DESCRIPTION                             | 3 - 1/1/2010 to 3/31/2010 | 4 - 1/1/2010 to 3/31/2010 | 5 - 1/1/2009 to 3/31/2009 | 6 - 1/1/2009 to 3/31/2009 |
|------------|---|---------------------------|---------------------------|---------------------------|---------------------------|
| 3.01       | Gross Revenue from Sales and/or Services    | 3,282,699                 | 3,282,699                 | 2,282,260                 | 2,282,260                 |
| 3.02       | Gross Revenue Deductions                    | (733,357)                 | (733,357)                 | (476,242)                 | (476,242)                 |
| 3.03       | Net Revenue from Sales and/or Services      | 2,549,342                 | 2,549,342                 | 1,806,018                 | 1,806,018                 |
| 3.04       | Cost of Goods Sold and/or Services Rendered | (1,420,716)               | (1,420,716)               | (1,345,095)               | (1,345,095)               |
| 3.04.01    | Depreciation, Depletion and Amortization    | (160,659)                 | (160,659)                 | (112,444)                 | (112,444)                 |
| 3.04.02    | Other                                       | (1,260,057)               | (1,260,057)               | (1,232,651)               | (1,232,651)               |
| 3.05       | Gross Income                                | 1,128,626                 | 1,128,626                 | 460,923                   | 460,923                   |
| 3.06       | Operating Income/Expenses                   | (708,569)                 | (708,569)                 | (179,390)                 | (179,390)                 |
| 3.06.01    | Selling Expenses                            | (171,787)                 | (171,787)                 | (96,433)                  | (96,433)                  |
| 3.06.01.01 | Depreciation and Amortization               | (1,310)                   | (1,310)                   | (1,126)                   | (1,126)                   |
| 3.06.01.02 | Other                                       | (170,477)                 | (170,477)                 | (95,307)                  | (95,307)                  |
| 3.06.02    | General and Administrative                  | (71,543)                  | (71,543)                  | (70,777)                  | (70,777)                  |
| 3.06.02.01 | Depreciation and Amortization               | (2,241)                   | (2,241)                   | (1,828)                   | (1,828)                   |



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|               |  |           |           |           |           |
|---------------|--|-----------|-----------|-----------|-----------|
| 3.06.02.02    | Other                                      | (69,302)  | (69,302)  | (68,949)  | (68,949)  |
| 3.06.03       | Financial                                  | (558,824) | (558,824) | (306,406) | (306,406) |
| 3.06.03.01    | Financial Income                           | 227,880   | 227,880   | 217,841   | 217,841   |
| 3.06.03.02    | Financial Expenses                         | (786,704) | (786,704) | (524,247) | (524,247) |
| 3.06.03.02.01 | Foreign Exchange and<br>Monetary Variation | (192,308) | (192,308) | 41,728    | 41,728    |
| 3.06.03.02.02 | Financial Expenses                         | (594,396) | (594,396) | (565,975) | (565,975) |
| 3.06.04       | Other Operating Income                     | 28,048    | 28,048    | 74,820    | 74,820    |
| 3.06.05       | Other Operating Expenses                   | (149,416) | (149,416) | (85,177)  | (85,177)  |
| 3.06.06       | Equity Pick-Up                             | 214,953   | 214,953   | 304,583   | 304,583   |
| 3.07          | Operating Income                           | 420,057   | 420,057   | 281,533   | 281,533   |
| 3.08          | Non-operating Income                       | 0         | 0         | 0         | 0         |
| 3.08.01       | Income                                     | 0         | 0         | 0         | 0         |
| 3.08.02       | Expenses                                   | 0         | 0         | 0         | 0         |
| 3.09          | Income before Taxes/Profit<br>Sharing      | 420,057   | 420,057   | 281,533   | 281,533   |

8

**(CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE)****FEDERAL PUBLIC SERVICE****CVM - BRAZILIAN SECURITIES AND EXCHANGE COMMISSION****QUARTERLY INFORMATION****March 31, 2010****Accounting  
Practices  
Adopted in  
Brazil****COMMERCIAL, INDUSTRY & OTHER TYPES OF COMPANY****01.01 - IDENTIFICATION**

|              |                                |                                    |
|--------------|--------------------------------|------------------------------------|
| 1 - CVM CODE | 2 - COMPANY NAME               | 3 - CNPJ (Corporate Taxpayer s ID) |
| 00403-0      | COMPANHIA SIDERÚRGICA NACIONAL | 33.042.730/0001-04                 |

**03.01 STATEMENT OF INCOME (in thousands of Reais)**

| 1 - CODE | 2 - DESCRIPTION                                    | 3 - 1/1/2010 to<br>3/31/2010 | 4 - 1/1/2010 to<br>3/31/2010 | 5 - 1/1/2009 to<br>3/31/2009 | 6 - 1/1/2009 to<br>3/31/2009 |
|----------|--|------------------------------|------------------------------|------------------------------|------------------------------|
| 3.10     | Provision for Income and Social Contribution Taxes | (9,799)                      | (9,799)                      | (84,985)                     | (84,985)                     |
| 3.11     | Deferred Income Tax                                | 52,708                       | 52,708                       | 107,496                      | 107,496                      |
| 3.11.01  | Deferred Income Tax                                | 38,254                       | 38,254                       | 79,345                       | 79,345                       |
| 3.11.02  | Deferred Social Contribution                       | 14,454                       | 14,454                       | 28,151                       | 28,151                       |
| 3.12     | Statutory Profit Sharing/Contributions             | 0                            | 0                            | 0                            | 0                            |
| 3.12.01  | Profit Sharing                                     | 0                            | 0                            | 0                            | 0                            |
| 3.12.02  | Contributions                                      | 0                            | 0                            | 0                            | 0                            |
| 3.13     | Reversal of Interest on Shareholders Equity        | 0                            | 0                            | 0                            | 0                            |
| 3.15     | Income/Loss for the Period                         | 462,966                      | 462,966                      | 304,044                      | 304,044                      |
|          | OUTSTANDING SHARES, EX-TREASURY (in thousands)     | 1,457,970                    | 1,457,970                    | 758,670                      | 758,670                      |
|          | EARNINGS PER SHARE (in Reais)                      | 0.31754                      | 0.31754                      | 0.40076                      | 0.40076                      |

LOSS PER SHARE (in Reais)

**(CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE)****FEDERAL PUBLIC SERVICE****CVM - BRAZILIAN SECURITIES AND EXCHANGE COMMISSION****QUARTERLY INFORMATION****March 31, 2010****Accounting  
Practices  
Adopted in  
Brazil****COMMERCIAL, INDUSTRY & OTHER TYPES OF COMPANY****01.01 IDENTIFICATION**

1 - CVM CODE

2 - COMPANY NAME

3 - CNPJ (Corporate  
Taxpayer s ID)

00403-0

COMPANHIA SIDERÚRGICA NACIONAL

33.042.730/0001-04

**04.01 STATEMENT OF CASH FLOWS      INDIRECT  
METHOD (in thousands of Reais)**

| 1 - CODE   | 2 - DESCRIPTION                                  | 3 - 1/1/2010 to<br>3/31/2010 | 4 - 1/1/2010 to<br>3/31/2010 | 5 - 1/1/2009 to<br>3/31/2009 | 6 - 1/1/2009 to<br>3/31/2009 |
|------------|--|------------------------------|------------------------------|------------------------------|------------------------------|
| 4.01       | Net Cash from Operating<br>Activities            | 434,002                      | 434,002                      | (1231,264)                   | (1,231,264)                  |
| 4.01.01    | Cash Generated in the<br>Operations              | 1,168,352                    | 1,168,352                    | 240,332                      | 240,332                      |
| 4.01.01.01 | Net Income for the Period                        | 462,966                      | 462,966                      | 304,044                      | 304,044                      |
| 4.01.01.02 | Provision for Charges on Loans<br>and Financing  | 456,602                      | 456,602                      | 428,390                      | 428,390                      |
| 4.01.01.03 | Depreciation, Depletion and<br>Amortization      | 164,210                      | 164,210                      | 115,399                      | 115,399                      |
| 4.01.01.05 | Equity Pick Up                                   | (214,953)                    | (214,953)                    | (304,583)                    | (304,583)                    |
| 4.01.01.07 | Deferred Income and Social<br>Contribution Taxes | (52,708)                     | (52,708)                     | (107,496)                    | (107,496)                    |
| 4.01.01.09 | Provision for Actuarial Liability                | 0                            | 0                            | (10,552)                     | (10,552)                     |
| 4.01.01.10 | Provision for Contingencies                      | 34,881                       | 34,881                       | 13,559                       | 13,559                       |
| 4.01.01.11 | Foreign Exchange and<br>Monetary variation, net  | 242,817                      | 242,817                      | (198,397)                    | (198,397)                    |
| 4.01.01.12 | Other Provisions                                 | 74,537                       | 74,537                       | (32)                         | (32)                         |

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|            |                                     |             |             |             |             |
|------------|-------------------------------------|-------------|-------------|-------------|-------------|
| 4.01.02    | Changes in Assets and Liabilities   | (734,350)   | (734,350)   | (1,471,596) | (1,471,596) |
| 4.01.02.01 | Accounts Receivable                 | (197,402)   | (197,402)   | 10,646      | 10,646      |
| 4.01.02.02 | Inventories                         | (263,221)   | (263,221)   | 49,437      | 49,437      |
| 4.01.02.03 | Receivables from Subsidiaries       | 20,417      | 20,417      | (1,198,387) | (1,198,387) |
| 4.01.02.04 | Taxes to Offset                     | 198,242     | 198,242     | (67,274)    | (67,274)    |
| 4.01.02.05 | Suppliers                           | (17,686)    | (17,686)    | (108,134)   | (108,134)   |
| 4.01.02.06 | Salaries and Social Charges         | (3,786)     | (3,786)     | (7,307)     | (7,307)     |
| 4.01.02.07 | Taxes                               | 89,155      | 89,155      | 69,382      | 69,382      |
| 4.01.02.08 | Accounts Payable - Subsidiaries     | 9,160       | 9,160       | 0           | 0           |
| 4.01.02.09 | Contingent Liabilities              | (42,398)    | (42,398)    | 12,649      | 12,649      |
| 4.01.02.10 | Financial Institutions Interest     | (316,481)   | (316,481)   | (228,527)   | (228,527)   |
| 4.01.02.11 | Tax paid in installments - REFIS    | (157,236)   | (157,236)   | 0           | 0           |
| 4.01.02.12 | Judicial Deposits                   | (6,538)     | (6,538)     | (52,721)    | (52,721)    |
| 4.01.02.13 | Other                               | (46,576)    | (46,576)    | 48,640      | 48,640      |
| 4.01.03    | Other                               | 0           | 0           | 0           | 0           |
| 4.02       | Net Cash from Investment Activities | (2,454,795) | (2,454,795) | 1,748,124   | 1,748,124   |

10

**(CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE)****FEDERAL PUBLIC SERVICE****CVM - BRAZILIAN SECURITIES AND EXCHANGE COMMISSION****QUARTERLY INFORMATION****March 31, 2010****Accounting  
Practices  
Adopted in  
Brazil****COMMERCIAL, INDUSTRY & OTHER TYPES OF COMPANY****01.01 IDENTIFICATION**

|              |                                |                                    |
|--------------|--------------------------------|------------------------------------|
| 1 - CVM CODE | 2 - COMPANY NAME               | 3 - CNPJ (Corporate Taxpayer's ID) |
| 00403-0      | COMPANHIA SIDERÚRGICA NACIONAL | 33.042.730/0001-04                 |

**04.01 STATEMENT OF CASH FLOWS INDIRECT METHOD (in thousands of Reais)**

| 1 - CODE | 2 - DESCRIPTION   | 3 - 1/1/2010 to 3/31/2010 | 4 - 1/1/2010 to 3/31/2010 | 5 - 1/1/2009 to 3/31/2009 | 6 - 1/1/2009 to 3/31/2009 |
|----------|---|---------------------------|---------------------------|---------------------------|---------------------------|
| 4.02.02  | Capital reduction in subsidiary                         | 0                         | 0                         | 2,141,557                 | 2,141,557                 |
| 4.02.03  | Investments   | (2,534,258)               | (2,534,258)               | (237,107)                 | (237,107)                 |
| 4.02.04  | Property, Plant and Equipment                           | (219,769)                 | (219,769)                 | (156,326)                 | (156,326)                 |
| 4.02.05  | Cash from merger of subsidiary                          | 299,232                   | 299,232                   | 0                         | 0                         |
| 4.03     | Net Cash from Financing Activities                      | 829,499                   | 829,499                   | 231,772                   | 231,772                   |
| 4.03.01  | Loans and Financing                                     | 1,228,350                 | 1,228,350                 | 462,837                   | 462,837                   |
| 4.03.04  | Financial Institutions Principal                        | (398,851)                 | (398,851)                 | (231,063)                 | (231,063)                 |
| 4.03.05  | Dividends and Interest on Shareholders Equity           | 0                         | 0                         | (2)                       | (2)                       |
| 4.04     | Foreign Exchange Variation on Cash and Cash Equivalents | 21                        | 21                        | (110)                     | (110)                     |
| 4.05     | Increase (Decrease) in Cash and Cash Equivalents        | (1,191,273)               | (1,191,273)               | 748,522                   | 748,522                   |
| 4.05.01  |   | 2,872,919                 | 2,872,919                 | 1,269,546                 | 1,269,546                 |

|         |   |           |           |           |           |
|---------|---|-----------|-----------|-----------|-----------|
|         | Opening Balance of Cash and<br>Cash Equivalents |           |           |           |           |
| 4.05.02 | Closing Balance of Cash and<br>Cash Equivalents | 1,681,646 | 1,681,646 | 2,018,068 | 2,018,068 |
|         |   | 11        |           |           |           |

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**(CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE)****FEDERAL PUBLIC SERVICE****CVM - BRAZILIAN SECURITIES AND EXCHANGE COMMISSION****QUARTERLY INFORMATION****March 31, 2010****Accounting  
Practices  
Adopted in  
Brazil****COMMERCIAL, INDUSTRY & OTHER TYPES OF COMPANY****01.01 - IDENTIFICATION**

1 - CVM CODE 2 - COMPANY NAME

3 - CNPJ (Corporate Taxpayer s  
ID)

00403-0 COMPANHIA SIDERÚRGICA NACIONAL

33.042.730/0001-04

**05.01 STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY FROM 1/1/2010 TO 3/31/2010 (in R\$ thousands)**

| 1 -<br>CODE | 2 DESCRIPTION                      | 3<br>CAPITAL<br>STOCK | 4<br>CAPITAL<br>RESERVES | 5<br>REVALUATION<br>RESERVES | 6 PROFIT<br>RESERVES | 7 RETAINED<br>EARNINGS/<br>ACCUMULATED<br>LOSSES | 8 EQUITY<br>VALUATION<br>ADJUSTMEN |
|-------------|------------------------------------|-----------------------|--------------------------|------------------------------|----------------------|--|------------------------------------|
| 5.01        | Opening Balance                    | 1,680,947             |                          | 30                           | 0                    | 4,265,970  | 0 (382,                            |
| 5.02        | Prior Year<br>Adjustments          |                       | 0                        | 0                            | 0                    | 0  | 0                                  |
| 5.03        | Adjusted Balance                   | 1,680,947             |                          | 30                           | 0                    | 4,265,970  | 0 (382,                            |
| 5.04        | Income/Loss for the<br>Period      |                       | 0                        | 0                            | 0                    | 0  | 462,966                            |
| 5.05        | Allocations                        |                       | 0                        | 0                            | 0                    | 0  | (89,204)                           |
| 5.05.01     | Dividends                          |                       | 0                        | 0                            | 0                    | 0  | 0                                  |
| 5.05.02     | Interest on<br>Shareholders Equity |                       | 0                        | 0                            | 0                    | 0  | (89,204)                           |
| 5.05.03     | Other Allocations                  |                       | 0                        | 0                            | 0                    | 0  | 0                                  |
| 5.06        | Profit Reserve<br>Realization      |                       | 0                        | 0                            | 0                    | 0  | 0                                  |
| 5.07        | Equity Valuation<br>Adjustments    |                       | 0                        | 0                            | 0                    | 0  | 0 111                              |
| 5.07.01     |                                    |                       | 0                        | 0                            | 0                    | 0  | 0                                  |

04.01 STATEMENT OF CASH FLOWS INDIRECT METHOD (in thousands of Reais)

24



|         |                       |           |    |   |           |         |       |
|---------|-----------------------|-----------|----|---|-----------|---------|-------|
|         | Securities            |           |    |   |           |         |       |
|         | Adjustments           |           |    |   |           |         |       |
|         | Accumulated           |           |    |   |           |         |       |
| 5.07.02 | Translation           | 0         | 0  | 0 | 0         | 0       | 111   |
|         | Adjustments           |           |    |   |           |         |       |
|         | Business              |           |    |   |           |         |       |
| 5.07.03 | Combination           | 0         | 0  | 0 | 0         | 0       |       |
|         | Adjustments           |           |    |   |           |         |       |
| 5.08    | Increase/Reduction in | 0         | 0  | 0 | 0         | 0       |       |
|         | Capital Stock         |           |    |   |           |         |       |
| 5.09    | Recording/Realization | 0         | 0  | 0 | 0         | 0       |       |
|         | of Capital Reserves   |           |    |   |           |         |       |
| 5.10    | Treasury Shares       | 0         | 0  | 0 | 0         | 0       |       |
| 5.11    | Other Capital         | 0         | 0  | 0 | 0         | 0       |       |
|         | Transactions          |           |    |   |           |         |       |
| 5.12    | Other                 | 0         | 0  | 0 | 0         | 0       |       |
| 5.13    | Closing Balance       | 1,680,947 | 30 | 0 | 4,265,970 | 373,762 | (270, |

**(CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE)****FEDERAL PUBLIC SERVICE****CVM - BRAZILIAN SECURITIES AND EXCHANGE COMMISSION****QUARTERLY INFORMATION**

March 31, 2010

**Accounting  
Practices  
Adopted in  
Brazil****COMMERCIAL, INDUSTRY & OTHER TYPES OF COMPANY****01.01 - IDENTIFICATION**

1 - CVM CODE 2 - COMPANY NAME

3 - CNPJ (Corporate Taxpayer s  
ID)

00403-0 COMPANHIA SIDERÚRGICA NACIONAL

33.042.730/0001-04

**05.02 STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY FROM 1/1/2010 TO 3/31/2010 (in R\$ thousands)**

| 1 -<br>CODE | 2 DESCRIPTION                      | 3<br>CAPITAL<br>STOCK | 4<br>CAPITAL<br>RESERVES | 5<br>REVALUATION<br>RESERVES | 6 PROFIT<br>RESERVES | 7 RETAINED<br>EARNINGS/<br>ACCUMULATED<br>LOSSES | 8 EQUITY<br>VALUATION<br>ADJUSTMEN |
|-------------|------------------------------------|-----------------------|--------------------------|------------------------------|----------------------|--|------------------------------------|
| 5.01        | Opening Balance                    | 1,680,947             |                          | 30                           | 0                    | 4,265,970  | 0 (382,                            |
| 5.02        | Prior Year<br>Adjustments          |                       | 0                        | 0                            | 0                    | 0  | 0                                  |
| 5.03        | Adjusted Balance                   | 1,680,947             |                          | 30                           | 0                    | 4,265,970  | 0 (382,                            |
| 5.04        | Net Income/Loss for<br>the Period  |                       | 0                        | 0                            | 0                    | 0  | 462,966                            |
| 5.05        | Allocations                        |                       | 0                        | 0                            | 0                    | 0  | (89,204)                           |
| 5.05.01     | Dividends                          |                       | 0                        | 0                            | 0                    | 0  | 0                                  |
| 5.05.02     | Interest on<br>Shareholders Equity |                       | 0                        | 0                            | 0                    | 0  | (89,204)                           |
| 5.05.03     | Other Allocations                  |                       | 0                        | 0                            | 0                    | 0  | 0                                  |
| 5.06        | Realization of Profit<br>Reserves  |                       | 0                        | 0                            | 0                    | 0  | 0                                  |
| 5.07        | Equity Valuation<br>Adjustments    |                       | 0                        | 0                            | 0                    | 0  | 0 111                              |
| 5.07.01     |                                    |                       | 0                        | 0                            | 0                    | 0  | 0                                  |

|         |                       |           |    |   |           |         |   |       |
|---------|-----------------------|-----------|----|---|-----------|---------|---|-------|
|         | Securities            |           |    |   |           |         |   |       |
|         | Adjustments           |           |    |   |           |         |   |       |
|         | Accumulated           |           |    |   |           |         |   |       |
| 5.07.02 | Translation           | 0         | 0  | 0 | 0         | 0       | 0 | 111   |
|         | Adjustments           |           |    |   |           |         |   |       |
|         | Business              |           |    |   |           |         |   |       |
| 5.07.03 | Combination           | 0         | 0  | 0 | 0         | 0       | 0 |       |
|         | Adjustments           |           |    |   |           |         |   |       |
| 5.08    | Increase/Reduction in | 0         | 0  | 0 | 0         | 0       | 0 |       |
|         | Capital Stock         |           |    |   |           |         |   |       |
| 5.09    | Recording/Realization | 0         | 0  | 0 | 0         | 0       | 0 |       |
|         | of Capital Reserves   |           |    |   |           |         |   |       |
| 5.10    | Treasury Shares       | 0         | 0  | 0 | 0         | 0       | 0 |       |
| 5.11    | Other Capital         | 0         | 0  | 0 | 0         | 0       | 0 |       |
|         | Transactions          |           |    |   |           |         |   |       |
| 5.12    | Other                 | 0         | 0  | 0 | 0         | 0       | 0 |       |
| 5.13    | Closing Balance       | 1,680,947 | 30 | 0 | 4,265,970 | 373,762 |   | (270, |

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

FEDERAL PUBLIC SERVICE

CVM - BRAZILIAN SECURITIES AND EXCHANGE COMMISSION

QUARTERLY INFORMATION

March 31, 2010

Accounting  
Practices  
Adopted in  
Brazil

COMMERCIAL, INDUSTRY & OTHER TYPES OF COMPANY

## 1.01 IDENTIFICATION

|              |                                |                                    |
|--------------|--------------------------------|------------------------------------|
| 1 - CVM CODE | 2 - COMPANY NAME               | 3 - CNPJ (Corporate Taxpayer s ID) |
| 00403-0      | COMPANHIA SIDERÚRGICA NACIONAL | 33.042.730/0001-04                 |

## 08.01 CONSOLIDATED BALANCE SHEET - ASSETS (in thousands of reais)

| 1- CODE       | 2 DESCRIPTION  | 3 - 3/31/2010 | 4 -12/31/2009 |
|---------------|--|---------------|---------------|
| 1             | Total Assets   | 31,155,699    | 29,167,224    |
| 1.01          | Current Assets   | 15,257,199    | 13,568,594    |
| 1.01.01       | Cash and Cash Equivalents                                | 9,148,907     | 8,086,742     |
| 1.01.01.01    | Cash   | 132,722       | 142,045       |
| 1.01.01.02    | Cash Equivalents   | 9,016,185     | 7,944,697     |
| 1.01.02       | Receivables  | 2,892,859     | 2,877,092     |
| 1.01.02.01    | Accounts receivable                                      | 1,098,885     | 1,186,315     |
| 1.01.02.01.01 | Accounts Receivable subsidiaries                         | 11,229        | 13,798        |
| 1.01.02.01.02 | Accounts Receivable third-parties                        | 1,475,023     | 1,519,168     |
| 1.01.02.01.03 | Allowance for Doubtful Accounts                          | (387,367)     | (346,651)     |
| 1.01.02.02    | Sundry Receivables                                       | 1,793,974     | 1,690,777     |
| 1.01.02.02.01 | Employees  | 19,630        | 18,538        |
| 1.01.02.02.02 | Corporate Income Tax and Social Contribution Recoverable | 312,930       | 438,483       |

|               |  |            |            |
|---------------|--|------------|------------|
| 1.01.02.02.03 | Deferred Income Tax                      | 637,174    | 549,016    |
| 1.01.02.02.04 | Deferred Social Contribution             | 233,482    | 200,256    |
| 1.01.02.02.05 | Other Taxes                              | 264,677    | 361,122    |
| 1.01.02.02.06 | Marketable Securities Available for Sale | 188,491    | 0          |
| 1.01.02.02.07 | Other Receivables                        | 137,590    | 123,362    |
| 1.01.03       | Inventories                              | 3,023,241  | 2,588,946  |
| 1.01.04       | Other                                    | 192,192    | 15,814     |
| 1.01.04.01    | Financial Instruments Guarantee Margin   | 155,686    | 0          |
| 1.01.04.02    | Prepaid Expenses                         | 36,506     | 15,814     |
| 1.02          | Noncurrent Assets                        | 15,898,500 | 15,598,630 |
| 1.02.01       | Long-Term Assets                         | 3,547,541  | 3,640,162  |
| 1.02.01.01    | Sundry Receivables                       | 1,451,553  | 1,561,637  |
| 1.02.01.01.01 | Securities Receivables                   | 219,732    | 212,486    |
| 1.02.01.01.02 | Deferred Income Tax                      | 732,198    | 824,841    |
| 1.02.01.01.03 | Deferred Social Contribution             | 258,767    | 287,458    |
| 1.02.01.01.04 | Other Taxes                              | 240,856    | 236,852    |
| 1.02.01.02    | Receivables from Related Parties         | 479,120    | 479,120    |
| 1.02.01.02.01 | Associated and Related Companies         | 0          | 0          |
| 1.02.01.02.02 | Subsidiaries                             | 479,120    | 479,120    |
| 1.02.01.02.03 | Other Related Parties                    | 0          | 0          |
| 1.02.01.03    | Other                                    | 1,616,868  | 1,599,405  |
| 1.02.01.03.01 | Judicial Deposits                        | 1,230,194  | 1,214,670  |
| 1.02.01.03.02 | Prepaid Expenses                         | 104,491    | 105,921    |
| 1.02.01.03.03 | Securities                               | 0          | 0          |
| 1.02.01.03.04 | Other                                    | 282,183    | 278,814    |
| 1.02.02       | Permanent Assets                         | 12,350,959 | 11,958,468 |
| 1.02.02.01    | Investments                              | 463,920    | 321,889    |
| 1.02.02.01.01 | Interest in Associated/Related Companies | 0          | 0          |

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

FEDERAL PUBLIC SERVICE

CVM - BRAZILIAN SECURITIES AND EXCHANGE COMMISSION

QUARTERLY INFORMATION

March 31, 2010

Accounting  
Practices  
Adopted in  
Brazil

COMMERCIAL, INDUSTRY & OTHER TYPES OF COMPANY

## 1.01 IDENTIFICATION

| 1 - CVM CODE | 2 - COMPANY NAME               | 3 - CNPJ (Corporate Taxpayer s ID) |
|--------------|--------------------------------|------------------------------------|
| 00403-0      | COMPANHIA SIDERÚRGICA NACIONAL | 33.042.730/0001-04                 |

## 08.01 - CONSOLIDATED BALANCE SHEET - ASSETS (in thousands of reais)

| 1- CODE       | 2- DESCRIPTION                | 3 - 3/31/2010 | 4 -12/31/2009 |
|---------------|-------------------------------|---------------|---------------|
| 1.02.02.01.02 | Interest in Subsidiaries      |               | 0             |
| 1.02.02.01.03 | Other Investments             | 463,920       | 321,889       |
| 1.02.02.02    | Property, Plant and Equipment | 11,384,015    | 11,145,530    |
| 1.02.02.02.01 | In Operation, Net             | 8,807,606     | 8,929,558     |
| 1.02.02.02.02 | Under Construction            | 2,449,430     | 2,089,253     |
| 1.02.02.02.03 | Land                          | 126,979       | 126,719       |
| 1.02.02.03    | Intangible Assets             | 471,636       | 457,580       |
| 1.02.02.04    | Deferred Charges              | 31,388        | 33,469        |

**(CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE)****FEDERAL PUBLIC SERVICE****CVM - BRAZILIAN SECURITIES AND EXCHANGE COMMISSION****Accounting Practices  
Adopted in Brazil****March 31, 2010****QUARTERLY INFORMATION****COMMERCIAL, INDUSTRY & OTHER TYPES OF COMPANY****01.01 IDENTIFICATION**

|              |                                |                                    |
|--------------|--------------------------------|------------------------------------|
| 1 - CVM CODE | 2 - COMPANY NAME               | 3 - CNPJ (Corporate Taxpayer s ID) |
| 00403-0      | COMPANHIA SIDERÚRGICA NACIONAL | 33.042.730/0001-04                 |

**08.02 CONSOLIDATED BALANCE SHEET - LIABILITIES (in thousands of reais)**

| 1 - CODE   | 2 - DESCRIPTION                   | 3 - 3/31/2010 | 4 - 12/31/2009 |
|------------|-----------------------------------|---------------|----------------|
| 2          | Total Liabilities                 | 31,155,699    | 29,167,224     |
| 2.01       | Current Liabilities               | 5,170,031     | 5,128,196      |
| 2.01.01    | Loans and Financing               | 1,055,846     | 1,160,407      |
| 2.01.02    | Debentures                        | 18,983        | 30,659         |
| 2.01.03    | Suppliers                         | 549,910       | 504,223        |
| 2.01.04    | Taxes, Fees and Contributions     | 1,097,732     | 1,053,184      |
| 2.01.04.01 | Salaries and Social Contributions | 133,366       | 134,190        |
| 2.01.04.02 | Taxes Payable                     | 184,173       | 336,804        |
| 2.01.04.03 | Taxes Paid by Installments        | 780,193       | 582,190        |
| 2.01.05    | Dividends Payable                 | 1,651,110     | 1,562,085      |
| 2.01.06    | Provisions                        | 139,661       | 140,620        |
| 2.01.06.01 | Contingencies                     | 212,461       | 189,517        |
| 2.01.06.02 | Judicial Deposits                 | (105,112)     | (106,055)      |
| 2.01.06.03 | Pension Fund Provision            | 32,312        | 57,158         |
| 2.01.07    | Debts with Related Parties        | 0             | 0              |
| 2.01.08    | Other                             | 656,789       | 677,018        |
| 2.01.08.01 | Accounts payable Subsidiaries     | 76,964        | 74,691         |
| 2.01.08.02 | Other                             | 579,825       | 602,327        |
| 2.02       | Noncurrent Liabilities            | 19,802,587    | 18,445,535     |

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|               |   |             |             |
|---------------|---|-------------|-------------|
| 2.02.01       | Long-Term Liabilities                   | 19,802,587  | 18,445,535  |
| 2.02.01.01    | Loans and Financing                     | 13,723,254  | 12,547,840  |
| 2.02.01.02    | Debentures                              | 961,217     | 624,570     |
| 2.02.01.03    | Provisions                              | 704,257     | 1,597,291   |
| 2.02.01.03.01 | Labor and Social Security Contingencies | 89,480      | 124,772     |
| 2.02.01.03.02 | Civil Contingencies                     | 18,673      | 17,718      |
| 2.02.01.03.03 | Tax Contingencies                       | 1,825,338   | 2,696,180   |
| 2.02.01.03.04 | Environmental Contingencies             | 122,521     | 116,544     |
| 2.02.01.03.05 | Judicial Deposits                       | (1,387,161) | (1,386,248) |
| 2.02.01.03.06 | Deferred Income Tax                     | 26,034      | 20,827      |
| 2.02.01.03.07 | Deferred Social Contribution            | 9,372       | 7,498       |
| 2.02.01.04    | Debts with Related Parties              | 0           | 0           |
| 2.02.01.05    | Advance for Future Capital Increase     | 0           | 0           |
| 2.02.01.06    | Other                                   | 4,413,859   | 3,675,834   |
| 2.02.01.06.01 | Provision for investment loss           | 0           | (72)        |
| 2.02.01.06.02 | Accounts Payable Subsidiaries           | 3,011,178   | 2,980,772   |
| 2.02.01.06.03 | Pension Fund Provision                  | 0           | 12,788      |
| 2.02.01.06.04 | Taxes Paid by Installments              | 1,147,820   | 437,231     |
| 2.02.01.06.05 | Other                                   | 254,861     | 245,115     |
| 2.03          | Income of Future Periods                | 0           | 0           |
| 2.04          | Minority Interests                      | 168,450     | 83,060      |
| 2.05          | Shareholders Equity                     | 6,014,631   | 5,510,433   |



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

**FEDERAL PUBLIC SERVICE**

**CVM - BRAZILIAN SECURITIES AND EXCHANGE COMMISSION**

**Accounting Practices  
Adopted in Brazil**

**March 31, 2010**

**QUARTERLY INFORMATION**

**COMMERCIAL, INDUSTRY & OTHER TYPES OF COMPANY**

**01.01 IDENTIFICATION**

| 1 - CVM CODE | 2 - COMPANY NAME               | 3 - CNPJ (Corporate Taxpayer s ID) |
|--------------|--------------------------------|------------------------------------|
| 00403-0      | COMPANHIA SIDERÚRGICA NACIONAL | 33.042.730/0001-04                 |

**08.02 CONSOLIDATED BALANCE SHEET - LIABILITIES (in thousands of reais)**

| 1 - CODE   | 2 - DESCRIPTION                               | 3 - 03/31/2010 | 4 - 12/31/2009 |
|------------|---|----------------|----------------|
| 2.05.01    | Paid-In Capital                               | 1,680,947      | 1,680,947      |
| 2.05.02    | Capital Reserves                              | 30             | 30             |
| 2.05.03    | Revaluation Reserves                          | 0              | 0              |
| 2.05.03.01 | Own Assets                                    | 0              | 0              |
| 2.05.03.02 | Subsidiaries/Associated and Related Companies | 0              | 0              |
| 2.05.04    | Profit Reserves                               | 4,230,430      | 4,211,770      |
| 2.05.04.01 | Legal   | 336,190        | 336,190        |
| 2.05.04.02 | Statutory                                     | 0              | 0              |
| 2.05.04.03 | For Contingencies                             | 0              | 0              |
| 2.05.04.04 | Unrealized Income                             | 3,779,357      | 3,779,357      |
| 2.05.04.05 | Profit Retention                              | 0              | 0              |
| 2.05.04.06 | Special For Undistributed Dividends           | 0              | 0              |
| 2.05.04.07 | Other Profit Reserves                         | 114,883        | 96,223         |
| 2.05.05    | Equity Valuation Adjustments                  | (270,538)      | (382,314)      |
| 2.05.05.01 | Securities Adjustments                        | 147,798        | 36,885         |
| 2.05.05.02 | Accumulated Translation Adjustments           | (418,336)      | (419,199)      |
| 2.05.05.03 | Business Combination Adjustments              | 0              | 0              |

|         |                                      |         |   |
|---------|--------------------------------------|---------|---|
| 2.05.06 | Retained Earnings/Accumulated Losses | 373,762 | 0 |
| 2.05.07 | Advance for Future Capital Increase  | 0       | 0 |

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

FEDERAL PUBLIC SERVICE

CVM - BRAZILIAN SECURITIES AND EXCHANGE COMMISSION

QUARTERLY INFORMATION

March 31, 2010

Accounting  
Practices  
Adopted in  
Brazil

COMMERCIAL, INDUSTRY & OTHER TYPES OF COMPANY

### 01.01 IDENTIFICATION

|              |                                |                                    |
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| 00403-0      | COMPANHIA SIDERÚRGICA NACIONAL | 33.042.730/0001-04                 |

## 09.01 CONSOLIDATED STATEMENT OF INCOME (in thousands of reais)

| 1 - CODE   | 2 - DESCRIPTION                             | 3 - 1/1/2010 to 3/31/2010 | 4 - 1/1/2010 to 3/31/2010 | 5 - 1/1/2009 to 03/31/2009 | 6 - 1/1/2009 to 3/31/2009 |
|------------|---|---------------------------|---------------------------|----------------------------|---------------------------|
| 3.01       | Gross Revenue from Sales and/or Services    | 4,006,238                 | 4,006,238                 | 3,192,388                  | 3,192,388                 |
| 3.02       | Deductions from Gross Revenue               | (821,605)                 | (821,605)                 | (748,405)                  | (748,405)                 |
| 3.03       | Net Revenue from Sales and/or Services      | 3,184,633                 | 3,184,633                 | 2,443,983                  | 2,443,983                 |
| 3.04       | Cost of Goods Sold and/or Services Rendered | (1,787,537)               | (1,787,537)               | (1,689,913)                | (1,689,913)               |
| 3.04.01    | Depreciation, Depletion and amortization    | (210,056)                 | (210,056)                 | (156,482)                  | (156,482)                 |
| 3.04.02    | Other                                       | (1,577,481)               | (1,577,481)               | (1,533,431)                | (1,533,431)               |
| 3.05       | Gross Profit                                | 1,397,096                 | 1,397,096                 | 754,070                    | 754,070                   |
| 3.06       | Operating Income/Expenses                   | (888,644)                 | (888,644)                 | (300,336)                  | (300,336)                 |
| 3.06.01    | Selling expenses                            | (201,956)                 | (201,956)                 | (127,691)                  | (127,691)                 |
| 3.06.01.01 | Depreciation and amortization               | (1,675)                   | (1,675)                   | (1,415)                    | (1,415)                   |
| 3.06.01.02 | Other                                       | (200,281)                 | (200,281)                 | (126,276)                  | (126,276)                 |
| 3.06.02    | General and Administrative                  | (112,376)                 | (112,376)                 | (108,717)                  | (108,717)                 |
| 3.06.02.01 | Depreciation and amortization               | (7,673)                   | (7,673)                   | (7,034)                    | (7,034)                   |

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|               |   |           |           |           |           |
|---------------|---|-----------|-----------|-----------|-----------|
| 3.06.02.02    | Other   | (104,703) | (104,703) | (101,683) | (101,683) |
| 3.06.03       | Financial                                       | (477,907) | (477,907) | (39,204)  | (39,204)  |
| 3.06.03.01    | Financial Income                                | 127,699   | 127,699   | 374,238   | 374,238   |
| 3.06.03.02    | Financial Expenses                              | (605,606) | (605,606) | (413,442) | (413,442) |
| 3.06.03.02.01 | Foreign Exchange and<br>Monetary Variation, Net | (73,434)  | (73,434)  | 51,586    | 51,586    |
| 3.06.03.02.02 | Financial Expenses                              | (532,172) | (532,172) | (465,028) | (465,028) |
| 3.06.04       | Other Operating Income                          | 46,468    | 46,468    | 90,437    | 90,437    |
| 3.06.05       | Other Operating Expenses                        | (142,873) | (142,873) | (115,173) | (115,173) |
| 3.06.06       | Equity Accounting Income                        | 0         | 0         | 12        | 12        |
| 3.07          | Operating Income                                | 508,452   | 508,452   | 453,734   | 453,734   |

18

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

FEDERAL PUBLIC SERVICE

CVM - BRAZILIAN SECURITIES AND EXCHANGE COMMISSION

QUARTERLY INFORMATION

March 31, 2010

Accounting  
Practices  
Adopted in  
Brazil

COMMERCIAL, INDUSTRY & OTHER TYPES OF COMPANY

### 01.01 IDENTIFICATION

|              |                                |                                    |
|--------------|--------------------------------|------------------------------------|
| 1 - CVM CODE | 2 - COMPANY NAME               | 3 - CNPJ (Corporate Taxpayer s ID) |
| 00403-0      | COMPANHIA SIDERÚRGICA NACIONAL | 33.042.730/0001-04                 |

## 09.01 CONSOLIDATED STATEMENT OF INCOME (in thousands of reais)

| 1 - CODE | 2 - DESCRIPTION                                    | 3 - 1/1/2010 to 3/31/2010 | 4 - 1/1/2010 to 3/31/2010 | 5 - 1/1/2009 to 03/31/2009 | 6 - 1/1/2009 to 3/31/2009 |
|----------|--|---------------------------|---------------------------|----------------------------|---------------------------|
| 3.08     | Non-Operating Income                               | 0                         | 0                         | 0                          | 0                         |
| 3.08.01  | Revenues   | 0                         | 0                         | 0                          | 0                         |
| 3.08.02  | Expenses   | 0                         | 0                         | 0                          | 0                         |
| 3.09     | Income before Taxes/Profit Sharing                 | 508,452                   | 508,452                   | 453,734                    | 453,734                   |
| 3.10     | Provision for Income and Social Contribution Taxes | (37,635)                  | (37,635)                  | (114,652)                  | (114,652)                 |
| 3.11     | Deferred Income Tax                                | 9,087                     | 9,087                     | 29,742                     | 29,742                    |
| 3.11.01  | Deferred Income Tax                                | 6,359                     | 6,359                     | 21,858                     | 21,858                    |
| 3.11.02  | Deferred Social Contribution                       | 2,728                     | 2,728                     | 7,884                      | 7,884                     |
| 3.12     | Statutory Profit Sharing/Contributions             | 0                         | 0                         | 0                          | 0                         |
| 3.12.01  | Profit Sharing                                     | 0                         | 0                         | 0                          | 0                         |
| 3.12.02  | Contributions                                      | 0                         | 0                         | 0                          | 0                         |
| 3.13     | Reversal of Interest on Shareholders Equity        | 0                         | 0                         | 0                          | 0                         |
| 3.14     | Minority Interest                                  | 1,668                     | 1,668                     | 0                          | 0                         |
| 3.15     | Income/Loss for the Period                         | 481,572                   | 481,572                   | 368,824                    | 368,824                   |

|   |           |           |         |         |
|---|-----------|-----------|---------|---------|
| OUTSTANDING SHARES,<br>EX-TREASURY (in thousands) | 1,457,970 | 1,457,970 | 758,670 | 758,670 |
| EARNINGS PER SHARE (in<br>reais)                  | 0.33030   | 0.33030   | 0.48615 | 0.48615 |
| LOSS PER SHARE (in reais)                         |           |           |         |         |

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

FEDERAL PUBLIC SERVICE

CVM - BRAZILIAN SECURITIES AND EXCHANGE COMMISSION

QUARTERLY INFORMATION

March 31, 2010

Accounting  
Practices  
Adopted in  
Brazil

COMMERCIAL, INDUSTRY & OTHER TYPES OF COMPANY

### 01.01 IDENTIFICATION

|              |                                |                                    |
|--------------|--------------------------------|------------------------------------|
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| 00403-0      | COMPANHIA SIDERÚRGICA NACIONAL | 33.042.730/0001-04                 |

## 10.01 CONSOLIDATED STATEMENT OF CASH FLOWS INDIRECT METHOD (in thousands of Reais)

| 1 - CODE   | 2 - DESCRIPTION                               | 3 - 1/1/2010 to<br>3/31/2010 | 4 - 1/1/2010 to<br>3/31/2010 | 5 - 1/1/2009 to<br>3/31/2009 | 6 - 1/1/2009 to<br>3/31/2009 |
|------------|---|------------------------------|------------------------------|------------------------------|------------------------------|
| 4.01       | Net Cash from Operating Activities            | 448,261                      | 448,261                      | (9,733)                      | (9,733)                      |
| 4.01.01    | Cash Generated in the Operations              | 1,172,086                    | 1,172,086                    | 519,998                      | 519,998                      |
| 4.01.01.01 | Net Income for the Period                     | 481,572                      | 481,572                      | 368,824                      | 368,824                      |
| 4.01.01.02 | Provision for Charges on Loans and Financing  | 351,320                      | 351,320                      | 292,272                      | 292,272                      |
| 4.01.01.03 | Depreciation, Depletion and Amortization      | 219,405                      | 219,405                      | 164,932                      | 164,932                      |
| 4.01.01.04 | Income from Write-Off and Disposal of Assets  | 0                            | 0                            | 0                            | 0                            |
| 4.01.01.05 | Minority Interest                             | (1,668)                      | (1,668)                      | 0                            | 0                            |
| 4.01.01.06 | Deferred Income and Social Contribution Taxes | (9,087)                      | (9,087)                      | (29,742)                     | (29,742)                     |
| 4.01.01.07 | Provision for Swap Operations                 | (143,040)                    | (143,040)                    | (197,713)                    | (197,713)                    |
| 4.01.01.09 | Provision for Contingencies                   | 404                          | 404                          | 28,105                       | 28,105                       |
| 4.01.01.10 |   | 214,025                      | 214,025                      | (138,897)                    | (138,897)                    |

10.01 CONSOLIDATED STATEMENT OF CASH FLOWS INDIRECT METHOD (in thousands of Reais) 39

|            |   |           |           |           |           |
|------------|---|-----------|-----------|-----------|-----------|
|            | Monetary and Exchange<br>Variation, net |           |           |           |           |
| 4.01.01.11 | Other Provisions                        | 59,155    | 59,155    | 32,217    | 32,217    |
| 4.01.02    | Variation in Assets and<br>Liabilities  | (723,825) | (723,825) | (529,731) | (529,731) |
| 4.01.02.01 | Accounts Receivable                     | 48,583    | 48,583    | (159,722) | (159,722) |
| 4.01.02.02 | Inventories                             | (431,918) | (431,918) | (60,049)  | (60,049)  |
| 4.01.02.03 | Taxes to Offset                         | 232,487   | 232,487   | 59,118    | 59,118    |
| 4.01.02.04 | Suppliers                               | 41,850    | 41,850    | (133,342) | (133,342) |
| 4.01.02.05 | Salaries and Social Charges             | (1,631)   | (1,631)   | (12,486)  | (12,486)  |
| 4.01.02.06 | Taxes                                   | (27,917)  | (27,917)  | 14,361    | 14,361    |
| 4.01.02.07 | Contingent Liabilities                  | (18,005)  | (18,005)  | 12,731    | 12,731    |
| 4.01.02.08 | Financial Institutions Interest         | (360,457) | (360,457) | (225,226) | (225,226) |
| 4.01.02.10 | Taxes paid in installments -<br>REFIS   | (157,532) | (157,532) | 0         | 0         |
| 4.01.02.11 | Judicial Deposits                       | (7,568)   | (7,568)   | (52,811)  | (52,811)  |
| 4.01.02.13 | Other                                   | (41,717)  | (41,717)  | 27,695    | 27,695    |
| 4.01.03    | Other                                   | 0         | 0         | 0         | 0         |
| 4.02       | Net Cash from Investment<br>Activities  | (696,290) | (696,290) | (219,130) | (219,130) |
| 4.02.01    | Swap Contracts (Derivatives)            | (22,737)  | (22,737)  | 169,382   | 169,382   |
|            |   | 20        |           |           |           |

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

FEDERAL PUBLIC SERVICE

CVM - BRAZILIAN SECURITIES AND EXCHANGE COMMISSION

QUARTERLY INFORMATION

March 31, 2010

Accounting  
Practices  
Adopted in  
Brazil

COMMERCIAL, INDUSTRY & OTHER TYPES OF COMPANY

### 01.01 IDENTIFICATION

|              |                                |                                    |
|--------------|--------------------------------|------------------------------------|
| 1 - CVM CODE | 2 - COMPANY NAME               | 3 - CNPJ (Corporate Taxpayer's ID) |
| 00403-0      | COMPANHIA SIDERÚRGICA NACIONAL | 33.042.730/0001-04                 |

## 10.01 CONSOLIDATED STATEMENT OF CASH FLOWS INDIRECT METHOD (in thousands of Reais)

| 1 - CODE | 2 - DESCRIPTION   | 3 - 1/1/2010 to<br>3/31/2010 | 4 - 1/1/2010 to<br>3/31/2010 | 5 - 1/1/2009 to<br>3/31/2009 | 6 - 1/1/2009 to<br>3/31/2009 |
|----------|---|------------------------------|------------------------------|------------------------------|------------------------------|
| 4.02.02  | Advance for Future Capital Increase                     | (34,198)                     | (34,198)                     | 0                            | 0                            |
| 4.02.03  | Property, Plant and Equipment                           | (433,980)                    | (433,980)                    | (387,349)                    | (387,349)                    |
| 4.02.04  | Investment in trading securities                        | (188,491)                    | (188,491)                    | 0                            | 0                            |
| 4.02.05  | Intangible Assets                                       | (16,884)                     | (16,884)                     | (1,163)                      | (1,163)                      |
| 4.03     | Net Cash from Financing Activities                      | 1,269,090                    | 1,269,090                    | 235,089                      | 235,089                      |
| 4.03.01  | Loans and Financing                                     | 1,651,374                    | 1,651,374                    | 501,954                      | 501,954                      |
| 4.03.02  | Financial Institutions Principal                        | (382,284)                    | (382,284)                    | (266,863)                    | (266,863)                    |
| 4.03.03  | Dividends and Interest on Shareholders Equity           | 0                            | 0                            | (2)                          | (2)                          |
| 4.04     | Foreign Exchange Variation on Cash and Cash Equivalents | 41,104                       | 41,104                       | (73,616)                     | (73,616)                     |
| 4.05     | Increase (Decrease) in Cash and Cash Equivalents        | 1,062,165                    | 1,062,165                    | (67,390)                     | (67,390)                     |

10.01 CONSOLIDATED STATEMENT OF CASH FLOWS INDIRECT METHOD (in thousands of Reais)

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|         |  |           |           |           |           |
|---------|--|-----------|-----------|-----------|-----------|
| 4.05.01 | Opening Balance of Cash and Cash Equivalents | 8,086,742 | 8,086,742 | 9,224,112 | 9,224,112 |
| 4.05.02 | Closing Balance of Cash and Cash Equivalents | 9,148,907 | 9,148,907 | 9,156,722 | 9,156,722 |

21

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**(CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE)****FEDERAL PUBLIC SERVICE****CVM - BRAZILIAN SECURITIES AND EXCHANGE COMMISSION****QUARTERLY INFORMATION****March 31, 2010****Accounting  
Practices  
Adopted in  
Brazil****COMMERCIAL, INDUSTRY & OTHER TYPES OF COMPANY****01.01 - IDENTIFICATION**

|              |                                |                                    |
|--------------|--------------------------------|------------------------------------|
| 1 - CVM CODE | 2 - COMPANY NAME               | 3 - CNPJ (Corporate Taxpayer s ID) |
| 00403-0      | COMPANHIA SIDERÚRGICA NACIONAL | 33.042.730/0001-04                 |

**11.01 CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY FROM 1/1/2010 TO 3/31/2010 (in R\$ thousands)**

| 1 - CODE | 2 DESCRIPTION                   | 3 CAPITAL STOCK | 4 CAPITAL RESERVES | 5 REVALUATION RESERVES | 6 PROFIT RESERVES | 7 RETAINED EARNINGS/<br>ACCUMULATED LOSSES | 8 EQUITY VALUATION ADJUSTMEN |
|----------|---------------------------------|-----------------|--------------------|------------------------|-------------------|--|------------------------------|
| 5.01     | Opening Balance                 | 1,680,947       |                    | 30                     | 0                 | 4,211,770                                  | 0                            |
| 5.02     | Prior Year Adjustments          |                 | 0                  | 0                      | 0                 | 0  | 0                            |
| 5.03     | Adjusted Balance                | 1,680,947       |                    | 30                     | 0                 | 4,211,770                                  | 0                            |
| 5.04     | Net Income/Loss for the Period  |                 | 0                  | 0                      | 0                 | 0  | 481,572                      |
| 5.05     | Allocations                     |                 | 0                  | 0                      | 0                 | 0  | (89,204)                     |
| 5.05.01  | Dividends                       |                 | 0                  | 0                      | 0                 | 0  | 0                            |
| 5.05.02  | Interest on Shareholders Equity |                 | 0                  | 0                      | 0                 | 0  | (89,204)                     |
| 5.05.03  | Other Allocations               |                 | 0                  | 0                      | 0                 | 0  | 0                            |
| 5.06     | Realization of Profit Reserves  |                 | 0                  | 0                      | 0                 | 0  | 0                            |
| 5.07     | Equity Valuation Adjustments    |                 | 0                  | 0                      | 0                 | 0  | 0                            |
| 5.07.01  | Securities Adjustments          |                 | 0                  | 0                      | 0                 | 0  | 0                            |

10.01 CONSOLIDATED STATEMENT OF CASH FLOWS INDIRECT METHOD (in thousands of Reals)

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|         |  |           |    |   |           |          |       |
|---------|--|-----------|----|---|-----------|----------|-------|
| 5.07.02 | Accumulated Translation Adjustments Business | 0         | 0  | 0 | 0         | 0        | 111   |
| 5.07.03 | Combination Adjustments                      | 0         | 0  | 0 | 0         | 0        |       |
| 5.08    | Increase/Reduction in Capital Stock          | 0         | 0  | 0 | 0         | 0        |       |
| 5.09    | Recording/Realization of Capital Reserves    | 0         | 0  | 0 | 0         | 0        |       |
| 5.10    | Treasury Shares                              | 0         | 0  | 0 | 0         | 0        |       |
| 5.11    | Other Capital Transactions                   | 0         | 0  | 0 | 0         | 0        |       |
| 5.12    | Other  | 0         | 0  | 0 | 18,660    | (18,606) |       |
| 5.12.01 | Unrealized Profit                            | 0         | 0  | 0 | 18,660    | (18,606) |       |
| 5.12.02 | Other  | 0         | 0  | 0 | 0         | 0        |       |
| 5.13    | Closing Balance                              | 1,680,947 | 30 | 0 | 4,230,430 | 373,762  | (270, |

22

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

**FEDERAL PUBLIC SERVICE**

**CVM - BRAZILIAN SECURITIES AND EXCHANGE COMMISSION**

**QUARTERLY INFORMATION**

**March 31, 2010**

**Accounting  
Practices  
Adopted in  
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**COMMERCIAL, INDUSTRY & OTHER TYPES OF COMPANY**

**01.01 - IDENTIFICATION**

|              |                                |                                    |
|--------------|--------------------------------|------------------------------------|
| 1 - CVM CODE | 2 - COMPANY NAME               | 3 - CNPJ (Corporate Taxpayer s ID) |
| 00403-0      | COMPANHIA SIDERÚRGICA NACIONAL | 33.042.730/0001-04                 |

**11.02 CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY FROM 1/1/2010 TO 3/31/2010 (in R\$ thousands)**

| 1 - CODE | 2 DESCRIPTION                   | 3 CAPITAL STOCK | 4 CAPITAL RESERVES | 5 REVALUATION RESERVES | 6 PROFIT RESERVES | 7 RETAINED EARNINGS/<br>ACCUMULATED LOSSES | 8 EQUITY VALUATION ADJUSTMEN |
|----------|---------------------------------|-----------------|--------------------|------------------------|-------------------|--|------------------------------|
| 5.01     | Opening Balance                 | 1,680,947       |                    | 30                     | 0                 | 4,211,770                                  | 0                            |
| 5.02     | Prior Year Adjustments          |                 | 0                  | 0                      | 0                 | 0  | 0                            |
| 5.03     | Adjusted Balance                | 1,680,947       |                    | 30                     | 0                 | 4,211,770                                  | 0                            |
| 5.04     | Net Income/Loss for the Period  |                 | 0                  | 0                      | 0                 | 0  | 481,572                      |
| 5.05     | Allocations                     |                 | 0                  | 0                      | 0                 | 0  | (89,204)                     |
| 5.05.01  | Dividends                       |                 | 0                  | 0                      | 0                 | 0  | 0                            |
| 5.05.02  | Interest on Shareholders Equity |                 | 0                  | 0                      | 0                 | 0  | (89,204)                     |
| 5.05.03  | Other Allocations               |                 | 0                  | 0                      | 0                 | 0  | 0                            |
| 5.06     | Realization of Profit Reserves  |                 | 0                  | 0                      | 0                 | 0  | 0                            |
| 5.07     | Equity Valuation Adjustments    |                 | 0                  | 0                      | 0                 | 0  | 0                            |
| 5.07.01  | Securities Adjustments          |                 | 0                  | 0                      | 0                 | 0  | 0                            |

10.01 CONSOLIDATED STATEMENT OF CASH FLOWS INDIRECT METHOD (in thousands of Real)

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|         |  |           |    |   |           |          |       |
|---------|--|-----------|----|---|-----------|----------|-------|
| 5.07.02 | Accumulated Translation Adjustments Business | 0         | 0  | 0 | 0         | 0        | 111   |
| 5.07.03 | Combination Adjustments                      | 0         | 0  | 0 | 0         | 0        |       |
| 5.08    | Increase/Reduction in Capital Stock          | 0         | 0  | 0 | 0         | 0        |       |
| 5.09    | Recording/Realization of Capital Reserves    | 0         | 0  | 0 | 0         | 0        |       |
| 5.10    | Treasury Shares                              | 0         | 0  | 0 | 0         | 0        |       |
| 5.11    | Other Capital Transactions                   | 0         | 0  | 0 | 0         | 0        |       |
| 5.12    | Other  | 0         | 0  | 0 | 18,660    | (18,606) |       |
| 5.12.01 | Unrealized Profit                            | 0         | 0  | 0 | 18,660    | (18,606) |       |
| 5.12.02 | Other  | 0         | 0  | 0 | 0         | 0        |       |
| 5.13    | Closing Balance                              | 1,680,947 | 30 | 0 | 4,230,430 | 373,762  | (270, |

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**FEDERAL PUBLIC SERVICE**

**CVM BRAZILIAN SECURITIES AND EXCHANGE  
COMMISSION**

**Accounting Practices  
Adopted in Brazil**  
**March 31, 2010**

**QUARTERLY INFORMATION**

**COMMERCIAL, INDUSTRY & OTHER TYPES OF COMPANY**

**00403-0 COMPANHIA SIDERÚRGICA NACIONAL  
33.042.730/0001-04**

**06.01 NOTES TO THE FINANCIAL STATEMENTS**

**(In thousands of Reais, unless otherwise stated)**

**1. OPERATIONS**

The main activities of Companhia Siderúrgica Nacional ( CSN ) or Company are the production of flat steel products and its main industrial complex is the Presidente Vargas Steelworks ( UPV ) located in the city of Volta Redonda, State of Rio de Janeiro and iron ore production, whose operation 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. In order to provide greater synergy to the processes, the Company also maintains strategic investments in mining companies, railroad, electricity, and cement. In addition, the Company is establishing a long steel plant in Volta Redonda.

The Company, aiming to get closer to clients and exploit markets on a global level, has a steel distributor, metal packaging plants, in addition to a galvanized steel plant in the southern region of Brazil and another in the southeast of Brazil to meet the demand of the home appliance, civil construction and automotive industries. Abroad, the Company has a steel rolling mill in Portugal and another mill in the United States.

The Company's shares are listed on the Stock Exchanges in Brazil under ticker CSNA3 (BOVESPA) and in the United States - SID (NYSE).

## **2. PRESENTATION OF THE QUARTERLY INFORMATION**

The individual (Parent Company) and consolidated quarterly information was prepared in accordance with the accounting practices adopted in Brazil, which include the Brazilian Corporate Law, Pronouncements, Guidelines and Interpretations issued by the Committee for Accounting Pronouncements and rules issued by the Brazilian Securities and Exchange Commission (CVM), in effect as of December 31, 2009, which will be different than those that will be used in the preparation of financial statements of December 31, 2010.

In 2009, the Committee for Accounting Pronouncements (CPC) issued several pronouncements, interpretations and guidelines approved by the Brazilian Securities and Exchange Commission (CVM) and by the Federal Accounting Council, also in 2009, mandatory as of 2010, including for the March 31, 2010 quarterly information, which will be reissued comparatively.

CVM, through its Resolution 603 of November 10, 2009, authorized publicly-held companies to present their quarterly information throughout 2010, pursuant to the accounting practices in effect on December 31, 2009.

The Company's Management is starting the process to assess the possible impacts caused by these new rules and, therefore, is disclosing its quarterly information related to March 31, 2010 based on the accounting practices effective as of December 31, 2009. This process involves revising internal controls, systems and other material aspects. The analyses are not advanced yet to allow a safe disclosure of possible effects of the adoption of the new accounting rules. In the Management's preliminary evaluation, the main Pronouncements, Guidelines and Interpretations issued by the Committee for Accounting Pronouncements that may impact the financial statements as of the year ended December 31, 2010, are:

- **CPC 16 - Inventory**



Due to possible changes on property, plant and equipment's depreciation related to the revision of their useful lives, the cost of inventory and of products sold shall be impacted. Since there is not an estimate of the impacts of the change on the useful lives of property, plant and equipment, purpose of CPC 27, we cannot measure the impacts on the result for the year or shareholders' equity. The Company is assessing other possible impacts from the adoption of this pronouncement.

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

**FEDERAL PUBLIC SERVICE**

**CVM BRAZILIAN SECURITIES AND EXCHANGE  
COMMISSION**

**Accounting Practices  
Adopted in Brazil**  
**March 31, 2010**

**QUARTERLY INFORMATION**

**COMMERCIAL, INDUSTRY & OTHER TYPES OF COMPANY**

**00403-0 COMPANHIA SIDERÚRGICA NACIONAL**  
**33.042.730/0001-04**

**06.01 NOTES TO THE FINANCIAL STATEMENTS**

- **CPC 27 Property, plant and equipment and ICPC 10 Clarifications on Technical Pronouncements CPC 27 Property, plant and equipment and CPC 28 Investment Property**

The adoption of this pronouncement might change depreciation amounts recorded due to the revision of property, plant and equipment useful lives. The expected accounting effects will occur in depreciation cost and expenses in the year and, consequently, on property, plant and equipment residual amounts. The analysis of changes on property, plant and equipment useful lives is in progress and the effects of the possible changes have not been measured so far. The Company's Management is also evaluating the possible effects from the eventual utilization of property, plant and equipment costs.

- **CPC 32 Income Taxes**

The adoption of this pronouncement is being evaluated regarding its impact on the calculation of deferred taxes, especially regarding the treatment of some temporary differences mentioned in paragraph 39 of this pronouncement. The Company's Management has not concluded the analysis of this pronouncement and understands that it is not possible to safely measure the eventual impacts on the financial statements yet.

In addition to the topics mentioned above, the following accounting pronouncements can impact the Company's financial statements. The Company's Management, however, has not concluded the possible impacts caused by the adoption of these pronouncements:

- CPC 22 Segment information
- CPC 26 Disclosure of financial statements
- CPC 36 Consolidated financial statements
- CPC 38 Financial instruments: Recognition and measurement
- CPC 39 Financial instruments: Presentation
- CPC 40 Financial instruments: Disclosure
- ICPC 04 Scope of CPC 10 Share-based payment
- ICPC 05 Pronouncement CPC 10 Share-based payment Transaction with the group's shares and treasury shares
- ICPC 08 Accounting of proposed dividend payment
- ICPC 09 Individual financial statements, separate financial statements, consolidated financial statements and application of the equity accounting method
- OCPC 03 Financial instruments: Recognition, measurement and disclosure

The Company shall restate the quarterly information taking into consideration the application of the new rules until the issuance of annual financial statements.

### **Foreign currency translation**

Foreign currency transactions are translated into reais using exchange rates in effect on the transaction dates. The result from balance sheet accounts are translated at the exchange rate on the balance sheet date, and US\$1 was equivalent to R\$1.7810 on March 31, 2009 (R\$1.7412 on December 31, 2009).

Foreign currency-denominated revenues, costs and expenses are translated at the average exchange rate of the month when they occur. Exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities are recorded in the statement of income.

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

**FEDERAL PUBLIC SERVICE**

**CVM BRAZILIAN SECURITIES AND EXCHANGE  
COMMISSION**

**Accounting Practices  
Adopted in Brazil**  
**March 31, 2010**

**QUARTERLY INFORMATION**

**COMMERCIAL, INDUSTRY & OTHER TYPES OF COMPANY**

**00403-0 COMPANHIA SIDERÚRGICA NACIONAL  
33.042.730/0001-04**

**06.01 NOTES TO THE FINANCIAL STATEMENTS**

### **3. MAIN ACCOUNTING PRACTICES**

#### **(a) Determination of results of operations**

The results of operations are recognized on an accrual basis. Revenues from the sale of products are recognized when all risks and rewards related to the goods ownership have been transferred to the buyer. Revenues from services rendered are recognized as services are provided.

The Company adopts as revenue recognition policy the date the product is delivered to the buyer, and when it can safely measure its value.

The income includes revenues, monetary and exchange charges and variations, restated according to official indices and rates levied on assets and liabilities and, when applicable, the effects of adjustments at market or realization value.

**(b) Current and noncurrent assets**

- **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.

- **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 adequate to support possible losses. Management's assessment takes into account the client's history, the financial situation and the assessment of our legal advisors regarding the receipt of these credits for the recording of this provision.

- **Inventories**

These are recorded at the lowest value between the cost and the net realizable value. The cost is determined using the average weighted cost method in the acquisition of raw materials, whereas products in progress and/or finished are measured at production or acquisition cost. Imports in progress are recorded at identified purchase cost.

- **Investments**

Investments in subsidiaries, jointly-owned subsidiaries and associated companies are recorded and measured by the equity accounting method and the gains and losses are recognized in income for the

period as operating income (or expenses). 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 Valuation Adjustment" account, in the Company's shareholders' equity, and are only registered in the result when the investment is sold or written-off by loss. Gains or transactions to be performed between the Company and its subsidiaries and related companies are eliminated. Other investments are recorded and held at cost.

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

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

**FEDERAL PUBLIC SERVICE**

**CVM BRAZILIAN SECURITIES AND EXCHANGE  
COMMISSION**

**Accounting Practices  
Adopted in Brazil**  
**March 31, 2010**

**QUARTERLY INFORMATION**

**COMMERCIAL, INDUSTRY & OTHER TYPES OF COMPANY**

**00403-0**

**COMPANHIA SIDERÚRGICA NACIONAL**

**33.042.730/0001-04**

## **06.01 NOTES TO THE FINANCIAL STATEMENTS**

- **Property, plant and equipment**

These are recorded at acquisition, formation or construction cost. Depreciation is calculated through the straight-line method, based on the remaining economic useful lives of the assets (Note 13), and depletion of the mines is calculated based on the quantity of iron ore extracted. Loans costs related to funds raised for specific construction in progress are capitalized until the constructions are concluded.

Machinery, equipment, buildings and other items of property, plant and equipment are stated at the historical acquisition cost, monetarily restated up to December 31, 1995.

Improvements in existing assets will be added to property, plant and equipment, and maintenance and repair costs to the result, when incurred.



- **Asset impairment**

Property, plant and equipment and other non-current assets, including goodwill and intangible assets are reviewed annually to identify evidences of non-recoverable losses, or also, whenever events or changes in circumstances indicate that the book value cannot be recovered. For valuation purposes, the assets are grouped in the smallest group of assets for which cash flows are identified separately.

- **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 exploration or recovery terms.

Intangible assets with indefinite useful lives, as well as goodwill for expected future profitability, are no longer amortized as from January 1, 2009, and their recoverable value are tested on a yearly basis, or whenever it is necessary.

- **Deferred charges**

In this group, just the remaining balances of deferred pre-operating expenses are maintained, which are amortized in accordance with the criteria prior to Law 11,638/07 due to the option offered by the CPC Technical Pronouncement 13 (Initial adoption of Law 11,638/07) and Provisional Measure 449/08.

- **Other current and noncurrent assets**

Stated at their realization value, including, when applicable, the yields earned up to the date of the quarterly information or, in the case of prepaid expenses, at cost.

**(c) Current and noncurrent liabilities**

These are stated at their known or calculable values, plus, when applicable, the corresponding charges and monetary and foreign exchange variations incurred up to the date of the financial statements.

- **Employee benefits**

- i) **Pension obligations**

The liability related to defined benefit pension plans is the present value of the defined benefit liability on the balance sheet date less the market value of the plan assets adjusted by actuarial gains or losses and cost of past

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

**FEDERAL PUBLIC SERVICE**

**CVM BRAZILIAN SECURITIES AND EXCHANGE  
COMMISSION**

**Accounting Practices  
Adopted in Brazil**  
**March 31, 2010**

**QUARTERLY INFORMATION**

**COMMERCIAL, INDUSTRY & OTHER TYPES OF COMPANY**

**00403-0 COMPANHIA SIDERÚRGICA NACIONAL**  
**33.042.730/0001-04**

**06.01 NOTES TO THE FINANCIAL STATEMENTS**

services. The defined benefit liability is calculated annually by independent actuaries. The present value of the defined benefit liability is determined by the estimate of future cash outflow, using the interest rates of government bonds whose maturity terms are close to those of the related liability.

The actuarial gains and losses resulting from changes in the actuarial assumptions and changes to the pension plans are allocated or credited to income by the average remaining length of service of related employees.

For the defined contribution plans, the company pays contributions to government or private pension plans on a mandatory, contractual or voluntary basis. As soon as contributions are paid, the company has no other additional payments obligations. Regular contributions comprise the net costs for the period in which they are due, being included in personnel costs.

In compliance with Resolution 371/00, issued by the CVM, the Company has been recording the respective actuarial liabilities as from January 1, 2002, in accordance with the aforementioned reported resolution and

based on independent actuary studies, which are carried out annually.

**ii) Profit sharing and bonuses**

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.

**• Income and social contribution taxes**

Income tax is calculated at rates of 15% plus an additional of 10% on taxable basis and social contribution on net income at a 9% rate on the taxable basis. In the calculation of taxes, the offsetting of the tax loss carryforward and negative basis of social contribution is also considered, and it is limited to 30% of the taxable income.

The deferred tax assets deriving from tax loss carry forwards, negative basis of social contribution on net income and temporary differences between calculation basis of tax on assets and liabilities and book values of the quarterly information were recorded in compliance with the CVM Rule 371/02 and took into consideration the historic profitability and the expectations of generating future taxable income, based on a technical study.

**(d) Financial instruments**

**i) Classification and measurement**

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 hedge instruments. Assets in this category are classified as current. Gains or losses from variations in fair value of financial assets measured at fair value through profit and loss are recorded in the statement of income under "Financial income" in the period they occur, unless the instrument has been taken out in connection with another operation. In this case, variations are recorded in the same line as the income impacted by said operation.

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

FEDERAL PUBLIC SERVICE

CVM BRAZILIAN SECURITIES AND EXCHANGE  
COMMISSION

Accounting Practices  
Adopted in Brazil  
March 31, 2010

QUARTERLY INFORMATION

COMMERCIAL, INDUSTRY & OTHER TYPES OF COMPANY

00403-0 COMPANHIA SIDERÚRGICA NACIONAL  
33.042.730/0001-04

## 06.01 NOTES TO THE FINANCIAL STATEMENTS

- **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. 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 that cannot be classified as loans and receivables and are acquired with the financial purpose and ability to be held in portfolio until maturity. They are measured at the amortized cost by the effective interest rate method.

- **Financial assets available for sale**

These are non-derivative financial assets that are not classified in any other category. They are included in noncurrent assets, 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. Interest on securities available for sale, calculated through the effective interest rate method, are booked as financial revenues in the statement of income. The amount corresponding to variation in fair value is recorded against shareholders' equity, in the Equity Valuation Adjustments account and is realized against result during its settlement or impairment.

- **Fair value**

Fair value of listed investments is based on current acquisition prices. For financial assets without an active market or which are not publicly traded, the fair value is established through appraisal techniques, including the use of recent outsourced operations, the use of other materially similar instruments as reference, discounted cash flow analysis and option pricing models that make the greatest possible use of information from the market and the least possible use of information generated by the Company's Management.

On the balance sheet date, the Company assesses whether there is any objective evidence that a given financial asset or group of financial assets is recorded at a value higher than its recoverable value (impairment). In case of financial assets available for sale, should there be any such evidence, the accrued loss (calculated as the difference between the acquisition cost and the current fair value less any impairment loss of such financial asset previously recorded in the result) is taken from the shareholders' equity and recorded in the statement of income.

- ii) **Derivative instruments and hedge activities**

Initially, derivatives are recorded at their fair value on the date that derivative agreements are signed, being subsequently remeasured at their fair value. The resulting variations in fair value are booked against the result, except in the case of derivatives designated as cash flow hedge instruments.

In 2009, the Company maintained a financial instrument called total return equity swap, purpose of which is to increase the return on financial assets. This instrument was recorded at fair value and gains and losses were recognized in the statement of income.

This instrument was recorded in other accounts payable, and its margin of guarantee in other accounts receivable; the instrument was settled on August 13, 2009.

Although the Company makes use of derivatives for protection purposes, it does not apply hedge accounting.

Fair value of derivative instruments is disclosed in Note 18.



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

**FEDERAL PUBLIC SERVICE**

**CVM BRAZILIAN SECURITIES AND EXCHANGE  
COMMISSION**

**Accounting Practices  
Adopted in Brazil**  
**March 31, 2010**

**QUARTERLY INFORMATION**

**COMMERCIAL, INDUSTRY & OTHER TYPES OF COMPANY**

**00403-0  
33.042.730/0001-04**

**COMPANHIA SIDERÚRGICA NACIONAL**

**06.01 NOTES TO THE FINANCIAL STATEMENTS**

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

**FEDERAL PUBLIC SERVICE**

**CVM BRAZILIAN SECURITIES AND EXCHANGE  
COMMISSION**

**Accounting Practices  
Adopted in Brazil**  
**March 31, 2010**

**QUARTERLY INFORMATION**

**COMMERCIAL, INDUSTRY & OTHER TYPES OF COMPANY**

**00403-0  
33.042.730/0001-04**

**COMPANHIA SIDERÚRGICA NACIONAL**

**06.01 NOTES TO THE FINANCIAL STATEMENTS**

**(e) Treasury shares**

As established by the CVM Rule 10 of February 14, 1980, shares held in treasury are recorded at cost of acquisition, and the market value of these shares is calculated based on the average stock exchange quotation on the last day of the year.

**(f) Accounting estimates**

Accounting estimates are required when the financial statements are prepared, for recording certain assets, liabilities and other transactions. Therefore, the quarterly information includes estimates to measure allowance for doubtful accounts, provision for inventory losses, provisions for labor, civil, tax, environmental and social security liabilities, depreciation, amortization, depletion, provision for impairment, deferred taxes, financial instruments and employees' benefits. The estimates and assumptions are periodically reviewed; however, the actual results can differ from these estimates.

## 4. AMENDMENTS TO THE 2009 QUARTERLY INFORMATION AS REVIEWED BY CPC 2R

Quarterly information includes the changes introduced by the revision of CPC 02. Below is the Company's charts with the effects from the application of CPC 2R.

- Income

|   | Closing<br>balance | Adjustments<br>of<br>Resolution<br>624/10 |                   | 3/31/2009<br>Parent<br>Company<br>Balance<br>prior to<br>adjustments |
|---|--------------------|---|-------------------|--|
| <b>NET REVENUE</b>  | 1,806,018          |   |                   | 1,806,018  |
| Cost of products and services sold                                | (1,345,095)        |   |                   | (1,345,095)  |
| <b>GROSS OPERATING INCOME</b>                                     | <b>460,923</b>     |   |                   | <b>460,923</b>   |
| <b>OPERATING EXPENSES AND REVENUES</b>                            |                    |   |                   |  |
| Selling expenses  | (96,433)           |   |                   | (96,433)   |
| General and administrative expenses                               | (70,777)           |   |                   | (70,777)   |
| Other operating expenses  | (10,356)           | 48  | (1)               | (10,404)   |
| <b>OPERATING INCOME BEFORE FINANCIAL<br/>EFFECTS AND INTEREST</b> | <b>283,357</b>     | <b>48</b>                                 |                   | <b>283,309</b>   |
| <b>Financial expenses and revenues</b>                            |                    |   |                   |  |
| Gains and losses for equity pick-up                               | 304,583            | (1,875)                                   | (1)               | 306,458  |
| Monetary and exchange variation, net                              | 187,028            | 75,753                                    | (1)<br>and<br>(2) | 111,275  |
| Other financial expenses/revenues                                 | (493,435)          | (129,207)                                 | (1)               | (364,228)  |
| <b>INCOME BEFORE INCOME AND SOCIAL<br/>CONTRIBUTION TAXES</b>     | <b>281,533</b>     | <b>(55,281)</b>                           |                   | <b>336,814</b>   |
| Income and social contribution taxes                              | 22,511             | 45,787                                    | (3)               | (23,276)   |
| <b>NET INCOME FOR THE YEAR</b>                                    | <b>304,044</b>     | <b>(9,494)</b>                            |                   | <b>313,538</b>   |

(1) Change in the accounting treatment of the companies Islands VII, VIII, IX, X, XI; Tangua and International Investment Fund, previously accounted for as branches, and are now registered as

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subsidiaries of CSN, pursuant to CVM Resolution 624 of January 28, 2010.

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

**FEDERAL PUBLIC SERVICE**

**CVM BRAZILIAN SECURITIES AND EXCHANGE  
COMMISSION**

**Accounting Practices  
Adopted in Brazil**  
**March 31, 2010**

**QUARTERLY INFORMATION**

**COMMERCIAL, INDUSTRY & OTHER TYPES OF COMPANY**

**00403-0 COMPANHIA SIDERÚRGICA NACIONAL  
33.042.730/0001-04**

**06.01 NOTES TO THE FINANCIAL STATEMENTS**

(2) Exchange rate variation of loans and financing from related party operations: Fixed rate notes, intercompany, prepayment and loan.

(3) Income tax (IR) and social contribution on net income (CSLL) related to exchange rate variation of loans and financing from intercompany operations: Fixed rate notes, intercompany, prepayment and loan.

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

FEDERAL PUBLIC SERVICE

CVM BRAZILIAN SECURITIES AND EXCHANGE  
COMMISSION

Accounting Practices  
Adopted in Brazil  
March 31, 2010

QUARTERLY INFORMATION

COMMERCIAL, INDUSTRY & OTHER TYPES OF COMPANY

00403-0

COMPANHIA SIDERÚRGICA NACIONAL

33.042.730/0001-04

06.01 NOTES TO THE FINANCIAL STATEMENTS

Cash flow

|   | Closing<br>balance | Adjustments<br>of<br>Resolution<br>624/10 | 3/31/2009<br>Parent<br>Company<br>Balance<br>prior to<br>adjustments |
|---|--------------------|---|--|
| <b>Cash flow from operating activities:</b>   |                    |   |  |
| Net income for the period   | 304,044            | (9,494)                                   | 313,538  |
| <b>Adjustments to reconcile net income for the period<br/>with funds from operating activities:</b> |                    |   |  |
| - Monetary and exchange variations, net   | (198,397)          | 99,257                                    | (297,654)  |
| - Provision for charges on loans and financing  | 428,390            | (64,505)                                  | 492,895  |
| - Equity pick-up  | (304,583)          | 1,875                                     | (306,458)  |

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|   |                    |                    |                  |
|---|--------------------|--------------------|------------------|
| - Deferred income and social contribution taxes                       | (107,496)          | (45,787)           | (61,709)         |
| - Sw ap provision   |                    | (4,944)            | 4,944            |
| - Other provisions  | (32)               | 20,115             | (20,147)         |
| - Other w ithout the effect of CVM Resolution 624 <sup>(1)</sup>      | 118,406            |                    | 118,406          |
|   | <b>240,332</b>     | <b>(3,483)</b>     | <b>243,815</b>   |
| <b>(Increase) decrease in assets:</b>                                 |                    |                    |                  |
| - Credits w ith subsidiaries and associated companies                 | (1,198,387)        | (1,092,552)        | (105,835)        |
| - Other   | (8,788)            | 2,695              | (11,483)         |
| - Other w ithout the effect of CVM Resolution 624 <sup>(1)</sup>      | (7,191)            |                    | (7,191)          |
|   | <b>(1,214,366)</b> | <b>(1,089,857)</b> | <b>(124,509)</b> |
| <b>Increase (decrease) in liabilities:</b>                            |                    |                    |                  |
| - Accounts payable - subsidiary                                       |                    | (47)               | 47               |
| - Other   | 57,428             | 12,020             | 45,408           |
| - Other w ithout the effect of CVM Resolution 624 <sup>(1)</sup>      | (86,131)           |                    | (86,131)         |
|   | <b>(28,703)</b>    | <b>11,973</b>      | <b>(40,676)</b>  |
| <b>Charges on paid loans and financing</b>                            |                    |                    |                  |
| - Interest paid   | (228,527)          | 91,114             | (319,641)        |
| - Other w ithout the effect of CVM Resolution 624 <sup>(1)</sup>      |                    | 4,771              | (4,771)          |
|   | <b>(228,527)</b>   | <b>95,885</b>      | <b>(324,412)</b> |
| <b>Net cash from operating activities</b>                             | <b>(1,231,264)</b> | <b>(985,482)</b>   | <b>(245,782)</b> |
| <b>Cash flow used in investing activities:</b>                        |                    |                    |                  |
| - Investments / advances for future capital increase                  | 1,904,450          | 2,014,440          | (109,990)        |
| - Other w ithout the effect of CVM Resolution 624 <sup>(1)</sup>      | (156,326)          |                    | (156,326)        |
| <b>Net cash used in investing activities</b>                          | <b>1,748,124</b>   | <b>2,014,440</b>   | <b>(266,316)</b> |
| <b>Cash flow from financing activities</b>                            |                    |                    |                  |
| - Loans and financing   | 462,837            | (23,366)           | 486,203          |
| - Financial institutions - principal                                  | (231,063)          | 71,480             | (302,543)        |
| - Other w ithout the effect of CVM Resolution 624 <sup>(1)</sup>      | (2)                |                    | (2)              |
| <b>Net cash used in financing activities</b>                          | <b>231,772</b>     | <b>48,114</b>      | <b>183,658</b>   |
| <b>Exchange variation on cash and cash equivalents <sup>(2)</sup></b> | <b>(110)</b>       | <b>(110)</b>       |                  |
| <b>Increase (decrease) of cash and cash equivalents</b>               | <b>748,522</b>     | <b>1,076,962</b>   | <b>(328,440)</b> |
| Cash and cash equivalents at the beginning of the year                | 1,269,546          | (6,122,133)        | 7,391,679        |
| <b>Cash and cash equivalents at the end of the year</b>               | <b>2,018,068</b>   | <b>(5,045,171)</b> | <b>7,063,239</b> |

(1) These refer to the total cash flow operations that were not amended by CVM Resolution 624 of January 28, 2010.

(2) For a better presentation, according to the CPC Technical Pronouncement 3 Statements of cash flows, the exchange variations on cash and cash equivalents were reclassified in the parent company and consolidated.





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

FEDERAL PUBLIC SERVICE

CVM BRAZILIAN SECURITIES AND EXCHANGE  
COMMISSION

March 31, 2010 Accounting Practices  
Adopted in Brazil

QUARTERLY INFORMATION

COMMERCIAL, INDUSTRY & OTHER TYPES OF COMPANY

00403-0  
33.042.730/0001-04

COMPANHIA SIDERÚRGICA NACIONAL

06.01 NOTES TO THE FINANCIAL STATEMENTS

- Statement of Value Added

|  |             | <b>3/31/2009</b> |
|--|-------------|------------------|
|  |             | <b>Parent</b>    |
|  |             | <b>Company</b>   |
|  | Closing     | Balance          |
|  | balance     | prior to         |
|  |             | adjustments      |
|  | Adjustments |                  |
|  | of          |                  |
|  | Resolution  |                  |
|  | 624/10      |                  |
| <b>Revenues</b>                              |             |                  |
| Sales of goods, products and services        | 2,435,166   | 2,435,166        |
| Other revenues/expenses                      | (32)        | (32)             |
| Allow ance for/reversal of doubtful accounts | (20,019)    | (20,019)         |

|  |                    |                 |                    |
|--|--------------------|-----------------|--------------------|
|  | <b>2,415,115</b>   |                 | <b>2,415,115</b>   |
| <b>Input acquired from third parties</b>                 |                    |                 |                    |
| Costs of products, goods and services sold               | (1,599,526)        |                 | (1,599,526)        |
| Materials, energy - Third party services - other         | (93,671)           | 48              | (93,719)           |
| Asset impairment   | (4,810)            |                 | (4,810)            |
|  | <b>(1,698,007)</b> | <b>48</b>       | <b>(1,698,055)</b> |
| <b>Gross value added</b>                                 | <b>717,108</b>     | <b>48</b>       | <b>717,060</b>     |
| <b>Retention</b>   |                    |                 |                    |
| Depreciation, amortization and depletion                 | (115,399)          |                 | (115,399)          |
| <b>Net value added produced</b>                          | <b>601,709</b>     | <b>48</b>       | <b>601,661</b>     |
| <b>Value added received in transfers</b>                 |                    |                 |                    |
| Equity pick-up   | 304,583            | (1,873)         | 306,456            |
| Financial income/assets exchange variation               | 104,850            | (44,132)        | 148,982            |
| Other  | 815                |                 | 815                |
|  | <b>410,248</b>     | <b>(46,005)</b> | <b>456,253</b>     |
| <b>Total value added to distribute</b>                   | <b>1,011,957</b>   | <b>(45,957)</b> | <b>1,057,914</b>   |
| <br><b>DISTRIBUTION OF VALUE ADDED</b>                   |                    |                 |                    |
| Personnel  | <b>132,889</b>     |                 | <b>132,889</b>     |
| Direct compensation                                      | 95,576             |                 | 95,576             |
| Benefits   | 23,540             |                 | 23,540             |
| Government Severance Indemnity Fund for Employees (FGTS) | 13,773             |                 | 13,773             |
| Taxes, fees and contributions                            | <b>164,085</b>     | <b>(45,787)</b> | <b>209,872</b>     |
| Federal  | 117,052            | (45,787)        | 162,839            |
| State  | 43,427             |                 | 43,427             |
| Municipal  | 3,606              |                 | 3,606              |
| Third party capital remuneration                         | <b>410,939</b>     | <b>9,324</b>    | <b>401,615</b>     |
| Interest   | 410,379            | 9,324           | 401,055            |
| Rentals  | 560                |                 | 560                |
| Remuneration of shareholders' equity                     | <b>304,044</b>     | <b>(9,494)</b>  | <b>313,538</b>     |
| Interest on shareholders' equity                         | 83,206             |                 | 83,206             |
| Retained earnings  | 220,838            | (9,494)         | 230,332            |
|  | <b>1,011,957</b>   | <b>(45,957)</b> | <b>1,057,914</b>   |

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

**FEDERAL PUBLIC SERVICE**

**CVM BRAZILIAN SECURITIES AND EXCHANGE  
COMMISSION**

**Accounting Practices  
Adopted in Brazil**  
**March 31, 2010**

**QUARTERLY INFORMATION**

**COMMERCIAL, INDUSTRY & OTHER TYPES OF COMPANY**

**00403-0 COMPANHIA SIDERÚRGICA NACIONAL  
33.042.730/0001-04**

**06.01 NOTES TO THE FINANCIAL STATEMENTS**

## **5. CONSOLIDATED QUARTERLY INFORMATION**

The accounting practices were applied uniformly in all the consolidated companies.

The consolidated quarterly information for the period ended March 31, 2010 and year ended December 31, 2009, include the following jointly-owned subsidiaries, direct and indirect subsidiaries, in addition to exclusive funds Diplic and Mugen, as follows:

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

FEDERAL PUBLIC SERVICE

CVM BRAZILIAN SECURITIES AND EXCHANGE  
COMMISSION

Accounting Practices  
Adopted in Brazil  
March 31, 2010

QUARTERLY INFORMATION

COMMERCIAL, INDUSTRY & OTHER TYPES OF COMPANY

00403-0 COMPANHIA SIDERÚRGICA NACIONAL  
33.042.730/0001-04

## 06.01 NOTES TO THE FINANCIAL STATEMENTS

| Companies                                    | Ownership interest (%) |            | Main activities                                      |
|--|------------------------|------------|--|
|  | 3/31/2010              | 12/31/2009 |  |
| <b>Direct investment: full consolidation</b> |                        |            |  |
| 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     | Equity interest                                      |
| CSN Energy                                   | 100.00                 | 100.00     | Equity interest                                      |
| CSN Export                                   | 100.00                 | 100.00     | Financial operations, trading of products and equity |

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|  |        |        | interest  |
|--|--------|--------|---|
| CSN Overseas                                   | 100.00 | 100.00 | Financial operations and equity interest                      |
| CSN Panama                                     | 100.00 | 100.00 | Financial operations and equity interest                      |
| CSN Steel                                      | 100.00 | 100.00 | Financial operations and equity interest                      |
| DIPLIC - Multimarket investment fund           | 100.00 | 100.00 | Investment fund   |
| Mugen - Multimarket investment fund            | 100.00 | 100.00 | Investment fund   |
| TdBB S.A                                       | 100.00 | 100.00 | Dorment Company   |
| Septiba Tecon                                  | 99.99  | 99.99  | Port Services   |
| Mineração Nacional                             | 99.99  | 99.99  | Mining and equity interest                                    |
| CSN Aços Longos                                | 99.99  | 99.99  | Steel and/or metal products industry and trade                |
| Itaguaí Logística                              | 99.99  | 99.99  | Logistics   |
| Estanho de Rondônia - ERSA                     | 99.99  | 99.99  | Mining  |
| Cia Metalic Nordeste                           | 99.99  | 99.99  | Packaging production  |
| Companhia Metalúrgica Prada                    | 99.99  | 99.99  | Packaging production  |
| CSN Cimentos                                   | 99.99  | 99.99  | Cement production   |
| Inal Nordeste                                  | 99.99  | 99.99  | Steel products service center                                 |
| CSN Gestão de Recursos Financeiros             | 99.99  | 99.99  | Dorment Company   |
| Congonhas Minérios                             | 99.99  | 99.99  | Mining and equity interest                                    |
| CSN Energia                                    | 99.90  | 99.90  | Electricity trading   |
| Transnordestina Logística                      | 72.56  | 84.34  | Railroad transport  |
| <b>Indirect investment: full consolidation</b> |        |        |   |
| CSN Aceros                                     | 100.00 | 100.00 | Equity interest   |
| CSN Cayman                                     | 100.00 | 100.00 | Financial operations, trading of products and equity interest |
| CSN Iron (wounded up on 1/31/2010)             |        | 100.00 | Financial operations  |
| CSN Cement                                     | 100.00 | 100.00 | Financial operations and equity interest                      |
| Companhia Siderurgica Nacional LLC             | 100.00 | 100.00 | Steel   |
| Energy I                                       | 99.99  | 100.00 | Equity interest   |
| CSN Europe <sup>(1)</sup>                      | 100.00 | 100.00 | Financial operations, trading of products and equity interest |
| CSN Ibéria                                     | 100.00 | 100.00 | Financial operations and equity interest                      |
| CSN Portugal <sup>(2)</sup>                    | 100.00 | 100.00 | Financial operations e trading of products                    |
| Lusosider Projectos Siderúrgicos               | 100.00 | 100.00 | Equity interest   |
| CSN Acquisitions                               | 100.00 | 100.00 | Financial operations and equity interest                      |

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|  |        |        |  |
|--|--------|--------|--|
| CSN Finance UK Ltd   | 100.00 | 100.00 | Financial operations and equity interest           |
| CSN Holdings UK Ltd  | 100.00 | 100.00 | Financial operations and equity interest           |
| Itamambuca Participações                                       | 99.99  | 99.99  | Mining and equity interest                         |
| Lusosider Aços Planos  | 99.94  | 99.94  | Steel and equity interest                          |
| CSN Energia  | 0.10   | 0.10   | Electricity trading                                |
| <b>Direct investment:<br/>proportional<br/>consolidation</b>   |        |        |  |
| Nacional Minérios  | 60.00  | 60.00  | Mining and equity interest                         |
| Itá Energética   | 48.75  | 48.75  | Electricity generation                             |
| MRS Logística  | 22.93  | 22.93  | Railroad transport                                 |
| Consórcio da Usina<br>Hidrelétrica de Igarapava                | 17.92  | 17.92  | Electricity consortium                             |
| Partnership in joint ventures                                  | 39.47  | 39.47  | Equity interest                                    |
| <b>Indirect investment:<br/>proportional<br/>consolidation</b> |        |        |  |
| Partnership in joint ventures                                  | 60.53  | 60.53  | Equity interest                                    |
| Namisa International<br>Minerios SLU                           | 60.00  | 60.00  | Equity interest and trading of products and mining |
| Namisa Europe  | 60.00  | 60.00  | Equity interest and trading of products and mining |
| Pelotização Nacional   | 59.99  | 59.99  | Mining and equity interest                         |
| MG Minérios  | 59.99  | 59.99  | Mining and equity interest                         |
| MRS Logística  | 10.34  | 10.34  | Railroad transport                                 |

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

**FEDERAL PUBLIC SERVICE**

**CVM BRAZILIAN SECURITIES AND EXCHANGE  
COMMISSION**

**Accounting Practices  
Adopted in Brazil**  
**March 31, 2010**

**QUARTERLY INFORMATION**

**COMMERCIAL, INDUSTRY & OTHER TYPES OF COMPANY**

**00403-0 COMPANHIA SIDERÚRGICA NACIONAL  
33.042.730/0001-04**

**06.01 NOTES TO THE FINANCIAL STATEMENTS**

- (1) New corporate name of CSN Madeira, changed on January 8, 2010.
- (2) New corporate name of Hickory, changed on January 8, 2010.

The following consolidation procedures were adopted in the preparation of the consolidated quarterly information:

- Elimination of the balances of asset and liability accounts between consolidated companies;
- Elimination of the balances of investments and shareholders equity between consolidated companies;
- Elimination of balances of income and expenses and unrealized profit deriving from consolidated intercompany transactions;
- Presentation of income and social contribution taxes on the unrealized profit as deferred taxes in the consolidated quarterly information; and

- Reclassification of exchange rate variations of monetary items with net foreign investment characteristics from financial income to shareholders' equity. Due to the change in the Management's intent regarding the settlement of these loans, the foreign exchange effects determined after August 31, 2009 have been recorded in income for the year, and accumulated amount calculated up to August 31, 2009 will be recorded in income as the respective monetary items are settled.

Pursuant to the CVM Rule 408 of August 18, 2004, the Company consolidates the quarterly information of the exclusive investment funds Diplic and Mugen.

The base date for the subsidiaries' and jointly-owned subsidiaries' quarterly information coincides with that of the Parent Company.

The reconciliation between shareholders' equity and net income for the year of the Parent Company and consolidated is as follows:

|   | Shareholders' equity |                  | Net income for the year |                |
|---|----------------------|------------------|-------------------------|----------------|
|   | 3/31/2010            | 12/31/2009       | 3/31/2010               | 3/31/2009      |
| <b>Parent Company</b>                   | <b>6,050,171</b>     | <b>5,564,633</b> | <b>462,966</b>          | <b>304,044</b> |
| Elimination of interests in inventories | (35,540)             | (54,200)         | 18,660                  | 36,682         |
| Other adjustments                       |                      |                  | (54)                    | 28,098         |
| <b>Consolidated</b>                     | <b>6,014,631</b>     | <b>5,510,433</b> | <b>481,572</b>          | <b>368,824</b> |

## 6. 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 46.20% interest in the voting capital.



Vicunha Siderurgia's corporate structure is as follows (unaudited information):

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

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

National Steel holds 33.04% of Vicunha Aços

Vicunha Steel holds 66.96% of Vicunha Aços

Vicunha Aços holds 99.99% of Vicunha Siderurgia

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.

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

FEDERAL PUBLIC SERVICE

CVM BRAZILIAN SECURITIES AND EXCHANGE  
COMMISSION

Accounting Practices  
Adopted in Brazil  
March 31, 2010

QUARTERLY INFORMATION

COMMERCIAL, INDUSTRY & OTHER TYPES OF COMPANY

00403-0

COMPANHIA SIDERÚRGICA NACIONAL

33.042.730/0001-04

06.01 NOTES TO THE FINANCIAL STATEMENTS

|                     | Proposed<br>dividends | Proposed<br>interest on<br>shareholders'<br>equity | Dividends<br>paid in<br>the period | Interest on<br>shareholders'<br>equity paid in<br>the<br>period |
|---------------------|-----------------------|--|------------------------------------|---|
| Parent Company      |                       |  |                                    |   |
| Total on 3/31/2010  |                       | 42,689   |                                    |   |
| Total on 12/31/2009 | 717,834               | 153,121  | 689,747                            | 243,060   |

**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:

- Assets**

| Companies           | Accounts receivable | Dividends receivable | Loans/Current accounts(*) | Total     |
|---------------------|---------------------|----------------------|---------------------------|-----------|
| Nacional Minérios   | 24,556              | 275,139              | 1,211,304                 | 1,510,999 |
| MRS Logística       | 1,159               | 65,979               |                           | 67,138    |
| Itá Energetica      |                     | 5,790                |                           | 5,790     |
| Total on 3/31/2010  | 25,715              | 346,908              | 1,211,304                 | 1,583,927 |
| Total on 12/31/2009 | 26,947              | 346,908              | 1,231,721                 | 1,605,576 |

(\*)Loan agreement of R\$1,197,800, starting on January 28, 2009; the face value of this agreement is entitled to compensatory interest correspondent to 101% of CDI Cetip, maturing on January 31, 2012.

- Liabilities and shareholders equity**

| Companies           | Advance from clients | Liabilities              |           |           | Shareholders' equity                   |          |
|---------------------|----------------------|--------------------------|-----------|-----------|--|----------|
|                     |                      | Loans / Current accounts | Other (*) | Total     | Equity valuation adjustments - Effects | Total    |
| Nacional Minérios   | 7,720,355            | 12,572                   | 26        | 7,732,953 | (15,243)                               | (15,243) |
| MRS Logística       |                      | 2,142                    | 74,568    | 76,710    |  |          |
| Itá Energetica      |                      |                          | 13,123    | 13,123    |  |          |
| Total on 3/31/2010  | 7,720,355            | 14,714                   | 87,717    | 7,822,786 | (15,243)                               | (15,243) |
| Total on 12/31/2009 | 7,638,658            | 11,823                   | 86,635    | 7,737,116 | (20,183)                               | (20,183) |

Namisa: 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, amounting to R\$115,474, is due in 2011.

The valuation adjustment effects refer to an investee abroad whose functional currency is different from the real.

(\*) MRS: 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.

(\*) Itasa: it is related to the electric power supply billed under normal market conditions of the Brazilian energy market, ruled by Electric Power Trade Chamber.

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

FEDERAL PUBLIC SERVICE

CVM BRAZILIAN SECURITIES AND EXCHANGE COMMISSION

Accounting Practices  
Adopted in Brazil  
March 31, 2010

QUARTERLY INFORMATION

COMMERCIAL, INDUSTRY & OTHER TYPES OF COMPANY

00403-0 COMPANHIA SIDERÚRGICA NACIONAL  
33.042.730/0001-04

06.01 NOTES TO THE FINANCIAL STATEMENTS

• Income

| Companies          | Products and services | Revenues                                      |         | Costs/Expenses                |                   |         |
|--------------------|-----------------------|---|---------|-------------------------------|-------------------|---------|
|                    |                       | Interest and monetary and exchange variations | Total   | Cost of products and services | Interest expenses | Total   |
| Nacional Minérios  | 121,998               | 24,580  | 146,578 | 36,722                        | 230,092           | 266,814 |
| MRS Logística      |                       |   |         | 95,030                        |                   | 95,030  |
| Itá Energetica     |                       |   |         | 37,957                        |                   | 37,957  |
| Total on 3/31/2010 | 121,998               | 24,580  | 146,578 | 169,709                       | 230,092           | 399,801 |
| Total on 3/31/2009 | 95,927                | 23,739  | 119,666 | 142,820                       | 220,501           | 363,321 |

• Nacional Minérios S.A. ( Namisa )

Its main purpose is to extract and sell own and third-party iron ore. The main operations are developed in the cities of Congonhas, Ouro Preto, Itabirito and Rio Acima in the state of Minas Gerais, and in Itaguaí, state of Rio de Janeiro. CSN maintains iron ore supply and port service provision transactions, in addition to administrative, operating and financial support.

- **MRS Logística S.A.**

Its purpose is to exploit and develop the public rail cargo transportation service in the Southeast Network, which serves the Rio de Janeiro-São Paulo-Belo Horizonte stretch and provide rail cargo transportation services for the supply and outflow of the CSN raw materials and finished products.

- **Itá Energética S.A. Itasa**

Itasa holds an interest in the Itá Hydroelectric Power Plant consortium and the operations between the parties are related to contracting electric power supply for operations.

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

- **Assets**

| Companies                  | Accounts receivable | Marketable securities (**) | Loans/current accounts(*) | Dividends receivable | Advance for future capital increase | Other | Total   |
|----------------------------|---------------------|----------------------------|---------------------------|----------------------|-------------------------------------|-------|---------|
| Exclusive investment funds |                     | 857,068                    |                           |                      |                                     |       | 857,068 |
| CSN Export                 | 522,152             |                            |                           |                      |                                     |       | 522,152 |
| CSN Europe                 | 499,484             |                            |                           |                      |                                     |       | 499,484 |
| Transnordestina            |                     |                            |                           |                      | 106,374                             |       | 106,374 |
| Prada                      | 85,997              |                            |                           |                      |                                     |       | 85,997  |

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|                          |           |           |        |        |         |       |           |
|--------------------------|-----------|-----------|--------|--------|---------|-------|-----------|
| Sepetiba Tecon           | 119       |           |        | 23,073 |         |       | 23,192    |
| IIF                      |           |           | 21,143 |        |         |       | 21,143    |
| Inal Nordeste            | 12,425    |           |        |        |         |       | 12,425    |
| Namisa Europe            | 5,865     |           |        |        |         |       | 5,865     |
| Cia. Metalic<br>Nordeste | 3,963     |           |        |        |         |       | 3,963     |
| ERSA                     |           |           |        |        |         | 2,870 | 2,870     |
| CSN Cimentos             | 1,410     |           |        |        |         |       | 1,410     |
| Total on 3/31/2010       | 1,131,415 | 857,068   | 21,143 | 23,073 | 106,374 | 2,870 | 2,141,943 |
| Total on<br>12/31/2009   | 1,004,646 | 2,724,714 | 20,521 | 23,073 | 3,362   |       | 3,776,316 |

(\*) Contracts in US\$ - IIF: interest rate of 3% p.a. with indefinite maturity.

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

FEDERAL PUBLIC SERVICE

CVM BRAZILIAN SECURITIES AND EXCHANGE COMMISSION

Accounting Practices  
Adopted in Brazil  
March 31, 2010

QUARTERLY INFORMATION

COMMERCIAL, INDUSTRY & OTHER TYPES OF COMPANY

00403-0 COMPANHIA SIDERÚRGICA NACIONAL  
33.042.730/0001-04

06.01 NOTES TO THE FINANCIAL STATEMENTS

(\*\*)Financial investments in exclusive investment funds managed by Banco BTG Pactual are backed by Brazilian government bonds and have daily liquidity.

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

- **Liabilities**

|           | Loans and financing |                      |                      | Accounts payable       |       |       |
|-----------|---------------------|----------------------|----------------------|------------------------|-------|-------|
|           | Pre-payment         | Fixed Rate           | Loans and            | Loans <sup>(3)</sup> / | Other | Total |
| Companies | (1)                 | Notes <sup>(2)</sup> | intercompany         | current                |       |       |
|           |                     |                      | bonds <sup>(2)</sup> | accounts               |       |       |



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|                     |           |           |           |         |       |           |
|---------------------|-----------|-----------|-----------|---------|-------|-----------|
| CSN Cement          | 1,825,157 |           | 1,177,014 |         |       | 3,002,171 |
| CSN Islands VIII    |           | 1,282,754 |           | 1,636   |       | 1,284,390 |
| CSN Ibéria          |           | 688,361   |           | 274,204 |       | 962,565   |
| CSN Export          | 499,276   |           |           | 10,720  |       | 509,996   |
| CSN Europe          |           |           | 18,276    | 314,247 |       | 332,523   |
| CSN Aceros          |           |           |           | 17,904  |       | 17,904    |
| Other (*)           |           |           |           |         | 5,193 | 5,193     |
| Total on 3/31/2010  | 2,324,433 | 1,971,115 | 1,195,290 | 618,711 | 5,193 | 6,114,742 |
| Total on 12/31/2009 | 2,368,682 | 1,945,559 | 1,143,915 | 605,818 | 1,728 | 6,065,702 |

The terms & conditions of the transactions with these subsidiaries are shown as follows:

(1) Contracts in US\$ - Cement: interest from 4.00% to 9.78% p.a. with maturity in June 2018.

Contracts in US\$ - CSN Export: interest from 6.01% to 7.26% p.a. with maturity in May 2015.

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

Contracts in US\$ - Cement (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 Ibéria: interest of 1.5% p.a. with maturity on July 13, 2010.

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

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

Contracts in US\$ - CSN Export: semiannual Euribor + 0.5% p.a. with indefinite maturity.

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

(\*) Other: CSN Cimentos, Prada, Metalic, Ersa, Inal Nordeste and Tecon.

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

FEDERAL PUBLIC SERVICE

CVM BRAZILIAN SECURITIES AND EXCHANGE  
COMMISSION

Accounting Practices  
Adopted in Brazil  
March 31, 2010

QUARTERLY INFORMATION

COMMERCIAL, INDUSTRY & OTHER TYPES OF COMPANY

00403-0

COMPANHIA SIDERÚRGICA NACIONAL

33.042.730/0001-04

## 06.01 NOTES TO THE FINANCIAL STATEMENTS

- Income

| Companies             | Products and services | Revenues Interest and monetary and exchange variations | Total   | Cost of products and services | Costs/Expenses Interest and monetary and exchange variations | Total   |
|-----------------------|-----------------------|--|---------|-------------------------------|--|---------|
| CSN Cement            |                       |  |         |                               | 125,884  | 125,884 |
| Prada                 | 237,080               |  | 237,080 | 109,669                       |  | 109,669 |
| CSN Export            | 72,284                | 12,233   | 84,517  | 60,628                        | 22,263   | 82,891  |
| CSN Europe            | 124,444               | 5,522  | 129,966 | 41,391                        | 7,757  | 49,148  |
| Island VIII           |                       |  |         |                               | 46,511   | 46,511  |
| CSN Ibéria            |                       |  |         |                               | 16,867   | 16,867  |
| Cia. Metalic Nordeste | 20,425                |  | 20,425  | 10,700                        |  | 10,700  |

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|                            |         |         |         |         |         |         |
|----------------------------|---------|---------|---------|---------|---------|---------|
| Inal Nordeste              | 15,897  |         | 15,897  | 6,412   |         | 6,412   |
| Sepetiba Tecon             | 804     |         | 804     | 5,099   |         | 5,099   |
| CSN Cimentos               | 8,281   |         | 8,281   | 2,092   |         | 2,092   |
| ERSA                       |         |         |         | 3,200   |         | 3,200   |
| Aceros                     |         |         |         |         | 400     | 400     |
| Namisa Europe              |         | 131     | 131     |         |         |         |
| IIF                        |         | 622     | 622     |         |         |         |
| Exclusive investment funds |         | 171,550 | 171,550 |         |         |         |
| Total on 3/31/2010         | 479,215 | 190,058 | 669,273 | 239,191 | 219,681 | 458,872 |
| Total on 3/31/2009         | 715,804 | 136,030 | 851,834 | 324,805 | 109,954 | 434,759 |

**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.

- **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.

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



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

FEDERAL PUBLIC SERVICE

CVM BRAZILIAN SECURITIES AND EXCHANGE  
COMMISSION

Accounting Practices  
Adopted in Brazil  
March 31, 2010

QUARTERLY INFORMATION

COMMERCIAL, INDUSTRY & OTHER TYPES OF COMPANY

00403-0

COMPANHIA SIDERÚRGICA NACIONAL

33.042.730/0001-04

## 06.01 NOTES TO THE FINANCIAL STATEMENTS

### Assets and Liabilities

| Company             | Assets  |       |                          | Liabilities                  |        |
|---------------------|---|-------|--------------------------|------------------------------|--------|
|                     | Banking<br>checking<br>account and<br>financial<br>investment | Total | Actuarial<br>liabilities | Other<br>Accounts<br>Payable | Total  |
| CBS Previdência     |   |       | 32,312                   |                              | 32,312 |
| Fundação CSN        | 906   | 906   |                          | 232                          | 232    |
| Banco Fibra         | 59  | 59    |                          |                              |        |
| Total on 3/31/2010  | 965   | 965   | 32,312                   | 232                          | 32,544 |
| Total on 12/31/2009 | 940   | 940   | 69,944                   | 90                           | 70,034 |

**Income**

| Company            | Revenues  |                   |       | Expenses                    |                   |         |
|--------------------|---|-------------------|-------|-----------------------------|-------------------|---------|
|                    | Interest and<br>monetary<br>and<br>exchange<br>variations<br>revenues | Other<br>revenues | Total | Pension<br>Fund<br>Expenses | Other<br>expenses | Total   |
| CBS Previdência    |   | 26                | 26    | (4,704)                     |                   | (4,704) |
| Fundação CSN       |   |                   |       |                             | 68                | 68      |
| Banco Fibra        | 187   |                   | 187   |                             |                   |         |
| Total on 3/31/2010 | 187   | 26                | 213   | (4,704)                     | 68                | (4,636) |
| Total on 3/31/2009 | 78  |                   | 78    | 23,204                      | 207               | 23,411  |

**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 other officers. Information on compensation and balances existing on March 31, 2010 is shown below.

|  | <b>3/31/2010</b> | <b>3/31/2009</b> |
|--|------------------|------------------|
|  | <b>Income</b>    | <b>Income</b>    |
| Short-term benefits for employees and management | 1,925            | 3,661            |
| Post-employment benefits                         | 20               | 18               |
| Other long-term benefits                         | n/a              | n/a              |
| Benefits of labor agreement termination          | n/a              | n/a              |
| Share-based compensation                         | n/a              | n/a              |
|  | 1,945            | 3,679            |
| n/a not applicable                               |                  |                  |

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

FEDERAL PUBLIC SERVICE

CVM BRAZILIAN SECURITIES AND EXCHANGE  
COMMISSION

March 31, 2010

Accounting Practices  
Adopted in Brazil

QUARTERLY INFORMATION

COMMERCIAL, INDUSTRY & OTHER TYPES OF COMPANY

00403-0

COMPANHIA SIDERÚRGICA NACIONAL

33.042.730/0001-04

06.01 NOTES TO THE FINANCIAL STATEMENTS

## 7. CASH AND CASH EQUIVALENTS

|                                  | Consolidated     |                  | Parent Com pany  |                  |
|----------------------------------|------------------|------------------|------------------|------------------|
|                                  | 3/31/2010        | 12/31/2009       | 3/31/2010        | 12/31/2009       |
| <b>Current assets</b>            |                  |                  |                  |                  |
| <b>Cash and cash equivalents</b> |                  |                  |                  |                  |
| <b>Cash and Banks</b>            | <b>132,722</b>   | <b>142,045</b>   | <b>24,808</b>    | <b>31,023</b>    |
| <b>Marketable Securities</b>     |                  |                  |                  |                  |
| <b>In Brazil:</b>                |                  |                  |                  |                  |
| Exclusive investment funds       |                  |                  | 857,068          | 2,724,714        |
| Government bonds (*)             | 1,148,596        | 3,339,972        |                  |                  |
| Fixed income and debentures (**) | 2,552,422        | 1,304,713        | 799,119          | 116,545          |
|                                  | <b>3,701,018</b> | <b>4,644,685</b> | <b>1,656,187</b> | <b>2,841,259</b> |
| <b>Abroad:</b>                   |                  |                  |                  |                  |

|                                    |                  |                  |                  |                  |
|------------------------------------|------------------|------------------|------------------|------------------|
| Time Deposits                      | 5,315,167        | 3,300,012        | 651              | 637              |
| <b>Total Marketable securities</b> | <b>9,016,185</b> | <b>7,944,697</b> | <b>1,656,838</b> | <b>2,841,896</b> |
| <b>Cash and Cash Equivalents</b>   | <b>9,148,907</b> | <b>8,086,742</b> | <b>1,681,646</b> | <b>2,872,919</b> |

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.

(\*) 100% - National Treasury Notes

(\*\*) **Debentures:** Investments in the jointly-controlled subsidiary MRS amounting to R\$86,642 in Secured Debentures, with remuneration based on the variation of Interbank Deposit Certificates (CDI) in securities of Unibanco, Votorantim, Safra, Itaú BBA, Bradesco and ABN.

**Fixed Income:** financial investments in the amount of R\$799,119 in the parent company and R\$2,465,780 in the consolidated, backed by Bank Deposit Certificates, with compensation based on Interbank Deposit Certificate - CDI.

## 8. ACCOUNTS RECEIVABLE FROM THIRD PARTIES

|                                 | <b>Consolidated</b> |            | <b>Parent Company</b> |            |
|---------------------------------|---------------------|------------|-----------------------|------------|
|                                 | 3/31/2010           | 12/31/2009 | 3/31/2010             | 12/31/2009 |
| Domestic market                 | 1,185,140           | 1,159,813  | 792,759               | 675,719    |
| Foreign market                  | 289,883             | 359,355    | 9,724                 | 3,256      |
| Allowance for doubtful accounts | (387,367)           | (346,651)  | (340,545)             | (290,133)  |



**1,087,656    1,172,517    461,938    388,842**

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

**FEDERAL PUBLIC SERVICE**

**CVM BRAZILIAN SECURITIES AND EXCHANGE  
COMMISSION**

**Accounting Practices  
Adopted in Brazil**  
**March 31, 2010**

**QUARTERLY INFORMATION**

**COMMERCIAL, INDUSTRY & OTHER TYPES OF COMPANY**

**00403-0 COMPANHIA SIDERÚRGICA NACIONAL  
33.042.730/0001-04**

## **06.01 NOTES TO THE FINANCIAL STATEMENTS**

The Company also maintains other long-term accounts receivable, and among these assets 77% are debentures issued by Companhia Brasileira de Latas in 2002, in the amount of R\$212,870. As of March 31, 2010, the Company held a provision for total loss for these debentures.

## **9. ESCROW DEPOSITS**

On March 31, 2010, the Company had escrow deposits amounting to R\$155,686. This amount was invested in Deutsche as guarantee for the swap operation between Islands VIII and CSN (see Note 18-XI).

Escrow deposit amounts guarantee the investments and their financial operations as derivatives.

**10. INVENTORIES**

|                      | <b>Consolidated</b> |                  | <b>Parent Company</b> |                  |
|----------------------|---------------------|------------------|-----------------------|------------------|
|                      | 3/31/2010           | 12/31/2009       | 3/31/2010             | 12/31/2009       |
| Finished products    | 597,904             | 596,940          | 429,514               | 373,744          |
| Work in process      | 516,487             | 501,891          | 463,413               | 433,922          |
| Raw materials (*)    | 1,273,075           | 831,405          | 873,533               | 597,121          |
| Supplies             | 696,865             | 711,855          | 592,479               | 595,550          |
| Provision for losses | (61,090)            | (53,145)         | (55,105)              | (44,796)         |
|                      | <b>3,023,241</b>    | <b>2,588,946</b> | <b>2,303,834</b>      | <b>1,955,541</b> |

(\*) Raw material increase in the first quarter of 2010 was basically due to BQ and BFH purchases to restock inventories.

Certain items taken as obsolete, or with a low turnover, were the purpose of provisions for adjustment at realization value.

**11. DEFERRED INCOME AND SOCIAL CONTRIBUTION TAXES****(a) 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.



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|   |                |                  |                    |                  |                  |
|---|----------------|------------------|--------------------|------------------|------------------|
| Buildings                                 | 1.67 to 20.00  | 833,042          | (69,563)           | 763,479          | 728,100          |
| Furniture and fixtures                    | 10.00 to 33.33 | 105,453          | (88,869)           | 16,584           | 15,647           |
| Land                                      |                | 85,395           |                    | 85,395           | 83,875           |
| Property, plant and equipment in progress |                | 1,288,594        |                    | 1,288,594        | 1,107,449        |
| Other assets                              | 2.50 to 33.33  | 275,325          | (93,505)           | 181,820          | 159,615          |
|   |                | <b>9,462,304</b> | <b>(1,737,451)</b> | <b>7,724,853</b> | <b>7,418,185</b> |

Pursuant to CVM Rule 371/02, some companies of the group, recorded tax credits on 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.

The Company has credits on tax losses in the amounts of R\$183,924 in the parent company and R\$194,870 in the consolidated (R\$143,688 and R\$156,934 on December 31, 2009) and R\$70,550 on the parent company's negative basis and R\$74,597 in the consolidated (R\$54,574 and R\$56,661 on December 31, 2009). 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.

The tax benefit over goodwill of Nacional Minérios S.A., resulting from the merger of Big Jump, was R\$1,391,858. In 2010, R\$278,372 (R\$115,988 in 2009) will be realized, and in the following years (2011 to 2013) this realization will be R\$278,372 per year. In 2014, the last year, the benefit will be R\$162,382.

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

FEDERAL PUBLIC SERVICE

CVM BRAZILIAN SECURITIES AND EXCHANGE  
COMMISSION

Accounting Practices  
Adopted in Brazil  
March 31, 2010

QUARTERLY INFORMATION

COMMERCIAL, INDUSTRY & OTHER TYPES OF COMPANY

00403-0

COMPANHIA SIDERÚRGICA NACIONAL

33.042.730/0001-04

## 06.01 NOTES TO THE FINANCIAL STATEMENTS

(b) 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   |                       |
|--|------------------|------------------|------------------|-----------------------|
|  | 3/31/2010        | 3/31/2009        | 3/31/2010        | 3/31/2009<br>Adjusted |
| <b>Income before income and social contribution taxes</b>                  | <b>508,452</b>   | <b>453,734</b>   | <b>420,057</b>   | <b>281,533</b>        |
| Tax rate   | 34%              | 34%              | 34%              | 34%                   |
| <b>Income and social contribution taxes at the combined tax rate</b>       | <b>(172,874)</b> | <b>(154,270)</b> | <b>(142,819)</b> | <b>(95,721)</b>       |
| <b>Adjustments to reflect the effective tax rate:</b>                      |                  |                  |                  |                       |
| Benefit of Interest on shareholders equity - JCP                           | 30,329           | 28,290           | 30,329           | 28,290                |
| Equity income of subsidiaries at different rates or w hich are not taxable | 19,835           | 78,452           | 73,084           | 83,165                |

|  |                 |                 |               |                 |
|--|-----------------|-----------------|---------------|-----------------|
| Tax incentives   | 140             | 1,456           |               | 1,456           |
| Adjustments from installments of Law 11,941 and MP 470                 | 103,181         |                 | 99,710        |                 |
| Other permanent (additions) deductions                                 | (9,159)         | (38,838)        | (17,395)      | (42,701)        |
| <b>Income and social contribution taxes on net income for the year</b> | <b>(28,548)</b> | <b>(84,910)</b> | <b>42,909</b> | <b>(25,511)</b> |
| <b>Effective rate</b>  | <b>6%</b>       | <b>19%</b>      | <b>-10%</b>   | <b>7%</b>       |

### (c) 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 is 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 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. The adoption of RTT program is mandatory for 2010.

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

FEDERAL PUBLIC SERVICE

CVM BRAZILIAN SECURITIES AND EXCHANGE  
COMMISSION

Accounting Practices  
Adopted in Brazil  
March 31, 2010

QUARTERLY INFORMATION

COMMERCIAL, INDUSTRY & OTHER TYPES OF COMPANY

00403-0

COMPANHIA SIDERÚRGICA NACIONAL

33.042.730/0001-04

## 06.01 NOTES TO THE FINANCIAL STATEMENTS

### 12. INVESTMENTS

#### a) Direct interest in subsidiaries and jointly-owned subsidiaries

| Companies                | Number of shares |           | %<br>Direct<br>interest | Net<br>income<br>(loss)<br>for the<br>year | 3/31/2010               |                         | Net<br>income<br>(loss)<br>for the<br>year | 12/31/2009              |        |
|--------------------------|------------------|-----------|-------------------------|--|-------------------------|-------------------------|--|-------------------------|--------|
|                          | Common           | Preferred |                         |  | Shareholders'<br>equity | %<br>Direct<br>interest |  | Shareholders'<br>equity |        |
| <b>Steel</b>             |                  |           |                         |  |                         |                         |  |                         |        |
| Cia. Metalic<br>Nordeste | 87,868,185       | 4,424,971 | 99.99                   | 8,590                                      | 99,158                  | 99.99                   | (3,553)                                    |                         | 90,568 |
| INAL<br>Nordeste         | 43,985,567       |           | 99.99                   | (808)                                      | 36,150                  | 99.99                   | (10,579)                                   |                         | 36,958 |



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|                               |             |             |        |          |            |        |           |           |
|-------------------------------|-------------|-------------|--------|----------|------------|--------|-----------|-----------|
| CSN Aços Longos               | 240,278,171 |             | 99.99  | (282)    | 341,079    | 99.99  | (1,451)   | 268,475   |
| GalvaSud <sup>(3)</sup>       |             |             |        | 8,424    |            | 99.99  | 108,585   | 783,421   |
| CSN Steel                     | 480,726,588 |             | 100.00 | (83,814) | 3,562,305  | 100.00 | (43,527)  | 1,414,208 |
| CSN Overseas                  | 7,173,411   |             | 100.00 | 26,775   | 1,031,892  | 100.00 | 27,039    | 1,005,117 |
| CSN Panama                    | 4,240,032   |             | 100.00 | 26,497   | 743,451    | 100.00 | 136,473   | 692,836   |
| CSN Energy                    | 3,675,319   |             | 100.00 | 48,772   | 1,056,188  | 100.00 | 635,848   | 920,618   |
| CSN Export                    | 1,036,429   |             | 100.00 | (1,340)  | 206,272    | 100.00 | (9,606)   | 207,613   |
| Cia. Metalurgica Prada        | 3,155,036   |             | 100.00 | 4,572    | 488,229    | 100.00 | (80,907)  | 483,657   |
| CSN Islands VII               | 20,001,000  |             | 100.00 | (40)     | 32,519     | 100.00 | (14,963)  | 32,559    |
| CSN Islands VIII              | 1,000       |             | 100.00 | 851      | 11,509     | 100.00 | (2,089)   | 10,658    |
| CSN Islands IX                | 1,000,000   |             | 100.00 | (896)    | 814        | 100.00 | (4,604)   | (28)      |
| CSN Islands X                 | 1,000       |             | 100.00 | (1,743)  | (34,091)   | 100.00 | 6,666     | (32,348)  |
| CSN Islands XI                | 50,000      |             | 100.00 | (5,090)  | 6,642      | 100.00 | (24,381)  | (18,277)  |
| Tangua                        | 15          |             | 100.00 | 6,803    | 255,745    | 100.00 | (986,513) | 248,943   |
| International Investment Fund | 50,000      |             | 100.00 | 5,503    | 113,116    | 100.00 | 31,649    | 107,615   |
| <b>Logistics</b>              |             |             |        |          |            |        |           |           |
| MRS Logística                 | 188,332,667 | 151,667,313 | 22.93  | 111,803  | 1,781,638  | 22.93  | 605,730   | 1,669,836 |
| Transnordestina Logística     | 825,735,487 | 194,577,508 | 72.56  | (6,089)  | 613,959    | 84.34  | (23,708)  | 530,589   |
| Sepetiba Tecon                | 254,015,053 |             | 99.99  | 7,694    | 184,151    | 99.99  | 31,856    | 176,457   |
| Itaguaí Logística             | 1,000,000   |             | 99.99  | 1        | 999        | 99.99  | (2)       | 998       |
| <b>Energy</b>                 |             |             |        |          |            |        |           |           |
| Itá Energética                | 520,219,172 |             | 48.75  | 10,826   | 647,020    | 48.75  | 50,011    | 636,193   |
| CSN Energia                   | 1,000       |             | 99.90  | 640      | 62,060     | 99.90  | (1,965)   | 61,420    |
| <b>Mining</b>                 |             |             |        |          |            |        |           |           |
| ERSA                          | 34,236,307  |             | 99.99  | 75       | 14,794     | 99.99  | (8,052)   | 14,719    |
| Congonhas Minérios            | 5,010,000   |             | 99.99  | 86       | 5,986      | 99.99  | 381       | 5,900     |
| Mineração Nacional            | 1,000,000   |             | 99.99  | 2        | 1,000      | 99.99  | (2)       | 998       |
| Nacional Minérios             | 475,067,405 |             | 59.99  | 231,567  | 10,068,436 | 59.99  | 917,128   | 9,828,637 |
| <b>Cement</b>                 |             |             |        |          |            |        |           |           |

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|              |             |       |         |         |       |          |         |
|--------------|-------------|-------|---------|---------|-------|----------|---------|
| CSN Cimentos | 722,113,330 | 99.99 | (1,798) | 499,074 | 99.99 | (29,179) | 427,377 |
|--------------|-------------|-------|---------|---------|-------|----------|---------|

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)

FEDERAL PUBLIC SERVICE

CVM BRAZILIAN SECURITIES AND EXCHANGE  
COMMISSION

Accounting Practices  
Adopted in Brazil  
March 31, 2010

QUARTERLY INFORMATION

COMMERCIAL, INDUSTRY & OTHER TYPES OF COMPANY

00403-0

COMPANHIA SIDERÚRGICA NACIONAL

33.042.730/0001-04

## 06.01 NOTES TO THE FINANCIAL STATEMENTS

### b) Investment breakdown

| Companies                | 12/31/2009                              |   | Capital<br>increase | Equity<br>pick-up<br>and<br>provision<br>for<br>losses | Other                 | 3/31/2010                            |   |
|--------------------------|---|---|---------------------|--|-----------------------|--------------------------------------|---|
|                          | Opening<br>balance<br>of<br>investments | Opening<br>balance<br>of loss<br>reserves |                     |  |                       | Closing<br>balance of<br>investments | Closing<br>balance<br>of loss<br>reserves |
| <b>Steel</b>             |   |   |                     |  |                       |                                      |   |
| Cia. Metalic<br>Nordeste | 90,568                                  |   |                     | 8,590  |                       | 99,158                               |   |
| INAL Nordeste            | 36,958                                  |   |                     | (808)  |                       | 36,150                               |   |
| CSN Aços                 | 268,475                                 |   |                     | (281)  | 72,885 <sup>(4)</sup> | 341,079                              |   |

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|                        |                   |                 |                  |                |                  |         |                   |
|------------------------|-------------------|-----------------|------------------|----------------|------------------|---------|-------------------|
| <b>Longos</b>          |                   |                 |                  |                |                  |         |                   |
| GalvaSud               | 783,421           |                 |                  | 8,424          | (791,845)        | (3)     |                   |
| CSN Steel              | 1,414,208         |                 | 2,239,797        | (83,790)       | (7,910)          | (1)     | 3,562,305         |
| CSN Overseas           | 1,005,117         |                 |                  | 26,775         |                  |         | 1,031,892         |
| CSN Panama             | 692,836           |                 |                  | 26,497         | 24,118           | (1)+(2) | 743,451           |
| CSN Energy             | 920,618           |                 |                  | 48,772         | 86,798           | (2)     | 1,056,188         |
| CSN Export             | 207,613           |                 |                  | (1,341)        |                  |         | 206,272           |
| <b>Cia Metalurgica</b> |                   |                 |                  |                |                  |         |                   |
| Prada                  | 483,657           |                 |                  | 4,572          |                  |         | 488,229           |
| CSN Islands VII        | 32,559            |                 |                  | (40)           |                  |         | 32,519            |
| CSN Islands VIII       | 10,658            |                 |                  | 851            |                  |         | 11,509            |
| CSN Islands IX         |                   | (28)            | 1,739            | (897)          |                  |         | 814               |
| CSN Islands X          |                   | (32,348)        |                  | (1,743)        |                  |         | (34,091)          |
| CSN Islands XI         |                   | (18,277)        | 30,005           | (5,086)        |                  |         | 6,642             |
| Tangua                 | 248,943           |                 |                  | 6,802          |                  |         | 255,745           |
| <b>International</b>   |                   |                 |                  |                |                  |         |                   |
| Investment Fund        | 107,615           |                 |                  | 5,501          |                  |         | 113,116           |
|                        | <b>6,303,246</b>  | <b>(50,653)</b> | <b>2,271,541</b> | <b>42,798</b>  | <b>(615,954)</b> |         | <b>7,985,069</b>  |
|                        |                   |                 |                  |                |                  |         | <b>(34,091)</b>   |
| <b>Logistics</b>       |                   |                 |                  |                |                  |         |                   |
| MRS Logistica          | 382,922           |                 |                  | 25,638         |                  |         | 408,560           |
| Transnordestina        |                   |                 |                  |                |                  |         |                   |
| Logística              | 447,528           |                 | 106,374          | (4,400)        | 2,380            |         | 551,882           |
| Sepetiba Tecon         | 176,457           |                 |                  | 7,694          |                  |         | 184,151           |
| Itaguaí Logística      | 998               |                 |                  | 1              |                  |         | 999               |
|                        | <b>1,007,905</b>  |                 | <b>106,374</b>   | <b>28,933</b>  | <b>2,380</b>     |         | <b>1,145,592</b>  |
| <b>Energy</b>          |                   |                 |                  |                |                  |         |                   |
| Itá Energética         | 310,144           |                 |                  | 5,278          |                  |         | 315,422           |
| CSN Energia            | 61,952            | (593)           |                  | 639            |                  |         | 61,998            |
|                        | <b>372,096</b>    | <b>(593)</b>    |                  | <b>5,917</b>   |                  |         | <b>377,420</b>    |
| <b>Mining</b>          |                   |                 |                  |                |                  |         |                   |
| ERSA                   | 14,719            |                 |                  | 75             |                  |         | 14,794            |
| Congonhas              |                   |                 |                  |                |                  |         |                   |
| Minérios               | 5,900             |                 |                  | 86             | 3,324            |         | 9,310             |
| Mineração              |                   |                 |                  |                |                  |         |                   |
| Nacional               | 998               |                 |                  | 2              |                  |         | 1,000             |
| Nacional               |                   |                 |                  |                |                  |         |                   |
| Minérios               | 5,897,183         |                 |                  | 138,940        | 4,939            | (1)     | 6,041,062         |
|                        | <b>5,918,800</b>  |                 |                  | <b>139,103</b> | <b>8,263</b>     |         | <b>6,066,166</b>  |
| <b>Cement</b>          |                   |                 |                  |                |                  |         |                   |
| CSN Cimentos           | 427,377           |                 |                  | (1,798)        | 73,495           | (4)     | 499,074           |
| <b>Total MEP</b>       | <b>14,029,424</b> | <b>(51,246)</b> | <b>2,377,915</b> | <b>214,953</b> | <b>(531,816)</b> |         | <b>16,073,321</b> |
|                        |                   |                 |                  |                |                  |         | <b>(34,091)</b>   |

**Other  
investments**

|                              |                   |                 |                  |                |                  |                   |                 |
|------------------------------|-------------------|-----------------|------------------|----------------|------------------|-------------------|-----------------|
| <b>Total<br/>investments</b> | <b>14,029,455</b> | <b>(51,246)</b> | <b>2,377,915</b> | <b>214,953</b> | <b>(531,816)</b> | <b>16,073,352</b> | <b>(34,091)</b> |
|------------------------------|-------------------|-----------------|------------------|----------------|------------------|-------------------|-----------------|

(1) Other adjustments from subsidiaries in accordance with the rules of CPC 02 classified into shareholders' equity under translation accumulated adjustments.

(2) Adjustment at fair value as a reflection of the investment recorded as available for sale (Riversdale Mining Ltd.).

(3) Merger of GalvaSud by CSN that took place on January 29, 2010.

(4) Advance for Future Capital Increase.

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

**FEDERAL PUBLIC SERVICE**

**CVM BRAZILIAN SECURITIES AND EXCHANGE  
COMMISSION**

**Accounting Practices  
Adopted in Brazil**  
**March 31, 2010**

**QUARTERLY INFORMATION**

**COMMERCIAL, INDUSTRY & OTHER TYPES OF COMPANY**

**00403-0 COMPANHIA SIDERÚRGICA NACIONAL  
33.042.730/0001-04**

**06.01 NOTES TO THE FINANCIAL STATEMENTS**

**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.

The subsidiary received an incentive from PROVIN Incentive Program for the Companies Operations, established by the Government of the State of Ceará, main purpose of which is the promotion of the industrial development and job generation in that State.

- 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 started the construction works of the plant, which is expected to be concluded on October 31, 2010 and to become operational on May 31, 2011.

- GALVASUD

Located in Porto Real, in the State of Rio de Janeiro, the Company has as purpose all industrial, commercial and sales promotion activities related to: i) installation and operation of a steel products service center; ii) installation and operation of a hot-immersion galvanization line, iii) installation and operation of laser welding lines for the production of welded blanks destined for the automobile production; iv) just-in-time supply to the automotive industry; and v) promotion and sales of the products of the Company and of third parties, shareholders inclusively, to the automotive industry.

On January 29, 2010, CSN merged subsidiary GalvaSud S.A., 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. Company informed the merger, approved on the Extraordinary General Meeting held on January 29, 2010, to shareholders and to the market on January 13, 2010 by disclosing a Material Fact.

The amounts included totaled a net asset of R\$783,421 thousand, which mainly corresponded to cash and cash equivalents of R\$290,779 thousand, inventory of R\$122,104, fixed assets of R\$228,138 thousand and other assets and liabilities amounting to R\$142,355 thousand.



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

**FEDERAL PUBLIC SERVICE**

**CVM BRAZILIAN SECURITIES AND EXCHANGE  
COMMISSION**

**Accounting Practices  
Adopted in Brazil**  
**March 31, 2010**

**QUARTERLY INFORMATION**

**COMMERCIAL, INDUSTRY & OTHER TYPES OF COMPANY**

**00403-0**

**COMPANHIA SIDERÚRGICA NACIONAL**

**33.042.730/0001-04**

**06.01 NOTES TO THE FINANCIAL STATEMENTS**

- **COMPANHIA METALÚRGICA PRADA**

Based in the city of São Paulo, Prada has branches in several states of the country and has as its main activities the rolled steel reprocessing and distribution, the manufacturing and trading of metallic products, manufacturing and trading of metallic packaging, as well as the import and export of these products.

- **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.

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.

A balance receivable related to the electric power sales is held under the scope of the Electric Power Trade Chamber ( Câmara de Comercialização de Energia Elétrica ) CCEE, in the amount of R\$54,224 (R\$54,224 on December 31, 2009), which are due by concessionaires that present injunctions suspending the corresponding payments. Management understands that recording an allowance for doubtful accounts is not necessary in view of the judicial measures taken by the official entities of the sector.

- 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.

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 of 4,534 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.

On December 10, 2009, there was an increase in 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.

After the approval by the Extraordinary General Meeting, Fundo de Investimentos do Nordeste FINOR paid-up the capital by issuing 45,513,333 new shares, which amounted to R\$27,307,999.80. Due to the capital increase, CSN's interest on Transnordestina went from 84.34% to 72.56%, which will continue to be

fully consolidated and the difference of percentage not corresponding to the Company will be accounted as minority interest.

- 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

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

**FEDERAL PUBLIC SERVICE**

**CVM BRAZILIAN SECURITIES AND EXCHANGE  
COMMISSION**

**Accounting Practices  
Adopted in Brazil**  
**March 31, 2010**

**QUARTERLY INFORMATION**

**COMMERCIAL, INDUSTRY & OTHER TYPES OF COMPANY**

**00403-0 COMPANHIA SIDERÚRGICA NACIONAL**  
**33.042.730/0001-04**

**06.01 NOTES TO THE FINANCIAL STATEMENTS**

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 and its results are also related to remaining expenditures deriving from activities of metallic structure manufacturing discontinued in 2002.

**d) Additional information on the main jointly-owned subsidiaries**

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 quarterly information, in accordance with the interest described in item (a) of this note.

|   | 3/31/2010         |                  |                | 12/31/2009        |                  |                |
|---|-------------------|------------------|----------------|-------------------|------------------|----------------|
|   | NAMISA            | MRS              | ITASA          | NAMISA            | MRS              | ITASA          |
| Current assets  | 2,626,525         | 1,204,771        | 88,837         | 2,498,453         | 1,281,774        | 79,207         |
| Noncurrent assets   | 9,840,461         | 3,559,837        | 873,162        | 9,761,700         | 3,589,593        | 882,126        |
| Long-term assets  | 8,467,397         | 667,753          | 8,064          | 8,477,713         | 700,242          | 4,184          |
| Investments, property, plant and equipment and deferred charges | 1,373,064         | 2,892,085        | 865,098        | 1,283,987         | 2,889,351        | 877,942        |
| <b>Total Assets</b>   | <b>12,466,986</b> | <b>4,764,608</b> | <b>961,999</b> | <b>12,260,153</b> | <b>4,871,367</b> | <b>961,333</b> |
| Current liabilities   | 645,999           | 1,127,720        | 117,318        | 675,519           | 1,516,128        | 117,447        |
| Noncurrent liabilities  | 1,752,551         | 1,855,251        | 197,661        | 1,755,997         | 1,685,403        | 207,693        |
| Shareholders' equity  | 10,068,436        | 1,781,638        | 647,020        | 9,828,637         | 1,669,836        | 636,193        |
| <b>Total liabilities and shareholders' equity</b>               | <b>12,466,986</b> | <b>4,764,608</b> | <b>961,999</b> | <b>12,260,153</b> | <b>4,871,367</b> | <b>961,333</b> |

  

|  | 3/31/2010      |                |               | 3/31/2009      |                 |                 |
|--|----------------|----------------|---------------|----------------|-----------------|-----------------|
|  | NAMISA         | MRS            | ITASA         | NAMISA         | MRS             | ITASA           |
| Net Revenue  | 278,641        | 555,051        | 55,092        | 306,223        | 460,678         | 54,863          |
| Cost of goods sold and services rendered                         | (255,371)      | (314,649)      | (19,278)      | (193,664)      | (279,625)       | (16,777)        |
| Gross income (loss)  | 23,270         | 240,402        | 35,815        | 112,559        | 181,053         | 38,086          |
| Operating income (expenses)                                      | (10,518)       | (50,425)       | (13,183)      | (49,314)       | (35,799)        | (12,259)        |
| Net financial income   | 298,857        | (20,612)       | (6,208)       | 222,740        | 378             | (6,424)         |
| <b>Income (loss) before income and social contribution taxes</b> | <b>311,609</b> | <b>169,365</b> | <b>16,423</b> | <b>285,985</b> | <b>(35,421)</b> | <b>(18,683)</b> |
| Current and deferred income and social contribution taxes        | (80,042)       | (57,562)       | (5,597)       | (76,378)       | (45,726)        | (6,610)         |
| <b>Net income (loss) for the year</b>                            | <b>231,567</b> | <b>111,803</b> | <b>10,826</b> | <b>209,607</b> | <b>99,906</b>   | <b>12,793</b>   |

- NACIONAL MINÉRIOS - NAMISA

Headquartered in Congonhas, state of Minas Gerais, the NAMISA main purpose is the production, purchase and sale of iron ore. NAMISA sells its products mainly in the foreign market. NAMISA's 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. ( NAMISA ) 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.

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

**FEDERAL PUBLIC SERVICE**

**CVM BRAZILIAN SECURITIES AND EXCHANGE  
COMMISSION**

**Accounting Practices  
Adopted in Brazil**  
**March 31, 2010**

**QUARTERLY INFORMATION**

**COMMERCIAL, INDUSTRY & OTHER TYPES OF COMPANY**

**00403-0**

**COMPANHIA SIDERÚRGICA NACIONAL**

**33.042.730/0001-04**

## **06.01 NOTES TO THE FINANCIAL STATEMENTS**

Due to the new corporate structure of the jointly-owned subsidiary, in which Big Jump holds 40% and CSN 60% and, due to the shareholders' agreement entered into between the parties, CSN consolidated NAMISA in a proportional manner.

Continuing the restructuring process of Namisa, on July 30, 2009, the jointly-controlled subsidiary merged its parent company Big Jump Energy Participações S.A. Said merger did not change the company's shareholding structure.

- **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. CSN paid in 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.

- ITÁ ENERGÉTICA S.A. - ITASA

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.) and the Brazilian Agency for Electric Energy (ANEEL).

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.

- 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.

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

**FEDERAL PUBLIC SERVICE**

**CVM BRAZILIAN SECURITIES AND EXCHANGE  
COMMISSION**

**Accounting Practices  
Adopted in Brazil**  
**March 31, 2010**

**QUARTERLY INFORMATION**

**COMMERCIAL, INDUSTRY & OTHER TYPES OF COMPANY**

**00403-0**

**COMPANHIA SIDERÚRGICA NACIONAL**

**33.042.730/0001-04**

**06.01 NOTES TO THE FINANCIAL STATEMENTS**

**e) Additional information on indirect interests abroad**

- **COMPANHIA SIDERURGICA NACIONAL - LLC**

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 Panama.

- **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 (piping and metallic structures), and in home appliance components.

- RIVERSDALE MINING LIMITED

Incorporated in 1986, Riversdale Mining Limited ( Riversdale ) is a mining company listed on the Australian Stock Exchange. Riversdale Mining intends to develop a diversified mining company, focusing on growth by investing in mining opportunities. The company has a coal mine in South Africa, and a reserve in Mozambique, among other mines.

In November 2009, the Company s Board of Directors approved the acquisition by indirect subsidiary CSN Madeira (currently called CSN Europe) of minority interest in Riversdale Mining Limited capital stock. The acquisition comprised 28,750,598 shares representing 14.99% of Riversdale s capital stock and, in January 8, 2010, the Australian authorities allowed the Company to conclude the second stage of acquisition of 2,482,729 capital stock shares of Riversdale Mining Limited, 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 reached a total interest of 16.10% of Riversdale s capital stock.

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

FEDERAL PUBLIC SERVICE

CVM BRAZILIAN SECURITIES AND EXCHANGE  
COMMISSION

Accounting Practices  
Adopted in Brazil  
March 31, 2010

QUARTERLY INFORMATION

COMMERCIAL, INDUSTRY & OTHER TYPES OF COMPANY

00403-0

COMPANHIA SIDERÚRGICA NACIONAL

33.042.730/0001-04

06.01 NOTES TO THE FINANCIAL STATEMENTS

### 13. PROPERTY, PLANT AND EQUIPMENT

|                            | Depreciation,<br>depletion and<br>amortization | Cost      | Accumulated<br>depreciation,<br>depletion<br>and<br>amortization | Consolidated<br>Residual value |            |
|----------------------------|--|-----------|--|--------------------------------|------------|
|                            |  |           |  | 3/31/2010                      | 12/31/2009 |
|                            | rate (% p.a.)                                  |           |  |                                |            |
| Machinery and equipment    | 2.50 to 50.00                                  | 7,993,558 | (1,894,878)  | 6,098,680                      | 6,225,797  |
| Mines and mineral deposits | 0.06 to 1.44                                   | 5,332     | (1,078)  | 4,254                          | 4,351      |
| Buildings                  | 1.67 to 20.00                                  | 1,542,805 | (211,083)  | 1,331,722                      | 1,338,023  |
| Furniture and fixtures     | 8.06 to 33.33                                  | 126,554   | (104,398)  | 22,156                         | 22,415     |
| Land                       |  | 126,979   |  | 126,979                        | 126,719    |
|                            |  | 2,449,430 |  | 2,449,430                      | 2,089,253  |

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Property, plant and equipment in progress

|              |               |                   |                    |                   |                   |
|--------------|---------------|-------------------|--------------------|-------------------|-------------------|
| Other assets | 2.50 to 33.33 | 1,992,495         | (641,701)          | 1,350,794         | 1,338,972         |
|              |               | <b>14,237,153</b> | <b>(2,853,138)</b> | <b>11,384,015</b> | <b>11,145,530</b> |

**Parent Company**

|   |                |                  |                    |                  |                  |
|---|----------------|------------------|--------------------|------------------|------------------|
| Machinery and equipment                   | 2.50 to 50.00  | 6,872,172        | (1,485,510)        | 5,386,662        | 5,321,180        |
| Mines and mineral deposits                | 0.08           | 2,323            | (4)                | 2,319            | 2,319            |
| Buildings                                 | 1.67 to 20.00  | 833,042          | (69,563)           | 763,479          | 728,100          |
| Furniture and fixtures                    | 10.00 to 33.33 | 105,453          | (88,869)           | 16,584           | 15,647           |
| Land                                      |                | 85,395           |                    | 85,395           | 83,875           |
| Property, plant and equipment in progress |                | 1,288,594        |                    | 1,288,594        | 1,107,449        |
| Other assets                              | 2.50 to 33.33  | 275,325          | (93,505)           | 181,820          | 159,615          |
|   |                | <b>9,462,304</b> | <b>(1,737,451)</b> | <b>7,724,853</b> | <b>7,418,185</b> |

The changes made to property, plant and equipment between March 31, 2010 and December 31, 2009 are as follows:

|   | <b>Consolidated</b> |                 |                  |                   |              |                     |                    |                  |
|---|---------------------|-----------------|------------------|-------------------|--------------|---------------------|--------------------|------------------|
|   | <b>Net</b>          |                 |                  |                   |              | <b>Depreciation</b> | <b>Translation</b> | <b>Net</b>       |
|   | <b>12/31/2009</b>   | <b>Addition</b> | <b>Transfers</b> | <b>Write-offs</b> | <b>Other</b> | <b>in</b>           | <b>adjustment</b>  | <b>3/31/2010</b> |
|   |                     |                 |                  |                   |              | <b>the period</b>   | <b>into</b>        |                  |
|   |                     |                 |                  |                   |              |                     | <b>reais</b>       |                  |
| Machinery and Equipment                   | 6,225,797           | 3,104           | 38,835           | (417)             |              | (168,371)           | (268)              | 6,098,680        |
| Mines and mineral deposits                | 4,351               |                 |                  |                   |              | (97)                |                    | 4,254            |
| Buildings                                 | 1,338,023           | 2,140           | 6,374            |                   | (20)         | (14,137)            | (658)              | 1,331,722        |
| Furniture and fixtures                    | 22,415              | 719             | 134              | (15)              |              | (1,036)             | (61)               | 22,156           |
| Land                                      | 126,719             | 800             | 49               |                   |              |                     | (589)              | 126,979          |
| Property, plant and equipment in progress | 2,089,253           | 420,644         | (63,769)         | (119)             | 3,268        |                     | 153                | 2,449,430        |
| Other                                     | 1,338,972           | 6,573           | 18,377           | (464)             | 18,661       | (33,301)            | 1,976              | 1,350,794        |

|  |                   |                |  |                |               |                  |            |                   |
|--|-------------------|----------------|--|----------------|---------------|------------------|------------|-------------------|
| <b>Total property, plant and equipment</b> | <b>11,145,530</b> | <b>433,980</b> |  | <b>(1,015)</b> | <b>21,909</b> | <b>(216,942)</b> | <b>553</b> | <b>11,384,015</b> |
|--|-------------------|----------------|--|----------------|---------------|------------------|------------|-------------------|

|  | Net              |                | Parent Company |              |                |                            | Net              |
|--|------------------|----------------|----------------|--------------|----------------|----------------------------|------------------|
|  | 12/31/2009       | Addition       | Transfers      | Write-offs   | Other (*)      | Depreciation in the period | 3/31/2010        |
| Machinery and Equipment                    | 5,321,180        | (2,011)        | 30,436         |              | 188,987        | (151,930)                  | 5,386,662        |
| Mines and mineral deposits                 | 2,319            |                |                |              |                |                            | 2,319            |
| Buildings                                  | 728,100          | 2,140          | 4,002          |              | 36,648         | (7,411)                    | 763,479          |
| Furniture and fixtures                     | 15,647           | 318            | 19             |              | 1,349          | (749)                      | 16,584           |
| Land                                       | 83,875           | 799            | 24             |              | 697            |                            | 85,395           |
| Property, plant and equipment in progress  | 1,107,449        | 215,619        | (34,474)       |              |                |                            | 1,288,594        |
| Other                                      | 159,615          | 2,904          | (7)            | (377)        | 21,521         | (1,836)                    | 181,820          |
| <b>Total property, plant and equipment</b> | <b>7,418,185</b> | <b>219,769</b> |                | <b>(377)</b> | <b>249,202</b> | <b>(161,926)</b>           | <b>7,724,853</b> |

(\*) Amounts corresponding to the merger of Galvasud, totaling R\$228,131, and the transfer of warehouse characterized as property, plant and equipment, in the amount of R\$21,077:

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

FEDERAL PUBLIC SERVICE

CVM BRAZILIAN SECURITIES AND EXCHANGE  
COMMISSION

Accounting Practices  
Adopted in Brazil  
March 31, 2010

QUARTERLY INFORMATION

COMMERCIAL, INDUSTRY & OTHER TYPES OF COMPANY

00403-0  
33.042.730/0001-04

COMPANHIA SIDERÚRGICA NACIONAL

#### 06.01 NOTES TO THE FINANCIAL STATEMENTS

a) The loan costs that were capitalized in the Parent Company amounted to R\$19,071 (R\$11,487 in 1Q09) and R\$19,071 (R\$13,184 in 1Q09) in the consolidated financial information. These costs are determined on the financing contracts for the mining, cement and long steel projects.

b) The assets provided as collateral for financial operations totaled R\$47,985 on March 31, 2010 and December 31, 2009.

#### 14. INTANGIBLE ASSETS

|      | <b>Consolidated</b> |            |
|------|---------------------|------------|
|      | Notional value      |            |
| Cost | 3/31/2010           | 12/31/2009 |

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|   | Useful<br>life<br>terms | Amortization<br>annual rates<br>% |         | Accumulated<br>amortization |         |         |
|---|-------------------------|-----------------------------------|---------|-----------------------------|---------|---------|
| Software  | 05 years                | 20                                | 66,551  | (27,369)                    | 39,182  | 23,879  |
| Goodwill from<br>expected future<br>profitability |                         |                                   | 753,917 | (321,463)                   | 432,454 | 433,701 |
|   |                         |                                   | 820,468 | (348,832)                   | 471,636 | 457,580 |

| <b>Parent Company</b>                             |                         |                                   |         |                             |                  |                   |
|---|-------------------------|-----------------------------------|---------|-----------------------------|------------------|-------------------|
| Notional value                                    |                         |                                   |         |                             |                  |                   |
|   | Useful<br>life<br>terms | Amortization<br>annual rates<br>% | Cost    | Accumulated<br>amortization | <b>3/31/2010</b> | <b>12/31/2009</b> |
| Software  | 05 years                | 20                                | 20,154  | (9,104)                     | 11,050           | 11,994            |
| Goodwill from<br>expected future<br>profitability |                         |                                   | 284,572 | (207,972)                   | 76,600           | 76,600            |
|   |                         |                                   | 304,726 | (217,076)                   | 87,650           | 88,594            |

**Software:** This is valued at the cost of acquisition, less accumulated amortization and, when applicable, less impairment losses.

**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 have to be recorded.

|  | Balance on<br>12/31/2009 | Additions/<br>Write-offs | Balance on<br>3/31/2010 | Investor |
|--|--------------------------|--------------------------|-------------------------|----------|
| <b>Goodwill on<br/>investments</b>     |                          |                          |                         |          |
| <b>Parent<br/>Company</b>              |                          |                          |                         |          |
| Galvasud                               | 13,091                   |                          | 13,091                  | CSN      |
| Prada                                  | 63,509                   |                          | 63,509                  | CSN      |
| <b>Subtotal<br/>parent<br/>company</b> | <b>76,600</b>            |                          | <b>76,600</b>           |          |
| <b>NAMISA</b>                          |                          |                          |                         |          |
| CFM                                    | 339,637                  |                          | 339,637                 | Namisa   |
| Cayman do<br>Brasil                    | 7,481                    |                          | 7,481                   | Namisa   |



|                           |                |                |                |
|---------------------------|----------------|----------------|----------------|
| <b>ITASA</b>              | 9,983          | (1,247)        | 8,736          |
| <b>Total consolidated</b> | <b>433,701</b> | <b>(1,247)</b> | <b>432,454</b> |
|                           |                |                | 55             |

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

**FEDERAL PUBLIC SERVICE**

**CVM BRAZILIAN SECURITIES AND EXCHANGE  
COMMISSION**

**Accounting Practices  
Adopted in Brazil**  
**March 31, 2010**

**QUARTERLY INFORMATION**

**COMMERCIAL, INDUSTRY & OTHER TYPES OF COMPANY**

**00403-0 COMPANHIA SIDERÚRGICA NACIONAL  
33.042.730/0001-04**

**06.01 NOTES TO THE FINANCIAL STATEMENTS**

## **15. DEFERRED CHARGES**

In compliance with Law 11,638/07 and the CPC Technical Pronouncement 13, the Company maintains a record of the remaining balance of deferred assets referring to pre-operating expenses recognized up to December 31, 2007.

These assets will be kept in the Company's accounting up to their total amortization and/or write-off due to impairment. As of March 31, 2010, the balance of these assets was R\$27,181 (R\$28,514 on December 31, 2009) in the Parent Company and R\$31,388 (R\$33,469 on December 31, 2009 in the consolidated financial information).

## **16. LOANS, FINANCING AND DEBENTURES**

|  | <b>Consolidated</b> |                  |                        |                   |                     |                  | <b>Parent Comp</b>     |                   |
|--|---------------------|------------------|------------------------|-------------------|---------------------|------------------|------------------------|-------------------|
|  | Current liabilities |                  | Noncurrent liabilities |                   | Current liabilities |                  | Noncurrent liabilities |                   |
|  | 3/31/2010           | 12/31/2009       | 3/31/2010              | 12/31/2009        | 3/31/2010           | 12/31/2009       | 3/31/2010              | 12/31/2009        |
| <b>FOREIGN CURRENCY</b>                          |                     |                  |                        |                   |                     |                  |                        |                   |
| <b>Long-term loans</b>                           |                     |                  |                        |                   |                     |                  |                        |                   |
| ACC  |                     | 233,837          |                        |                   |                     | 233,837          |                        |                   |
| Pre-payment                                      | 469,208             | 309,437          | 2,960,972              | 2,872,698         | 735,914             | 590,442          | 4,544,984              | 4,470,000         |
| Perpetual Bonds                                  | 26,789              | 26,191           | 1,335,750              | 1,305,900         |                     |                  |                        |                   |
| Fixed Rate                                       |                     |                  |                        |                   |                     |                  |                        |                   |
| Notes  | 48,777              | 62,857           | 3,027,700              | 2,960,040         | 743,079             | 690,896          | 2,194,855              | 2,155,000         |
| Import   |                     |                  |                        |                   |                     |                  |                        |                   |
| Financing  | 86,983              | 80,148           | 116,365                | 122,161           | 59,555              | 58,284           | 58,363                 | 58,000            |
| BNDES/Finame                                     | 20,226              | 19,796           | 71,969                 | 75,241            | 17,859              | 17,479           | 64,754                 | 67,000            |
| Other  | 35,499              | 27,826           | 181,446                | 126,870           | 31,362              | 28,204           | 74,910                 | 74,000            |
|  | <b>687,482</b>      | <b>760,092</b>   | <b>7,694,202</b>       | <b>7,462,910</b>  | <b>1,587,769</b>    | <b>1,619,142</b> | <b>6,937,866</b>       | <b>6,826,000</b>  |
| <b>LOCAL CURRENCY</b>                            |                     |                  |                        |                   |                     |                  |                        |                   |
| <b>Long-term loans</b>                           |                     |                  |                        |                   |                     |                  |                        |                   |
| BNDES/Finame                                     | 281,425             | 280,802          | 1,649,364              | 1,634,920         | 181,238             | 181,348          | 915,161                | 953,000           |
| Debentures                                       | 18,983              | 30,659           | 962,211                | 624,570           | 8,211               | 21,592           | 600,000                | 600,000           |
| Pre-payment                                      | 4,072               | 31,217           | 1,400,000              | 1,400,000         | 4,072               | 31,217           | 1,400,000              | 1,400,000         |
| CCB  | 35,214              | 19,782           | 3,000,000              | 2,000,000         | 35,214              | 19,782           | 3,000,000              | 2,000,000         |
| Other  | 12,343              | 18,488           | 38,408                 | 93,442            | 1,598               | 1,568            | 7,985                  | 7,000             |
|  | <b>352,037</b>      | <b>380,948</b>   | <b>7,049,983</b>       | <b>5,752,932</b>  | <b>230,333</b>      | <b>255,507</b>   | <b>5,923,146</b>       | <b>4,961,000</b>  |
| <b>Total loans and financing</b>                 | <b>1,039,519</b>    | <b>1,141,040</b> | <b>14,744,185</b>      | <b>13,215,842</b> | <b>1,818,102</b>    | <b>1,874,649</b> | <b>12,861,012</b>      | <b>11,788,000</b> |
| Derivatives                                      | 68,190              | 77,147           | 10,445                 | 18,730            | (135,087)           | (150,025)        |                        |                   |
| <b>Total loans and financing and derivatives</b> | <b>1,107,709</b>    | <b>1,218,187</b> | <b>14,754,630</b>      | <b>13,234,572</b> | <b>1,683,015</b>    | <b>1,724,624</b> | <b>12,861,012</b>      | <b>11,788,000</b> |
| Transacion costs                                 | (32,880)            | (27,121)         | (70,159)               | (62,162)          | (30,256)            | (23,568)         | (64,155)               | (56,000)          |
| <b>Total loans, financing,</b>                   | <b>1,074,829</b>    | <b>1,191,066</b> | <b>14,684,471</b>      | <b>13,172,410</b> | <b>1,652,759</b>    | <b>1,701,056</b> | <b>12,796,857</b>      | <b>11,732,000</b> |

**derivatives  
and transaction  
costs**

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

FEDERAL PUBLIC SERVICE

CVM BRAZILIAN SECURITIES AND EXCHANGE  
COMMISSION

March 31, 2010

Accounting Practices  
Adopted in Brazil

QUARTERLY INFORMATION

COMMERCIAL, INDUSTRY & OTHER TYPES OF COMPANY

00403-0

COMPANHIA SIDERÚRGICA NACIONAL

33.042.730/0001-04

## 06.01 NOTES TO THE FINANCIAL STATEMENTS

As of March 31, 2010, funding transaction costs are as follows:

|                  | Short-term    | Long-term     | TJ <sup>(1)</sup>    | Consolidated<br>TE <sup>(2)</sup> |
|------------------|---------------|---------------|----------------------|-----------------------------------|
| Fixed rate notes | 2,767         | 4,445         | 6.88% up to<br>10%   | 10.01% up to<br>10.7%             |
| BNDES            | 2,237         | 10,527        | 1.3% up to<br>3.2%   | 1.44% up to<br>9.75%              |
| Pre-payment      | 6,018         | 20,982        | 6.25% up to<br>8.62% | 6.75% up to<br>10.08%             |
| CCB              | 20,765        | 33,455        | 117.5% CDI           | 11.33%                            |
| Other            | 1,093         | 750           | 103.6% CDI           | 12.59%                            |
| <b>Total</b>     | <b>32,880</b> | <b>70,159</b> |                      |                                   |

|                  | <b>Parent Company</b> |                  |                      |                       |
|------------------|-----------------------|------------------|----------------------|-----------------------|
|                  | <b>Short-term</b>     | <b>Long-term</b> | <b>TJ (1)</b>        | <b>TE (2)</b>         |
| Fixed rate notes | 701                   | 1,929            | 1.5% up to<br>9.25%  | 10.01% up to<br>10.7% |
| BNDES            | 1,856                 | 7,782            | 1.3% up to<br>3.2%   | 1.44% up to<br>9.75%  |
| Pre-payment      | 5,840                 | 20,239           | 6.25% up to<br>8.62% | 6.75% up to<br>10.08% |
| CCB              | 20,765                | 33,455           | 117.5% CDI           | 11.33%                |
| Other            | 1,094                 | 750              | 103.6% CDI           | 12.59%                |
| <b>Total</b>     | <b>30,256</b>         | <b>64,155</b>    |                      |                       |

(1) TJ contractual annual interest rate

(2) TE effective interest rate

As of March 31, 2010, transaction costs to be recorded in the result for subsequent periods are presented as follows.

|                  | <b>Consolidated</b> |               |               |              |             |                       |               |
|------------------|---------------------|---------------|---------------|--------------|-------------|-----------------------|---------------|
|                  | <b>2011</b>         | <b>2012</b>   | <b>2013</b>   | <b>2014</b>  | <b>2015</b> | <b>After<br/>2015</b> | <b>Total</b>  |
| Fixed rate notes | 821                 | 1,094         | 1,094         | 393          | 231         | 812                   | 4,445         |
| BNDES            | 1,485               | 4,341         | 1,980         | 618          | 300         | 1,802                 | 10,526        |
| Pre-payment      | 4,514               | 6,018         | 6,018         | 4,357        | 74          |                       | 20,981        |
| CCB              | 16,151              | 16,151        | 1,154         |              |             |                       | 33,456        |
| Other            | 566                 | 185           |               |              |             |                       | 751           |
| <b>Total</b>     | <b>23,537</b>       | <b>27,789</b> | <b>10,246</b> | <b>5,368</b> | <b>605</b>  | <b>2,614</b>          | <b>70,159</b> |

|                  | <b>Parent Company</b> |               |              |              |             |                       |               |
|------------------|-----------------------|---------------|--------------|--------------|-------------|-----------------------|---------------|
|                  | <b>2011</b>           | <b>2012</b>   | <b>2013</b>  | <b>2014</b>  | <b>2015</b> | <b>After<br/>2015</b> | <b>Total</b>  |
| Fixed rate notes | 526                   | 701           | 701          |              |             |                       | 1,928         |
| BNDES            | 1,391                 | 1,855         | 1,856        | 576          | 300         | 1,802                 | 7,780         |
| Pre-payment      | 4,380                 | 5,840         | 5,840        | 4,180        |             |                       | 20,240        |
| CCB              | 16,151                | 16,151        | 1,154        |              |             |                       | 33,456        |
| Other            | 566                   | 185           |              |              |             |                       | 751           |
| <b>Total</b>     | <b>23,014</b>         | <b>24,732</b> | <b>9,551</b> | <b>4,756</b> | <b>300</b>  | <b>1,802</b>          | <b>64,155</b> |



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

FEDERAL PUBLIC SERVICE

CVM BRAZILIAN SECURITIES AND EXCHANGE  
COMMISSION

Accounting Practices  
Adopted in Brazil  
March 31, 2010

QUARTERLY INFORMATION

COMMERCIAL, INDUSTRY & OTHER TYPES OF COMPANY

00403-0

COMPANHIA SIDERÚRGICA NACIONAL

33.042.730/0001-04

## 06.01 NOTES TO THE FINANCIAL STATEMENTS

As of March 31, 2010, the principal of long-term loans, financing and debentures presents the following composition, by year of maturity:

|                    | <b>Consolidated</b> |               | <b>Parent Company</b> |               |
|--------------------|---------------------|---------------|-----------------------|---------------|
| 2011               | 1,906,353           | 12.9%         | 1,905,084             | 14.8%         |
| 2012               | 4,613,643           | 31.3%         | 4,594,035             | 35.7%         |
| 2013               | 2,679,841           | 18.2%         | 2,882,091             | 22.4%         |
| 2014               | 963,052             | 6.5%          | 1,147,108             | 8.9%          |
| 2015               | 895,076             | 6.1%          | 453,102               | 3.5%          |
| After<br>2015      | 2,360,915           | 16.0%         | 1,879,592             | 14.6%         |
| Perpetual<br>Bonds | 1,335,750           | 9.1%          |                       |               |
|                    | <b>14,754,630</b>   | <b>100.0%</b> | <b>12,861,012</b>     | <b>100.0%</b> |



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Loans, financing and debentures are subject to interest, the annual rates of which, as of March 31, 2010, are presented as follows:

|                 | <b>Consolidated</b> |                   | <b>Parent Company</b> |                   |
|-----------------|---------------------|-------------------|-----------------------|-------------------|
|                 | Local Currency      | Foreign Currency  | Local Currency        | Foreign Currency  |
| Up to 7%        | 436,041             | 4,996,967         |                       | 5,977,686         |
| From 7.1 to 9%  | 1,548,478           | 172,419           | 1,173,747             | 1,083,296         |
| From 9.1 to 11% | 653,417             | 3,197,442         | 540,448               | 1,464,653         |
| Above 11%       | 305,648             |                   |                       |                   |
| Derivatives     |                     | 78,634            |                       | (135,087)         |
| Variable        | 4,458,436           | 14,857            | 4,439,284             |                   |
|                 | <b>7,402,020</b>    | <b>8,460,319</b>  | <b>6,153,479</b>      | <b>8,390,548</b>  |
|                 |                     | <b>15,862,339</b> |                       | <b>14,544,027</b> |

Percentage composition of total loans, financing and debentures, by currency/index of origin:

|                         | <b>Consolidated</b> |               | <b>Parent Company</b> |               |
|-------------------------|---------------------|---------------|-----------------------|---------------|
|                         | 3/31/2010           | 12/31/2009    | 3/31/2010             | 12/31/2009    |
| <b>Local Currency</b>   |                     |               |                       |               |
| CDI                     | 31.95               | 28.75         | 34.70                 | 30.14         |
| IGPM                    | 0.22                | 0.23          |                       |               |
| TJLP                    | 14.31               | 13.26         | 7.54                  | 8.40          |
| IGP-DI                  | 0.06                | 0.07          | 0.07                  | 0.07          |
| Other indexes           | 0.11                | 0.13          |                       |               |
|                         | <b>46.65</b>        | <b>42.44</b>  | <b>42.31</b>          | <b>38.61</b>  |
| <b>Foreign Currency</b> |                     |               |                       |               |
| US dollar               | 52.43               | 57.53         | 52.95                 | 57.49         |
| Yen                     | 0.40                |               | 4.74                  | 3.90          |
| Euro                    | 0.02                | 0.03          |                       |               |
| Other currencies        | 0.50                |               |                       |               |
|                         | <b>53.35</b>        | <b>57.56</b>  | <b>57.69</b>          | <b>61.39</b>  |
|                         | <b>100.00</b>       | <b>100.00</b> | <b>100.00</b>         | <b>100.00</b> |



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

FEDERAL PUBLIC SERVICE

CVM BRAZILIAN SECURITIES AND EXCHANGE  
COMMISSION

Accounting Practices  
Adopted in Brazil  
March 31, 2010

QUARTERLY INFORMATION

COMMERCIAL, INDUSTRY & OTHER TYPES OF COMPANY

00403-0

COMPANHIA SIDERÚRGICA NACIONAL

33.042.730/0001-04

## 06.01 NOTES TO THE FINANCIAL STATEMENTS

In July 2005, the Company issued perpetual bonds amounting to US\$750 million through its subsidiary CSN Islands X Corp. These indefinite maturity bonds pay 9.5% p.a. and the Company has the right to settle the transaction at its face value after 5 years, on the maturity dates for the interest. Up to the closure of this quarterly information, Management did not intend to settle this operation in the foreseeable future.

The guarantees provided for loans comprise fixed asset items, sureties, bank guarantees and securitization operations (exports), as shown in the following table and do not include the guarantees provided to subsidiaries and jointly-owned subsidiaries mentioned in Note 20.

|                               | 3/31/2010 | 12/31/2009 |
|-------------------------------|-----------|------------|
| Property, plant and equipment | 47,985    | 47,985     |
| Personal guarantee            | 77,127    | 74,612     |
| Imports                       | 40,790    | 41,964     |

|                          |                |                |
|--------------------------|----------------|----------------|
| Securitized<br>(exports) | 177,642        | 206,125        |
|                          | <b>343,545</b> | <b>370,686</b> |

The following table shows the amortization and funding in the current period:

|                    | <b>3/31/2010</b>  | <b>12/31/2009</b> |
|--------------------|-------------------|-------------------|
| Opening<br>balance | 14,452,759        | 14,549,180        |
| Funding            | 1,651,374         | 7,671,696         |
| Amortization       | (742,741)         | (3,700,866)       |
| Other (*)          | 500,947           | (4,067,251)       |
| Closing<br>balance | <b>15,862,339</b> | <b>14,452,759</b> |

(\*) Including exchange and monetary variations.

Loans and financing with certain agents contain restrictive clauses, with which the Company is in compliance as of December 31, 2009. Some of the main covenants are informed as follows:

#### Export and import financing operations

The Company shall maintain all authorizations necessary to comply with the obligations established in the contract.

The Company shall export products in an amount sufficient to cover the principal and interest accrued which are due on the respective payment dates.

Export credit notes issued in favor of Banco do Brasil S.A. and Banco Nossa Caixa S.A.

The Company shall export steel products in general and/or iron ore in an amount sufficient to cover the principal of the operation.

BNDES financing

The Company shall prove the investment of own funds established in the project.

The Company shall promote acts or measures which may jeopardize or change the economic-financial equilibrium of the loan Beneficiary.

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

**FEDERAL PUBLIC SERVICE**

**CVM BRAZILIAN SECURITIES AND EXCHANGE  
COMMISSION**

**Accounting Practices  
Adopted in Brazil**  
**March 31, 2010**

**QUARTERLY INFORMATION**

**COMMERCIAL, INDUSTRY & OTHER TYPES OF COMPANY**

**00403-0 COMPANHIA SIDERÚRGICA NACIONAL  
33.042.730/0001-04**

**06.01 NOTES TO THE FINANCIAL STATEMENTS**

Debentures

The Company shall immediately notify the Fiduciary Agent on the announcement of any general debenture holders meeting by the issuer.

The Company and its subsidiaries also assume specific covenants to certain contracts, but usual in operations of the same nature, which had also been complied with as of December 31, 2009, as follows:

Covenants of the Company and subsidiaries for Eurobonds issued by subsidiaries:

In foreign currency and debt operations represented by securities traded on stock exchanges outside Brazil, the Company must not constitute guarantees on its assets, except for those allowed in the operation agreements, without simultaneously guaranteeing the notes.

CSN Islands IX Corp., CSN Islands X Corp. CSN Islands XI Corp. (Eurobonds):

The issuer must not assume debts, except for those represented by the notes, or debts representing commissions, costs or indemnifications due in accordance with the established in the operation documentation.

Company's covenant in Bank Letter of Credit ( CCB ) with Caixa Econômica Federal:

The Company shall maintain in the collection account, at Caixa Econômica Federal, receivables in the amount of 25% of the operation's outstanding balance.

Restrictive covenants applicable to the Company's subsidiaries:

CSN Export S.à.r.l (Securitization)

CSN Export must not assume debts except for those established in the operation documentation and debts resulting from law and which do not have a materially adverse effect.

On July 2, 2009, CSN (1) notified the creditors of 2003-1 tranche notes on its irrevocable intention of performing the early redemption of such notes, settlement of which occurred on August 5 and (2) started a consent solicitation process with creditors related to the 2004-1 and 2005-1 tranche notes of the Securitization program, in order to obtain from the latter consent or waiver in relation to the following matters: (i) inclusion of iron ore receivables in the Securitization program; (ii) adoption of flexible dates for the performance of early redemption of notes; (iii) change in a few export coverage ratios provided for in the program; and (iv) disregard of Accumulation Events occurred in the 21<sup>st</sup> and 23<sup>rd</sup> quarters of the program, for possible characterization purposes of early amortization event. On August 5, 2009, the Bank of New York Mellon confirmed to have received the creditors' consents for both tranches in sufficient amount to approve all the aforementioned matters. Notwithstanding having obtained said approvals, the Company's temporary fund allocation this quarter (up to the amount corresponding to twice the debt service) to an account managed by the custodian bank (Accumulation Event in the amount of R\$70,829) due to the insufficient level of exposure to comply with certain export coverage ratios in the 23<sup>rd</sup> quarter of

the program (ended on April 30, 2009) shall be maintained until the Company resumes compliance with the coverage ratios originally provided for in the securitization program agreements.

**Transnordestina (BNDES financing):** Transnordestina commits not to change, without prior and express authorization of BNDES, its share control.

## 17. DEBENTURES

### Fourth issue



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

**FEDERAL PUBLIC SERVICE**

**CVM BRAZILIAN SECURITIES AND EXCHANGE  
COMMISSION**

**Accounting Practices  
Adopted in Brazil**  
**March 31, 2010**

**QUARTERLY INFORMATION**

**COMMERCIAL, INDUSTRY & OTHER TYPES OF COMPANY**

**00403-0**

**COMPANHIA SIDERÚRGICA NACIONAL**

**33.042.730/0001-04**

## **06.01 NOTES TO THE FINANCIAL STATEMENTS**

As approved at the Board of Directors Meeting held on December 20, 2005 and ratified on April 24, 2006, the Company issued, on February 1, 2006, 60,000 non-convertible and unsecured debentures, in one single tranche, with a unit face value of R\$10. These debentures were issued in the total issuance value of R\$600,000. The credits from the negotiations with the financial institutions were received on May 3, 2006.

Compensation interest is applied on the face value of these debentures corresponding to 103.6% of the Clearing House for the Custody and Financial Settlement of Securities (Cetip) Interbank Deposit Certificate (CDI), and the maturity of the face value is scheduled for February 1, 2012, with early redemption option.

The indenture of this debenture issue contains covenants – usual in this kind of operation – which have been duly complied with by the Company and are described below:

- a) Provision of information: the Company must provide to the trustee any information that the latter may reasonably require the former in up to ten business days counting from the date of the respective requirement;

b) Audit: the Company must submit, pursuant to the law, its accounts and balance sheets to examination by an independent audit firm registered with CVM; and

General Debenture holders Meeting: it must immediately notify the trustee on the call for any General Meeting by the Issuer.

## **18. FINANCIAL INSTRUMENTS**

### **I Identification and appraisal of financial instruments**

The Company operates with several financial instruments, from which the most relevant are funds available, including financial investments, trade accounts receivable, accounts payable to suppliers and loans and financing. In addition, the Company also operates with derivative financial instruments, especially exchange swap and interest rate swap operations.

Considering the nature of instruments, excluding derivative financial instruments, the fair value is basically determined by applying the discounted cash flow method. The amounts recorded in current assets and liabilities either have acid test ratio or are mostly due in three-month periods or less. Given the term and characteristics of these instruments, which are systematically renegotiated, book values are close to fair values.

### **II Cash and cash equivalents, financial investments, accounts receivable, other current assets and accounts payable**

Amounts recorded are close to realization amounts.

### **III Investments (except for subsidiaries and affiliates)**

These mainly consist of investments in publicly-held companies, recorded at fair value and classified as available for sale, in which the Company has strategic interest.

**IV - Financial risk management policy**

The Company has and follows a risk management that provides guidance on transactions and requires the diversification of transactions and counterparties. According to this policy, the nature and general position of financial risks is regularly monitored and managed with the purpose of evaluating results and the financial impact on cash flow. Credit limits and the quality of the counterparties hedge are also periodically revised.

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

**FEDERAL PUBLIC SERVICE**

**CVM BRAZILIAN SECURITIES AND EXCHANGE  
COMMISSION**

**Accounting Practices  
Adopted in Brazil**  
**March 31, 2010**

**QUARTERLY INFORMATION**

**COMMERCIAL, INDUSTRY & OTHER TYPES OF COMPANY**

**00403-0 COMPANHIA SIDERÚRGICA NACIONAL  
33.042.730/0001-04**

**06.01 NOTES TO THE FINANCIAL STATEMENTS**

The risk management policy was established by the Board of Directors. According to this policy, market risks are hedged when it is considered necessary to support the corporate strategy or when it is necessary to maintain the financial flexibility level.

Under the risk management policy, risks are managed by using derivative instruments.

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

**FEDERAL PUBLIC SERVICE**

**CVM BRAZILIAN SECURITIES AND EXCHANGE  
COMMISSION**

**Accounting Practices  
Adopted in Brazil**  
**March 31, 2010**

**QUARTERLY INFORMATION**

**COMMERCIAL, INDUSTRY & OTHER TYPES OF COMPANY**

**00403-0 COMPANHIA SIDERÚRGICA NACIONAL  
33.042.730/0001-04**

**06.01 NOTES TO THE FINANCIAL STATEMENTS**

**V Liquidity risk**

This is the risk that the Company might not have sufficient cash to honor its financial commitments, due to term or volume mismatch between receipts and expected payments.

In order to manage cash liquidity in domestic and foreign currency, disbursement and future receipts assumptions were established and are daily monitored by the Treasury.

**VI Exchange rate risk**

Although most of the revenues are denominated in Brazilian Reais, as of March 31, 2010, R\$8,318,836 or 53% of the consolidated loans and financing were denominated in foreign currency (R\$8,223,002 or 57% on December 31, 2009). As a result, the Company is subject to variations in exchange and interest rates

and it manages the risk of the fluctuations in the amounts in Brazilian Reais that will be necessary to pay the obligations in foreign currency using a number of financial instruments, including cash invested in dollar and derivatives (derivative contracts without financial leverage, such as foreign currency swaps and futures contracts).

## **VII Derivatives**

### **a) Policies for the use of hedging derivatives**

The Company's financial policy reflects the liquidity parameters, credit and market risk approved by the Audit Committee and Board of Directors. The use of derivative instruments, with the purpose of preventing interest rate and foreign exchange rate fluctuations from having a negative impact on the Company's balance sheet and statement of income, should comply with the same parameters. Pursuant to internal rules, this financial investment policy was approved and is managed by the Board of Executive Officers.

As a routine, the Board of Executive Officers presents and discusses, at the meetings of the Board of Executive Officers and Board of Directors, the Company's financial positions. Pursuant to the Bylaws, significant amount operations require previous approval by the Company's Management. The use of other derivative instruments is subject to prior approval by the Board of Directors.

In order to finance its activities, the Company often resorts to capital markets, either domestic or international ones, and due to the debt profile it seeks, part of the Company's debt is pegged to foreign currency, mainly to the U.S. dollar, which motivates the Company to seek hedge for its indebtedness through derivative financial instruments.

In order to contract financial instruments and derivatives with the purpose of hedge in compliance with the structure of internal controls, the Company adopts the following policies:

- continuous ascertainment of the exchange exposure, which occurs by means of the assessment of assets and liabilities exposed to foreign currency, within the following terms: (i) accounts receivable and payable in foreign currency; (ii) cash and cash equivalents and debt in foreign currency;
- presentation of the financial position and foreign exchange exposure, as a routine, at meetings of the Board of Executive Officers and of the Board of Directors which approve this hedging strategy; and

- contracting of hedge derivative operations only with first-tier banks;

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

FEDERAL PUBLIC SERVICE

CVM BRAZILIAN SECURITIES AND EXCHANGE  
COMMISSION

March 31, 2010 Accounting Practices  
Adopted in Brazil

QUARTERLY INFORMATION

COMMERCIAL, INDUSTRY & OTHER TYPES OF COMPANY

00403-0

COMPANHIA SIDERÚRGICA NACIONAL

33.042.730/0001-04

06.01 NOTES TO THE FINANCIAL STATEMENTS

The consolidated net exposure to the foreign exchange rate as of March 31, 2010 is shown as follows:

|  | <b>2010</b>             |
|--|-------------------------|
|  | <b>Consolidated</b>     |
|  | <b>(amounts in US\$</b> |
|  | <b>thousand)</b>        |
| Cash and cash equivalents abroad             | 3,126,955               |
| Accounts receivable - foreign market clients | 147,257                 |
| Advances to suppliers                        | 82,790                  |
| Securitization reserve fund                  | 76,625                  |
| Other assets                                 | 385,864                 |
| Intercompany loans                           | 63,333                  |
| <b>Total assets</b>                          | <b>3,882,824</b>        |
| Loans and financing                          | (4,700,487)             |



|  |                    |
|--|--------------------|
| Suppliers                                | (87,643)           |
| Other liabilities                        | (34,999)           |
| Intercompany loans                       | (14,569)           |
| <b>Total liabilities</b>                 | <b>(4,837,698)</b> |
| <b>Gross exposure</b>                    | <b>(954,874)</b>   |
| Notional value of contracted derivatives | 1,049,500          |
| <b>Net exposure</b>                      | <b>94,626</b>      |

The results obtained with these operations are in accordance with the policies and strategies defined by the Management.

## b) Main risks resulting from the Company's operations

### Interest rate risk

Short and long-term liabilities, indexed to floating interest rates and inflation indexes. Due to this exposure, the Company maintains derivatives to manage these risks better.

### Credit risk

The exposure to credit risk of financial institutions complies with the parameters established in the financial policy. The exposure to credit risk of our clients and suppliers complies with the parameters established by the credit policy.

Since part of the Company's funds is invested in Brazilian government bonds, there is also exposure to the Brazil's credit risk.

In order to mitigate market risks, as foreign exchange and interest rate, the Management contracts operations with derivatives, as shown below:

- **Libor x CDI swap transactions**

The purpose of these transactions is to hedge liabilities indexed to US Dollar Libor from Brazilian interest rate fluctuations. The Company has basically executed swaps of its liabilities indexed to Libor, in which it receives interest of 1.25% p.a. on the notional value in dollar (long position) and pays 96% of the Interbank Deposit Certificate CDI on the notional value in Reais on the date of the contracting (short position). The notional value

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

FEDERAL PUBLIC SERVICE

CVM BRAZILIAN SECURITIES AND EXCHANGE COMMISSION

Accounting Practices  
Adopted in Brazil  
March 31, 2010

QUARTERLY INFORMATION

COMMERCIAL, INDUSTRY & OTHER TYPES OF COMPANY

00403-0 COMPANHIA SIDERÚRGICA NACIONAL  
33.042.730/0001-04

06.01 NOTES TO THE FINANCIAL STATEMENTS

of these swaps as of March 31, 2010 is US\$150,000 thousand, hedging an export pre-payment operation in the same amount. The gains and losses from these contracts are directly related to exchange (dollar), Libor and CDI fluctuations. They are related to operations in the Brazilian over-the-counter market, in general, having first-tier financial institutions as counterparts.

As of March 31, 2010, the position of these contracts is as follows:

a) Outstanding operations

| Counterparties | Notional value<br>US\$<br>thousand<br>3/31/2010 | Valuation - 2010<br>(R\$ thousand) |             | Fair value<br>(market)<br>(R\$ thousand)<br>3/31/2010 | Amount payable or receivable in the period (R\$ Amount payable |
|----------------|---|------------------------------------|-------------|---|--|
|                |   | Long- term                         | Short- term |   |  |
|                |   |                                    |             |   |  |

| Date of maturity |      |         |         |           |         |         |
|------------------|------|---------|---------|-----------|---------|---------|
| 5/12/2010        | CSFB | 150,000 | 254,760 | (256,728) | (1,968) | (1,968) |

## b) Settled operations

| Counterparties | Notional value<br>US\$ thousand |         | Valuation - 2010<br>(R\$ thousand) |            | Valuation - 2010<br>(R\$ thousand) |            | Fair value<br>(market)<br>(R\$ thousand) |          |
|----------------|---------------------------------|---------|------------------------------------|------------|------------------------------------|------------|--|----------|
|                | 2010                            | 2009    | Long-term                          | Short-term | Long-term                          | Short-term | 2010                                     | 2009     |
| CSFB           | 150,000                         | 150,000 | 255,316                            | (259,412)  | 254,787                            | (256,971)  | (4,096)                                  | (2,184)  |
|                |                                 |         | 255,316                            | (259,412)  | 254,787                            | (256,971)  | (4,096)                                  | (17,135) |

The net position of the aforementioned contracts is recorded in a specific derivative account in the loans and financing group as loss in the amount of R\$1,968 as of March 31, 2010 and its effects are recognized in the Company's financial result as a loss in the amount of R\$3,880.

- Real-U.S. Dollar Commercial Exchange Rate Futures Contract**

It seeks to hedge foreign-denominated liabilities against the Real variation. The Company may buy or sell commercial U.S. dollar futures contracts on the Commodities and Futures Exchange (BM&F) to mitigate the foreign currency exposure of its US dollar-denominated liabilities. The specifications of the Real-U.S. dollar exchange rate futures contract, including detailed explanation on the contracts' characteristics and calculation of daily adjustments, are published by BM&F and disclosed on its website ([www.bmf.com.br](http://www.bmf.com.br)). During the quarter, the Company paid R\$44,324 and received R\$115,745 in adjustments, thus having a gain of R\$71,421. Gains and losses from these contracts are directly related to the currency fluctuations.

As of March 31, 2010, the position of these operations is as follows:

| Description | Amount payable or receivable in the period |                       |
|-------------|--|-----------------------|
|             | Amount received<br>in R\$                  | Amount paid in<br>R\$ |

|                                      |         |          |
|--------------------------------------|---------|----------|
| Purchase commitment                  |         |          |
| Foreign currency (US Dollar futures) | 115,745 | (44,324) |

On March 31, 2010, there were no outstanding positions of future US dollar contracts.

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

**FEDERAL PUBLIC SERVICE**

**CVM BRAZILIAN SECURITIES AND EXCHANGE  
COMMISSION**

**Accounting Practices  
Adopted in Brazil**  
**March 31, 2010**

**QUARTERLY INFORMATION**

**COMMERCIAL, INDUSTRY & OTHER TYPES OF COMPANY**

**00403-0 COMPANHIA SIDERÚRGICA NACIONAL  
33.042.730/0001-04**

**06.01 NOTES TO THE FINANCIAL STATEMENTS**

**VIII - Exchange swap transactions**

Exchange swap transactions aim to protect its liabilities denominated in foreign currency against the fluctuation of the Real. The Company carried out swaps of its U.S. dollar-denominated liabilities, in which the Company will receive the difference between the exchange variation observed in the period plus interest rate which ranges between 4.35% and 9.00% p.a., multiplied by the notional value (long position) and pays interest based on the Interbank Deposit Certificate CDI, on the amount in Reais of the notional value on the date of the contracting (short position). The notional value of these swaps as of March 31, 2010, was US\$1,049,500 thousand (US\$1,519,500 thousand on December 31, 2009). The gains and losses from these contracts are directly related to exchange (dollar) and CDI fluctuations. These transactions are related to operations in the Brazilian over-the-counter market, primarily having first-tier financial institutions as counterparties, contracted within exclusive investment funds.

As of March 31, 2010, the consolidated position of these contracts is as follows:

## a) Outstanding operations

| Counterparties | Notional value (US\$ thousand) | Operation maturity | Valuation - 2010   |                     | Fair value     | Amount payable or receivable in the year (R\$) |
|----------------|--------------------------------|--------------------|--------------------|---------------------|----------------|--|
|                |                                |                    | Long-term position | Short-term position | (market) (R\$) | Amount payable/paid                            |
| 3/31/2010      |                                |                    |                    |                     | 3/31/2010      |  |
| Itau BBA       | 100,000                        | 4/1/2010           | 178,258            | (182,411)           | (4,153)        | (4,153)  |
| Goldman Sachs  | 100,000                        | 4/1/2010           | 178,253            | (182,411)           | (4,158)        | (4,158)  |
| HSBC           | 524,500                        | 4/1/2010           | 934,970            | (956,746)           | (21,775)       | (21,775)                                       |
| Santander      | 300,000                        | 4/1/2010           | 534,806            | (547,233)           | (12,427)       | (12,427)                                       |
| Deutsche Bank  | 25,000                         | 4/1/2010           | 44,532             | (44,985)            | (453)          | (453)  |
|                | 1,049,500                      |                    | 1,870,819          | (1,913,786)         | (42,966)       | (42,966)                                       |

## b) Settled operations

| Date of settlement       | Counterparties | Notional value US\$ thousand |           | Valuation - 2010 (R\$ thousand) |                     | Valuation - 2009 (R\$ thousand) |                     |      |
|--------------------------|----------------|------------------------------|-----------|---------------------------------|---------------------|---------------------------------|---------------------|------|
|                          |                | 2010                         | 2009      | Long-term position              | Short-term position | Long-term position              | Short-term position |      |
| 01/04/2010 to 02/01/2010 | Itau BBA       | 530,000                      | 130,000   | 976,705                         | (930,109)           | 226,753                         | (228,968)           | 4    |
| 01/04/2010 to 03/05/2010 | Santander      | 3,013,220                    | 1,024,500 | 5,486,155                       | (5,478,048)         | 1,788,212                       | (1,824,172)         | 8    |
| 01/04/2010 to 02/08/2010 | Goldman Sachs  | 1,100,000                    | 300,000   | 2,021,646                       | (1,992,804)         | 523,270                         | (527,928)           | 2    |
| 01/04/2010 a 03/01/2010  | Westlb         | 265,000                      | 65,000    | 475,789                         | (491,788)           | 113,379                         | (114,569)           | (15) |

|          |               |           |           |           |             |           |             |    |
|----------|---------------|-----------|-----------|-----------|-------------|-----------|-------------|----|
| 2/8/2010 | Deutsche Bank | 300,000   |           | 561,442   | (563,364)   |           |             | (1 |
|          |               | 5,208,220 | 1,519,500 | 9,521,737 | (9,456,113) | 2,651,614 | (2,695,637) | 6  |

The net position of the aforementioned contracts is recorded in a specific derivative account in the loans and financing group as a loss in the amount of R\$42,966 on March 31, 2010 (loss of R\$44,023 on December 31, 2009) and its effects are recognized in the Company's financial result as gains in the amount of R\$66,681. The jointly-owned subsidiary MRS Logística has derivative (swap) operations which caused proportional gains to the Company's interest, in the amount of R\$1,203 recognized in CSN's consolidated balance for March 31, 2010.



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

**FEDERAL PUBLIC SERVICE**

**CVM BRAZILIAN SECURITIES AND EXCHANGE  
COMMISSION**

**March 31, 2010**

**Accounting Practices  
Adopted in Brazil**

**QUARTERLY INFORMATION**

**COMMERCIAL, INDUSTRY & OTHER TYPES OF COMPANY**

**00403-0  
33.042.730/0001-04**

**COMPANHIA SIDERÚRGICA NACIONAL**

**06.01 NOTES TO THE FINANCIAL STATEMENTS**

**IX - Methods and assumptions used to calculate and measure financial instruments - derivatives**

- **Foreign exchange swap transactions, Libor x CDI swap transactions**

The Company uses an exclusive fund for its foreign exchange swap operations. The fund's manager, Banco BTG Pactual, calculates and discloses the market value of the fund assets (NAV - Net Asset Value) on a daily basis, using the following pricing methodology to ascertain the market value of the foreign exchange swap.

- **US Dollar**

**Pricing Methodology**

The first step in order to calculate the swap is to correct its notional financial value at the foreign exchange rate variation.

The second step consists of calculating which value the corrected notional value would have on the maturity date.

The third and last stage of the calculation is to carry the swap value on the maturity date to the calculation date.

Combining all steps in one single equation we would have the following:

Where:

*FinSwapcalc*

Swap s financial value on calculation date

*FinNocSwap*

Swap s notional financial value (initial financial value)

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|                       |   |
|-----------------------|---|
| <i>FinNocSwapcorr</i> | Swap s notional financial value restated to calculation date      |
| <i>FinSwapvcto</i>    | Swap s estimated financial value on maturity                      |
| <i>PtaxVcalc</i>      | Sale PTAX800 on calculation date. Source: Brazilian Central Bank  |
| <i>PtaxVini</i>       | Sale PTAX800 on initial swap date. Source: Brazilian Central Bank |
| <i>DCvcto.ini</i>     | Days elapsed between initial swap and maturity                    |
| <i>DCvcto.hoje</i>    | Days elapsed between initial swap and calculation date            |
| <i>i</i>              | Swap s remuneration rate  |
| <i>tx</i>             | Current market foreign exchange coupon rate. Primary Source: BM&F |

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

**FEDERAL PUBLIC SERVICE**

**CVM BRAZILIAN SECURITIES AND EXCHANGE  
COMMISSION**

**Accounting Practices  
Adopted in Brazil**  
**March 31, 2010**

**QUARTERLY INFORMATION**

**COMMERCIAL, INDUSTRY & OTHER TYPES OF COMPANY**

**00403-0  
33.042.730/0001-04**

**COMPANHIA SIDERÚRGICA NACIONAL**

**06.01 NOTES TO THE FINANCIAL STATEMENTS**

The rates used for all swaps are the ones disclosed by BM&F. In their absence, or in situations of liquidity decrease or systemic crisis situations, coupons of the government bonds of each of the respective indexes are used as a notion for calculation. In the absence of the rate for the specific vertex to be calculated, the BM&F interpolated rates are used.

The Libor x CDI swap was directly contracted by the Company and, therefore, its market value was calculated as follows:

- Long position (purchased): carried to future value at current Libor and discounted at present value by the prefixed US Dollar curve.
- Short position (sold): carried to future value at current CDI and discounted at present value by the prefixed Brazilian Real curve.

The data sources for the mark-to-market of these instruments are the following: BBA (British Bankers Association), BM&F, BOVESPA and CETIP, and all data were taken from Bloomberg.

### X - Sensitivity analysis

For the consolidated exchange operations with US Dollar fluctuation risk, based on the foreign exchange rate as of March 31, 2010 of R\$1.7810 per US\$1.00, were estimated for five scenarios:

- Scenario 1: Probable Scenario, which used the future U.S. Dollar rate of BM&F, maturing on May 3, 2010, from March 31, 2010;
- Scenario 2: (25% of Real appreciation) rate of R\$1.3358 per US\$1.00;
- Scenario 3: (50% of Real appreciation) rate of R\$0.8905 per US\$1.00;
- Scenario 4: (25% of Real devaluation) rate of R\$2.2263 per US\$1.00;
- Scenario 5: (50% of Real devaluation) rate of R\$2.6715 per US\$1.00.

|  |                         |                  |               |               |               |               | 3/31/2010     |
|--|-------------------------|------------------|---------------|---------------|---------------|---------------|---------------|
|  |                         | US\$<br>Notional |               |               |               |               |               |
|  | Risk                    | value            | Scenario<br>1 | Scenario<br>2 | Scenario<br>3 | Scenario<br>4 | Scenario<br>5 |
|  |                         | 1.7810           | 1.7907        | 1.3358        | 0.8905        | 2.2263        | 2.6715        |
| <b>Exchange Swap</b>   | U.S. Dollar fluctuation | 1,049,500        | 10,174        | (467,290)     | (934,580)     | 467,290       | 934,580       |
| <b>Swap CDI vs. Libor</b>                                      | U.S. Dollar fluctuation | 1,105            | 11            | (492)         | (984)         | 492           | 984           |
| <b>Exchange position - functional currency Brazilian Reais</b> | U.S. Dollar fluctuation | (954,874)        | (9,257)       | 425,158       | 850,315       | (425,158)     | (850,315)     |
| (not including the foreign exchange                            |                         |                  |               |               |               |               |               |

derivatives above)

|   |                         |        |     |          |          |        |        |
|---|-------------------------|--------|-----|----------|----------|--------|--------|
| <b>Consolidated exchange position</b><br>(including the foreign exchange derivatives above) | U.S. Dollar fluctuation | 94,626 | 917 | (42,132) | (84,265) | 42,132 | 84,265 |
|---|-------------------------|--------|-----|----------|----------|--------|--------|

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

FEDERAL PUBLIC SERVICE

CVM BRAZILIAN SECURITIES AND EXCHANGE  
COMMISSION

Accounting Practices  
Adopted in Brazil  
March 31, 2010

QUARTERLY INFORMATION

COMMERCIAL, INDUSTRY & OTHER TYPES OF COMPANY

00403-0

COMPANHIA SIDERÚRGICA NACIONAL

33.042.730/0001-04

## 06.01 NOTES TO THE FINANCIAL STATEMENTS

### XI Classification of financial instruments

| Consolidated<br>- R\$<br>thousand | 3/31/2010 |                        |   |  |   | Balances  | Available-<br>for-sale | Fair value<br>through<br>profit<br>and loss | Loans and<br>receivables<br>-<br>effective<br>interest<br>rate | Other<br>liabilities -<br>Amortized<br>cost<br>method | Balances | Available-<br>for-sale | Fair value<br>through<br>profit<br>and loss | Lo<br>rec<br>ef<br>in |
|-----------------------------------|-----------|------------------------|---|--|---|-----------|------------------------|---|--|---|----------|------------------------|---|-----------------------|
|                                   | Balances  | Available-<br>for-sale | Fair value<br>through<br>profit and<br>loss | Loans and<br>receivables<br>-<br>effective<br>interest<br>rate | Other<br>liabilities -<br>Amortized<br>cost<br>method |           |                        |   |  |   |          |                        |   |                       |
| <b>Assets</b>                     |           |                        |   |  |   |           |                        |   |  |   |          |                        |   |                       |
| <b>Current</b>                    |           |                        |   |  |   |           |                        |   |  |   |          |                        |   |                       |
| Cash and<br>cash<br>equivalents   | 9,148,907 |                        | 9,148,907                                   |  |   | 8,086,742 |                        | 8,086,742                                   |  |   |          |                        |   |                       |
| Net accounts<br>receivable        | 1,098,886 |                        |   | 1,098,886  |   | 1,186,315 |                        |   |  |   |          |                        |   | 1,1                   |
|                                   | 188,491   |                        | 188,491                                     |  |   |           |                        |   |  |   |          |                        |   |                       |

|  |            |         |            |            |         |
|--|------------|---------|------------|------------|---------|
| Financial investment - securities for sale (*)                 |            |         |            |            |         |
| Guarantee (margin) of financial instruments                    | 155,686    |         | 155,686    |            |         |
| <b>Noncurrent</b>  |            |         |            |            |         |
| Other receivables  | 63,186     |         | 63,186     | 64,524     |         |
| Other financial interests                                      | 461,888    | 461,888 |            | 319,727    | 319,727 |
| <b>Liabilities</b>   |            |         |            |            |         |
| <b>Current</b>   |            |         |            |            |         |
| Loans and financing  | 1,325,297  |         | 1,325,297  | 1,083,260  |         |
| Debentures   | 18,983     |         | 18,983     | 30,659     |         |
| Derivatives  | 68,190     | 68,190  |            | 77,147     | 77,147  |
| Suppliers  | 549,845    |         | 549,845    | 504,223    |         |
| Salaries and social contribution                               | 29,730     |         | 29,730     | 134,190    |         |
| Dividends, Interest on shareholders' equity and profit sharing | 1,846,486  |         | 1,846,486  | 1,633,891  |         |
| <b>Noncurrent</b>  |            |         |            |            |         |
| Loans and financing  | 13,711,812 |         | 13,711,812 | 12,529,110 |         |
| Debentures   | 624,570    |         | 624,570    | 624,570    |         |
| Derivatives  | 10,445     | 10,445  |            | 18,730     | 18,730  |

(\*) On March 2010, CSN acquired, through its indirect subsidiary CSN IBERIA, ADRs abroad from first-class companies. This investment is classified at the Company for its fair value, does not have a maturity and can be traded at any moment. The fair value calculation takes into consideration the market price of these securities.

## 19. FINANCIAL INSTRUMENTS ASSOCIATED TO OTHER FINANCIAL ASSET PRICE FLUCTUATION RISKS



**Total return equity swap contracts**

On August 13, 2009, the Company presettled the total return equity swap operation contracted as of September 5, 2008, as approved by the Board of Directors on July 8, 2009.

|               |                 |                           |           |             | 2009         |
|---------------|-----------------|---------------------------|-----------|-------------|--------------|
| Date of issue | Settlement date | Notional value (Us\$ mil) | Assets    | Liabilities | Market value |
| 9/5/2008      | 8/13/2009       | 1,050,763                 | 1,364,812 | (1,934,741) | (569,929)    |

Despite this operation's accumulated losses from September 5, 2008 up to the date of its settlement, in the amount of R\$569,929, during 2009 the operation generated a profit totaling R\$1,026,465.

Swap contract without cash, had as counterpart Banco Goldman Sachs International, was pegged to 29,684,400 American Depositary Receipts ( ADR ) of Companhia Siderúrgica Nacional (long position) and Libor of 3 months + spread of 0.75% p.a. (short position).

The gains and losses from this contract were directly related to foreign exchange fluctuations, the Company's ADRs and Libor quotation. This instrument was recorded in other accounts payable in the balance sheet, and gains and loss, by accrual period, in the Company's financial results.

This operation had deposit related to the guarantee margin with the counterpart in the amount of US\$593,410 remunerated daily at the FedFund rate, and this deposit was released on the operation settlement date. The guarantee margin was recorded in the other accounts receivable in the current assets.

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

FEDERAL PUBLIC SERVICE

CVM BRAZILIAN SECURITIES AND EXCHANGE  
COMMISSION

Accounting Practices  
Adopted in Brazil  
March 31, 2010

QUARTERLY INFORMATION

COMMERCIAL, INDUSTRY & OTHER TYPES OF COMPANY

00403-0

COMPANHIA SIDERÚRGICA NACIONAL

33.042.730/0001-04

## 06.01 NOTES TO THE FINANCIAL STATEMENTS

### 20. SURETIES AND GUARANTEES

The Company has the following liabilities with its subsidiaries and jointly-owned subsidiaries, in the amount of R\$5,216 million (R\$4,863 million on December 31, 2009), for guarantees provided:

| Companies       | Currency | In million |            | Maturity                | Conditions   |
|-----------------|----------|------------|------------|-------------------------|--|
|                 |          | 3/31/2010  | 12/31/2009 |                         |  |
| Transnordestina | R\$      | 347.1      | 253.0      | 4/1/2010 to<br>5/8/2028 | BNDES loan guarantee   |
| Transnordestina | R\$      | 45.00      | 45.00      | 5/21/2010               | BNDES FNE loan guarantee   |
| Transnordestina | R\$      | 2.8        | 2.8        | 12/9/2010               | To guarantee the responsibility of the Use Permit Agreement between Transnordestina and Temmar |

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|                      |      |                |                |            |  |
|----------------------|------|----------------|----------------|------------|--|
| CSN Cimentos S.A.    | R\$  | 27.0           | 27.0           | Indefinite | To guarantee the Warrantee's liability in the writ of summons, pledge, appraisal and registration    |
| CSN Cimentos S.A.    | R\$  | 32.5           | 26.1           | Indefinite | To guarantee the Warrantee's liability regarding Tax Foreclosure                                     |
| Prada                | R\$  | 9.9            | 9.9            | Indefinite | To guarantee the Warrantee's liability regarding Tax Foreclosure                                     |
| Prada                | R\$  | 0.2            | 0.2            | Indefinite | To guarantee the Warrantee's liability regarding ICMS  |
| Prada                | R\$  | 0.1            | 0.1            | Indefinite | To guarantee the payment of tax assessment notice  |
| Prada                | R\$  | 0.4            | 0.4            | 1/3/2012   | To guarantee the Warrantee's liability regarding the purchase and sale of electric power             |
| Prada                | R\$  |                | 1.2            | 3/10/2010  | To guarantee the Private Instrument of Termination and acknowledgment of indebtedness as of 9/9/2005 |
| CSN Energia          | R\$  | 1.0            | 1.0            | Indefinite | To guarantee the Warrantee's liability regarding Tax Foreclosure                                     |
| CSN Energia          | R\$  |                | 3.3            | 3/22/2010  | To guarantee interest in aeolian energy auction  |
| Itá Energética S.A.  | R\$  | 93.7           | 93.7           | 9/15/2013  | BNDES loan guarantee   |
| Sepetiba Tecon       | R\$  | 5.0            | 5.0            | 6/1/2010   | To guarantee the Warrantee's liability in the rendering of guarantee agreement                       |
| Sepetiba Tecon       | R\$  | 1.7            | 1.9            | 1/15/2012  | BNDES loan guarantee   |
| Sepetiba Tecon       | R\$  | 61.5           | 61.5           | 9/26/2011  | Surety in Tax Note   |
| Sepetiba Tecon       | R\$  | 15.0           | 15.0           | 5/5/2011   | Guarantee by CSN in the issue of export credit note  |
| <b>Total in R\$</b>  |      | <b>642.9</b>   | <b>547.1</b>   |            |  |
| CSN Islands VIII     | US\$ | 550.0          | 550.0          | 12/16/2013 | Guarantee in Bond issue  |
| CSN Islands IX       | US\$ | 400.0          | 400.0          | 1/15/2015  | Guarantee in Bond issue  |
| CSN Islands X        | US\$ | 750.0          | 750.0          | Perpetual  | Guarantee in Bond issue  |
| Prada                | US\$ | 2.0            |                | 8/21/2009  | Guarantee in Import Loan   |
| Namisa               | US\$ |                | 20.0           | 12/31/2009 | Guarantee in agreement for the rendering of external guarantee                                       |
| Aços Longos          | US\$ | 8.7            | 8.7            | 12/31/2011 | Letter of Credit for equipment acquisition   |
| CSN Cimentos         | US\$ | 0.2            | 0.2            | 3/30/2010  | Letter of Credit for equipment acquisition   |
| CSN Islands XI       | US\$ | 750.0          | 750.0          | 9/21/2019  | Guarantee in Bond issue  |
| Transnordestina      | US\$ | 62.1           |                | Indefinite | Guarantee in rail supply agreement   |
| <b>Total in US\$</b> |      | <b>2,523.0</b> | <b>2,478.9</b> |            |  |
| Transnordestina      | EUR  | 33.3           |                | Indefinite | Guarantee in rail supply agreement   |

|              |      |   |
|--------------|------|---|
| Total in EUR | 33.3 | - |
|--------------|------|---|

## 21. TAXES PAID IN INSTALLMENTS

### a) Tax recovery program (Refis)

- Federal Refis

**On November 26, 2009, CSN and its subsidiaries adhered to the Federal Tax Repayment Program (REFIS) introduced by Law 11,941/09 and Provisional Measure 470/09, in order to settle their tax and social security liabilities through a special settlement and installment payment system. Management's decision took into consideration the economic benefits provided by the REFIS, such as discounts and fines exemptions, as well as the high costs of maintaining its pending lawsuits.**

In November 2009 and February 2010, companies recorded the adjustments necessary to be made in the provisions, as well as reductions in debits set forth in special programs, according to the waiver date of administrative appeals or legal proceedings. In 2009, the Parent Company recorded a positive R\$505,853 thousand income before IRPJ and CSLL whereas the consolidated was R\$507,633 thousand. In 1Q10, those amounts corresponded to negative R\$48,890 and R\$42,364 before IRPJ and CSLL in the Parent Company and consolidated, respectively, which were recorded in the financial income and other operating revenues and expenses (see Notes 25 and 26).

The new debit value after the application of reductions related to the tax program of Law 11,941/09 was offset with court deposits related to these lawsuits and is subject to validation by the proper authorities, which will take place in June 2010. The remaining balance will be paid in 180 monthly installments as of the consolidation of debits by the authorities.

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

FEDERAL PUBLIC SERVICE

CVM BRAZILIAN SECURITIES AND EXCHANGE  
COMMISSION

Accounting Practices  
Adopted in Brazil  
March 31, 2010

QUARTERLY INFORMATION

COMMERCIAL, INDUSTRY & OTHER TYPES OF COMPANY

00403-0 COMPANHIA SIDERÚRGICA NACIONAL  
33.042.730/0001-04

## 06.01 NOTES TO THE FINANCIAL STATEMENTS

As for debits recorded pursuant to Provisional Measure 470/09, these are being paid in 12 installments as of November 2009.

On March 31, 2010, the position of debits payable from Refis, recorded in taxes paid in installments was R\$1,711,877 (R\$824,342 on December 31, 2009) in the parent company and R\$1,928,013 (R\$826,842 on December 31, 2009) in the consolidated.

- **State Refis**

On January 18, 2010, the state of Rio de Janeiro enacted Law 5,647/10, which implemented the Tax Recovery Program. Therefore, the Company and some of its subsidiaries are considering adhering to the State Refis program aiming at regulating tax liabilities by means of a special payment and installment system. Based on this new rule, amounts due have reduced fines and interests and are collected until

March 31, 2010.

**b) Taxes paid in installments**

In 2008, jointly-owned subsidiary MRS Logística renegotiated the payment schedule of the ICMS debit with the State of Minas Gerais to be paid in 120 installments, and it is regularly complying with the payment.

On March 31, 2010, this installment was at R\$185,878 (R\$192,579 on December 31, 2009).

**22. PROVISIONS AND JUDICIAL DEPOSITS**

Several proceedings involving actions and complaints of a number of issues are being challenged at the proper jurisdictions. The breakdown of the amounts recorded as provisions and the respective judicial deposits related to those actions are shown as follows:

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

FEDERAL PUBLIC SERVICE

CVM BRAZILIAN SECURITIES AND EXCHANGE  
COMMISSION

Accounting Practices  
Adopted in Brazil  
March 31, 2010

QUARTERLY INFORMATION

COMMERCIAL, INDUSTRY & OTHER TYPES OF COMPANY

00403-0

COMPANHIA SIDERÚRGICA NACIONAL

33.042.730/0001-04

06.01 NOTES TO THE FINANCIAL STATEMENTS

|   | 3/31/2010            |                            |                   | 12/31/2009           |                            |                   |
|---|----------------------|----------------------------|-------------------|----------------------|----------------------------|-------------------|
|   | Judicial<br>Deposits | Liabilities<br>provisioned | Net<br>Provisions | Judicial<br>Deposits | Liabilities<br>provisioned | Net<br>Provisions |
| <b>Current liabilities</b>                        |                      |                            |                   |                      |                            |                   |
| <b>Provisions:</b>                                |                      |                            |                   |                      |                            |                   |
| Labor   | (62,516)             | 139,592                    | 77,076            | (66,278)             | 131,032                    | 64,754            |
| Civil   | (33,351)             | 43,818                     | 10,467            | (30,956)             | 41,625                     | 10,669            |
| <b>Parent Company</b>                             | <b>(95,867)</b>      | <b>183,410</b>             | <b>87,543</b>     | <b>(97,234)</b>      | <b>172,657</b>             | <b>75,423</b>     |
| <b>Consolidated</b>                               | <b>(105,112)</b>     | <b>212,461</b>             | <b>107,349</b>    | <b>(106,055)</b>     | <b>189,517</b>             | <b>83,462</b>     |
| <b>Noncurrent</b>                                 |                      |                            |                   |                      |                            |                   |
| <b>Provisions:</b>                                |                      |                            |                   |                      |                            |                   |
| Labor   |                      | 1,025                      | 1,025             |                      |                            |                   |
| Environmental                                     | (282)                | 122,277                    | 121,995           | (282)                | 116,309                    | 116,027           |
| Tax   |                      | 65,410                     | 65,410            |                      | 15,753                     | 15,753            |
|   | <b>(282)</b>         | <b>188,712</b>             | <b>188,430</b>    | <b>(282)</b>         | <b>132,062</b>             | <b>131,780</b>    |
| <b>Legal liabilities<br/>challenged in court:</b> |                      |                            |                   |                      |                            |                   |

| Tax                                    |                    |                  |                |                    |                  |                  |
|--|--------------------|------------------|----------------|--------------------|------------------|------------------|
| IPI premium credit                     | (1,227,892)        | 1,227,892        |                | (1,227,892)        | 1,227,892        |                  |
| CSLL credit on exports                 |                    | 324,557          | 324,557        |                    | 1,240,158        | 1,240,158        |
| SAT                                    |                    | 50,508           | 50,508         |                    | 50,880           | 50,880           |
| Education Allow ance                   | (33,121)           | 33,121           |                | (33,121)           | 33,121           |                  |
| CIDE                                   | (27,621)           | 27,621           |                | (27,674)           | 27,674           |                  |
| Income tax / Plano Verão               | (20,892)           | 20,892           |                | (20,892)           | 20,892           |                  |
| Other provisions                       | (36,078)           | 109,342          | 73,264         | (35,930)           | 108,203          | 72,273           |
|  | <b>(1,345,604)</b> | <b>1,793,933</b> | <b>448,329</b> | <b>(1,345,509)</b> | <b>2,708,820</b> | <b>1,363,311</b> |
| <b>Total parent company current</b>    | <b>(95,867)</b>    | <b>183,410</b>   | <b>87,543</b>  | <b>(97,234)</b>    | <b>172,657</b>   | <b>75,423</b>    |
| <b>Total parent company noncurrent</b> | <b>(1,345,886)</b> | <b>1,982,645</b> | <b>636,759</b> | <b>(1,345,791)</b> | <b>2,840,882</b> | <b>1,495,091</b> |
| <b>Total consolidated current</b>      | <b>(105,112)</b>   | <b>212,461</b>   | <b>107,349</b> | <b>(106,055)</b>   | <b>189,517</b>   | <b>83,462</b>    |
| <b>Total consolidated noncurrent</b>   | <b>(1,387,161)</b> | <b>2,056,012</b> | <b>668,851</b> | <b>(1,386,248)</b> | <b>2,955,214</b> | <b>1,568,966</b> |

The change in provisions for contingencies for the period ended March 31, 2010 and the year ended December 31, 2009, are as follows:



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

FEDERAL PUBLIC SERVICE

CVM BRAZILIAN SECURITIES AND EXCHANGE  
COMMISSION

Accounting Practices  
Adopted in Brazil  
March 31, 2010

QUARTERLY INFORMATION

COMMERCIAL, INDUSTRY & OTHER TYPES OF COMPANY

00403-0 COMPANHIA SIDERÚRGICA NACIONAL  
33.042.730/0001-04

06.01 NOTES TO THE FINANCIAL STATEMENTS

| Nature        | 12/31/2009       | Additions      | Correction    | Utilization        | Consolidated     |
|---------------|------------------|----------------|---------------|--------------------|------------------|
|               |                  |                |               |                    | 3/31/2010        |
| Civil         | 61,428           | 12,814         | 2,321         | (11,358)           | 65,205           |
| Labor         | 164,584          | 10,336         | 14,193        | (16,745)           | 172,368          |
| Tax           | 2,696,179        | 161,270        | 2,895         | (1,024,533)        | 1,835,811        |
| Environmental | 116,544          |                | 6,977         | (1,000)            | 122,521          |
| Pension Plan  | 105,994          |                | 54            | (33,480)           | 72,568           |
| <b>Total</b>  | <b>3,144,728</b> | <b>184,420</b> | <b>26,440</b> | <b>(1,087,116)</b> | <b>2,268,473</b> |

  

| Nature        | 12/31/2009       | Additions      | Correction    | Utilization        | Parent Company   |
|---------------|------------------|----------------|---------------|--------------------|------------------|
|               |                  |                |               |                    | 3/31/2010        |
| Civil         | 41,625           | 12,235         | 1,317         | (11,359)           | 43,818           |
| Labor         | 131,032          | 9,791          | 13,307        | (13,513)           | 140,617          |
| Tax           | 2,673,693        | 150,797        | 1,748         | (1,017,402)        | 1,808,836        |
| Environmental | 116,309          |                | 6,968         | (1,000)            | 122,277          |
| Pension Plan  | 50,880           |                | 54            | (427)              | 50,507           |
| <b>Total</b>  | <b>3,013,539</b> | <b>172,823</b> | <b>23,394</b> | <b>(1,043,701)</b> | <b>2,166,055</b> |

Due to the adhesion to the special tax recovery program implemented by Law 11,941/09, tax contingencies amounting to R\$1,017,402 were recorded as liabilities (taxes paid in installments), R\$874,020 of which relating to social contribution, R\$10,363 to PIS/COFINS and R\$133,019 to social security contributions.

The provisions for civil, labor, tax, environmental and social security liabilities were estimated by the Company's Management substantially based on the opinion of its legal counsel, and only the cases classified as risk of probable loss were recorded. Additionally, the provisions include tax liabilities arising from actions taken on the Company's initiative, plus SELIC (Special Settlement and Custody System) interest.

The Company and its subsidiaries are defendants in other judicial and administrative proceedings (labor, civil and tax) in the approximate amount of R\$4.1 billion, R\$2.6 billion of which corresponds to tax proceedings, R\$0.6 billion to civil actions and R\$0.9 billion to labor and social security lawsuits. According to the Company's legal counsel, these administrative and legal proceedings are assessed as possible risk of loss. These proceedings were not provided for in accordance with the Management's judgment and with accounting practices adopted in Brazil.

**a) Labor proceedings**

As of March 31, 2010, the Company and its subsidiaries are defendant in 9,238 labor claims, with a provision in the amount of R\$140,617 (R\$131,032 on December 31, 2009). Most of the pleadings of the actions are related to joint and/or subsidiary liability, wage parity, additional allowances for unhealthy and hazardous activities, overtime and differences related to the 40% fine on FGTS (severance pay) resulting from the federal government's economic plans and profit sharing differences from 1997 to 1999 and from 2001 to 2003.

**b) Civil proceedings**

Among the civil judicial proceedings to which the Company is defendant, there are mainly actions with indemnification request. Such proceedings, in general, arise from occupational accidents and diseases related to the Company's industrial activities. A provision in the amount of R\$43,818 as of March 31, 2010 (R\$41,625 on December 31, 2009) was recorded for proceedings involving civil matters.

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

FEDERAL PUBLIC SERVICE

CVM BRAZILIAN SECURITIES AND EXCHANGE  
COMMISSION

Accounting Practices  
Adopted in Brazil  
March 31, 2010

QUARTERLY INFORMATION

COMMERCIAL, INDUSTRY & OTHER TYPES OF COMPANY

00403-0  
33.042.730/0001-04

COMPANHIA SIDERÚRGICA NACIONAL

06.01 NOTES TO THE FINANCIAL STATEMENTS

**c) Environmental liabilities**

As of March 31, 2010, the Company has a provision in the amount of R\$122,277 (R\$116,309 on December 31, 2009) for use in expenses related to services for environmental investigation and recovery of areas potentially polluted within the plants in the States of Rio de Janeiro, Minas Gerais and Santa Catarina.

**d) Tax proceedings**

§ Income and Social Contribution Taxes

(i) **Plano Verão** - The parent company claims the recognition of the financial-tax effects on the calculation of the income and social contribution taxes on net income, related to the 51.87% inflation write-down of the Consumer Price Index (IPC), which occurred in January and February 1989 ( Plano Verão ).

In 2004, the proceeding was concluded and a final and unappealable decision was reached, granting the right to apply the index of 42.72% (January 1989), from which the 12.15% already applied should be deducted. The use of the index of 10.14% (February 1989) was also granted. The proceeding is currently under expert inspection.

On March 31, 2010 the Company recorded R\$339,483 (R\$339,215 on December 31, 2009) deposited in court and classified in a specific court deposit account in long-term receivables and provision of R\$20,892 (R\$20,892 on December 31, 2009), representing the portion not recognized in court.

**(ii) Social Contribution on Net Income - Exports** In February 2004, the Company filed a lawsuit in order to be exempted from the social contribution payment on its export revenues/earnings, as well as obtaining a court authorization to be able to repeat/offset all social contribution values that had been improperly paid on export revenues/earnings since the publication of the Amendment 33/2001, which provided a new wording to Article 149, paragraph 2 of CF/88, when establishing that social contributions will not levy on revenues resulting from exports .

In March 2004, a preliminary injunction was issued, later confirmed in a court decision, which authorized the exclusion (of the CSLL calculation basis) only from the profit from exports.

Said decision was renewed by the 4<sup>th</sup> Panel of the 2<sup>nd</sup> Regional Federal Court (TRF), which overruled the writ claimed by the Parent Company. An Extraordinary Appeal was filed against this decision, whose progress was suspended until the Brazilian Federal Court (STF) files an appeal in files of the Extraordinary Appeal 564,413 (leading case), in which the existence of a general rebound of this very constitutional issue was acknowledged.

In December 2008, the Company received a Collection Letter of the amounts referred to the exclusion of revenues on the CSLL calculation basis. Consequently, the Company's Management approved the adherence of the Collection Letter to the tax payment in installments program set forth by Law 11,941/2009 (REFIS), and also the litigation continuity about the main principle, related to the non-levy of CSLL on export profit, currently awaiting decision by the STF in files of RE 564,413 (leading case).

Up to March 31, 2010, the amount of suspended liability and the credits offset based on the aforementioned proceeding was R\$324,557 (R\$1,240,158 on December 31, 2009), plus Selic interest rate.

§ Contribution for intervention in the Economic Domain - CIDE

The parent company questioned the legality of Law 10168/00, which established the payment of CIDE on the amounts paid, credited or remitted to beneficiaries not resident in Brazil, for royalties or remuneration purposes on supply contracts, technical assistance, trademark license agreement and exploitation of patents.

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

FEDERAL PUBLIC SERVICE

CVM BRAZILIAN SECURITIES AND EXCHANGE  
COMMISSION

Accounting Practices  
Adopted in Brazil  
March 31, 2010

QUARTERLY INFORMATION

COMMERCIAL, INDUSTRY & OTHER TYPES OF COMPANY

00403-0 COMPANHIA SIDERÚRGICA NACIONAL  
33.042.730/0001-04

#### 06.01 NOTES TO THE FINANCIAL STATEMENTS

The lower court decision was unfavorable, which was ratified by the 2<sup>nd</sup> Regional Federal Court (TRF). Appeals for Clarification of Judgment were filed, which were rejected, and an Extraordinary Appeal was filed at STF, which is awaiting decision as to its admissibility.

Due to adverse decisions and benefits from reduction of fines and interest rates, the Company's Board of Directors approved the adherence of said litigation to the tax recovery program of Law 11,941/2009.

After having applied the benefits of this program, the Company also maintains judicial deposits in the amount of R\$5,614, out of which R\$2,895 refer to excess deposits after the application of REFIS reductions that may be offset with other debits discussed in court by the taxpayer or converted into income. On March 31, 2010, there is a provision in the amount of R\$3,322 (R\$27,674 on December 31, 2003), which includes legal charges.

§ Education allowance

The parent company challenged the unconstitutionality of the education allowance and the possible recovery of the amounts paid in the period from January 5, 1989 to October 16, 1996. The proceeding was judged unfounded, and the Federal Regional Court maintained its unfavorable decision, which is final and unappealable.

In view of this fact, CSN attempted to pay the amount due, but FNDE and INSS did not reach an agreement about who should receive it. A fine was also demanded, but CSN did not agree on it.

CSN filed new proceedings questioning the above-mentioned facts and deposited in court the amounts due. In the first proceeding, the 1<sup>st</sup> level sentence judged partially favorable the pleading, in which the Judge removed the amount of the fine, maintaining, however, the SELIC rate. The Company presented brief of respondent to the defendant's appeal, and appealed concerning the SELIC rate.

The amount provided for and deposited in court as of March 31, 2010 totals R\$33,121 (R\$33,121 on December 31, 2009).

§ Workers Compensation Insurance - SAT

The parent company is challenging in court the increase in the SAT rate from 1% to 3% and is also contests the raise in SAT for purposes of Contribution to Special Retirement, whose rate was set at 6%, in accordance with the legislation, for employees who are exposed to harmful agents.

As for the first proceeding mentioned above, the lower court decision was unfavorable and the proceeding is under judgment in the 2<sup>nd</sup> Region of the Federal Regional Court. As for the second proceeding it ended up unfavorably for the Company, and the total amount due in this proceeding of R\$33,077, which was deposited in court, was converted into revenue for the benefit of INSS.

The amount provided for as of March 31, 2010, totals R\$50,508 (R\$50,880 on December 31, 2009), which includes legal additions and is exclusively related to the process of rate difference from 1% to 3% for all establishments of the Company. Due to the probability of losing of this discussion, the Company's Board of Directors approved the adherence of said discussions to the installment payment set forth by Law 11941/09.

§ IPI premium credit on exports

The Brazilian tax laws allowed companies to recognize IPI premium credit until 1983, when the Brazilian government, through Executive act, cancelled these benefits, prohibiting companies to use these credits.

The parent company challenged the constitutionality of this act and filed a claim to obtain the right to use the IPI premium credit on exports from 1992 to 2002, once only laws enacted by the legislative branch may cancel or revoke benefits prepared by prior legislation.



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

**FEDERAL PUBLIC SERVICE**

**CVM BRAZILIAN SECURITIES AND EXCHANGE  
COMMISSION**

**Accounting Practices  
Adopted in Brazil**  
**March 31, 2010**

**QUARTERLY INFORMATION**

**COMMERCIAL, INDUSTRY & OTHER TYPES OF COMPANY**

**00403-0 COMPANHIA SIDERÚRGICA NACIONAL**  
**33.042.730/0001-04**

**06.01 NOTES TO THE FINANCIAL STATEMENTS**

In August 2003 the Company obtained a favorable lower court decision, authorizing the use of the credits aforementioned. The national treasury appealed against this decision and obtained a favorable decision, and the Company then filed a special and extraordinary appeal against this decision at the Superior Court of Justice and at the Federal Supreme Court, respectively.

Between September 2006 and May 2007, the Brazilian Treasury filed 5 tax foreclosures and 3 administrative proceedings against the Company requesting the payment in the amount of approximately R\$2.6 billion on March 31, 2010, related to the payment of taxes which were offset with IPI premium credits.

On August 29, 2007, CSN offered property to be levied upon treasury shares in the amount of R\$536 million. 25% of this amount will be replaced by judicial deposits in monthly installments performed up to December 31, 2007 and as these substitutions take place, it was requested that the equivalent amount in shares be released from the levy of execution for the share price determined at the closing price of the day prior to the deposit. The requirement was pending decision.

In March 2009, Letters of Guarantee were also offered in the amount of R\$830 million, which aimed to replace the levy of execution upon securities carried out as of the disclosure of dividend payment. The prevalence of guarantee in treasury shares, bank surety or cash to be deposited judicially has not yet been decided by the 2<sup>nd</sup> Region Regional Federal Court.

On August 13, 2009, the Federal Supreme Court issued a decision with effects of general repercussion establishing that the IPI Premium Credit was only effective up to October 1990. Thus, the credits determined after 1990 were not recognized, and, in view of this court decision, the Company's Board of Directors approved the adhesion of said issues to the tax recovery programs of tax debits pursuant to the Provisional Decree 470/09 and Law 11941/09, in which there is the advantage of reduced fines, interest and legal charges.

The Company held accrued the amount of credits already offset, increased by default charges up to September 30, 2009. The new debit value after the application of reductions set forth in the program of Law 11941/09, was offset with court deposits related to said operations, resulting in an excess deposits amounting to R\$516,215 after the application of REFIS reductions, which may be offset by other debits discussed in court by the taxpayer or converted into income. Such debits are yet subject to ratification by the proper authorities, which will take place in mid-2010.

Debits registered pursuant to MP 470/09 are being paid in 12 installments as of November 2009.

§ Other

The parent company also recorded provisions for proceedings related to Severance Pay (FGTS) - Supplementary Law 110, COFINS Law 10833/03, PIS - Law 10637/02 and PIS/COFINS - Manaus Free-Trade Zone, amount of which totaled R\$80,158 as of March 31, 2010 (R\$108,203 on December 31, 2009), which includes legal accruals.

Regarding the Cofins debit Law 10833/03, the Board of Executive Officers approved the adhesion of said discussions to the tax recovery program Law 11941/09. The Parent Company maintained a provision in the amount of credits already offset, increased by default charges up to September 30, 2009.

The new debit value after the application of reductions set forth in the program of Law 11941/09, was offset by court deposits related to said operations, resulting in an excess deposits amounting to R\$9,141 after the application of REFIS reductions, which may be offset by other debits discussed in court by the taxpayer or converted into income. Such debits are yet subject to ratification by the proper authorities yet, which will take place in mid-2010.



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

**FEDERAL PUBLIC SERVICE**

**CVM BRAZILIAN SECURITIES AND EXCHANGE  
COMMISSION**

**Accounting Practices  
Adopted in Brazil**  
**March 31, 2010**

**QUARTERLY INFORMATION**

**COMMERCIAL, INDUSTRY & OTHER TYPES OF COMPANY**

**00403-0**

**COMPANHIA SIDERÚRGICA NACIONAL**

**33.042.730/0001-04**

**06.01 NOTES TO THE FINANCIAL STATEMENTS**

## **23. SHAREHOLDERS EQUITY**

### **i. Paid-in capital stock**

The Company's fully subscribed and paid-in capital stock as of March 31, 2010 amounted to R\$1,680,947 (R\$1,680,947 as of December 31, 2009), split into 1,510,359,220 (755,179,610 on December 31, 2009) common book-entry shares, with no par value. Each share is entitled to one vote in the resolutions of the General Meeting. The Extraordinary General Meeting held on March 25, 2010, approved the split of shares representing the capital stock. After this split, each share is now represented by two (2) new shares.

### **ii. Authorized capital stock**

The Company's bylaws in force as of March 31, 2010, determine that the capital stock can be increased up to 2,400,000,000 shares, by decision of the Board of Directors.

### iii. Legal reserve

Recorded at the proportion of 5% on the net income determined in each period, pursuant to Article 193 of Law 6404/76, reaching the limit for its recording, as determined by the current legislation.

### iv. Treasury shares

The Board of Directors authorized several share repurchase programs, with the purpose of holding those shares in treasury for subsequent disposal and/or cancellation, which are shown as follows:

| Board authorization | Number of shares authorized | Program term                               | Number of shares acquired | Shares cancellation       | Average weighted acquisition cost | Maximum and minimum acquisition cost | Balance in treasury |
|---------------------|-----------------------------|--|---------------------------|---------------------------|-----------------------------------|--------------------------------------|---------------------|
| 12/21/2007          | 4,000,000                   | From 1/23/2008 to 2/27/2008 <sup>(1)</sup> |                           |                           | Not applicable                    | Not applicable                       | 34,734,384          |
| 3/20/2008           | 10,800,000 <sup>(2)</sup>   | Up to 4/28/2008                            |                           |                           | Not applicable                    | Not applicable                       | 34,734,384          |
| 5/6/2008            | 10,800,000                  | Up to 5/28/2008                            |                           |                           | Not applicable                    | Not applicable                       | 34,734,384          |
| 6/2/2008            | 10,800,000                  | Up to 6/26/2008                            |                           |                           | Not applicable                    | Not applicable                       | 34,734,384          |
| 6/27/2008           | 10,800,000                  | From 6/30/2008 to 7/29/2008                |                           |                           | Not applicable                    | Not applicable                       | 34,734,384          |
| 8/1/2008            | 10,800,000                  | From 8/4/2008 to 8/27/2008                 |                           |                           | Not applicable                    | Not applicable                       | 34,734,384          |
| 9/26/2008           | 10,800,000                  | From 9/29/2008 to 10/29/2008               | 10,800,000 <sup>(3)</sup> |                           | 29.40                             | 24.99 and 41.85                      | 45,534,384          |
| 12/3/2008           |                             |  |                           | 10,800,000 <sup>(4)</sup> | Not applicable                    | Not applicable                       | 34,734,384          |

|                          |            |   |                           | applicable        | applicable        |            |
|--------------------------|------------|---|---------------------------|-------------------|-------------------|------------|
| 12/3/2008                | 9,720,000  | From<br>12/4/2008 to<br>1/4/2009                        |                           | Not<br>applicable | Not<br>applicable | 34,734,384 |
| 1/7/2009                 | 9,720,000  | From<br>1/8/2009 to<br>1/28/2009                        |                           | Not<br>applicable | Not<br>applicable | 34,734,384 |
| 2/2/2009                 | 9,720,000  | From<br>2/3/2009 to<br>2/25/2009                        |                           | Not<br>applicable | Not<br>applicable | 34,734,384 |
| 7/20/2009                | 29,684,400 | up to<br>settlement<br>of Equity<br>Swap <sup>(5)</sup> | 29,684,400 <sup>(5)</sup> | 45.49             | 45.49             | 64,418,784 |
| 8/21/2009                |            |   | 8,539,828 <sup>(6)</sup>  | Not<br>applicable | Not<br>applicable | 55,878,956 |
| 9/14/2009                |            |   | 29,684,400 <sup>(7)</sup> | Not<br>applicable | Not<br>applicable | 26,194,556 |
| 12/18/2009               | 14,437,405 | From<br>12/18/2009<br>to 1/15/2010<br><sup>(8)</sup>    |                           | Not<br>applicable | Not<br>applicable | 26,194,556 |
| 3/25/2010 <sup>(9)</sup> |            |   |                           | Not<br>applicable | Not<br>applicable | 52,389,112 |

(1) The start of this program only occurred after the cancellation of shares approved at the Extraordinary General Meeting (AGE) held on January 22, 2008.

(2) As from this share repurchase program the number of shares informed already reflects the split and cancellation of shares approved at the AGE held on January 22, 2008.

(3) All shares acquired in this program were repurchased as from October 2008.

(4) The Extraordinary General Meeting held on December 3, 2008 approved the cancelation of 10,800,000 treasury shares, without reducing the capital stock.

(5) The Board of Directors approved the acquisition by the Company, through a private operation, of 29,684,400 ADRs previously held by Goldman Sachs due to an operation called Total Return Equity Swap Transaction, for the settlement price that was defined based on the weighted average of the price of the Company's shares in the 30 floors sessions prior to the settlement date, translated into U.S. dollars by using the spot dollar translation rate

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

**FEDERAL PUBLIC SERVICE**

**CVM BRAZILIAN SECURITIES AND EXCHANGE  
COMMISSION**

**Accounting Practices  
Adopted in Brazil**  
**March 31, 2010**

**QUARTERLY INFORMATION**

**COMMERCIAL, INDUSTRY & OTHER TYPES OF COMPANY**

**00403-0**

**COMPANHIA SIDERÚRGICA NACIONAL**

**33.042.730/0001-04**

## **06.01 NOTES TO THE FINANCIAL STATEMENTS**

of the business day immediately prior to the settlement date, as per the CVM Board's decision Proceeding RJ2009/5962. On August 13, the operation was settled and the ADRs were repurchased, converted into common shares and subsequently cancelled.

(6) The Extraordinary General Meeting held on August 21, 2009 approved the cancelation of 8,539,828 treasury shares, without reducing the capital stock.

(7) The Extraordinary General Meeting held on September 14, 2009 approved the cancelation of 29,684,400 treasury shares for the historical cost of acquisitions at the unit price of R\$25.28, without reducing the capital stock.

(8) On December 18, 2009, the Board of Directors authorized the opening of a new share buyback program, to be held in treasury for subsequent sale or cancellation; up to the closure of the these statements the Company had not yet repurchased the shares.

(9) The Extraordinary General Meeting held on March 25, 2010 approved the split of treasury shares. Therefore, each share now represents two shares.

As of March 31, 2010, the position of treasury shares was as follows.

| Number of<br>shares acquired<br>(in units) (**) | Total amount<br>paid for the<br>shares | Share unit cost<br>Average | Share<br>market value<br>at 3/31/2010 (*) |
|---|--|----------------------------|---|
| 52,389,112                                      | R\$ 1,191,559                          | R\$ 22.75                  | R\$ 1,868,720                             |

(\*) Average quotation of shares on BOVESPA as of March 31, 2010 at the value of R\$35.67 per share.

(\*\*) Number of new shares after the split on March 25, 2010.



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

FEDERAL PUBLIC SERVICE

CVM BRAZILIAN SECURITIES AND EXCHANGE  
COMMISSION

March 31, 2010

Accounting Practices  
Adopted in Brazil

QUARTERLY INFORMATION

COMMERCIAL, INDUSTRY & OTHER TYPES OF COMPANY

00403-0  
33.042.730/0001-04

COMPANHIA SIDERÚRGICA NACIONAL

06.01 NOTES TO THE FINANCIAL STATEMENTS

v. Shareholding structure

As of March 31, 2010, the shareholding structure was as follows:

|   | Number of<br>Common<br>Shares | Total % of<br>shares | 3/31/2010<br>%<br>excluding<br>treasury<br>shares |
|---|-------------------------------|----------------------|---|
| Vicunha Siderurgia S.A.                       | 697,719,990                   | 46.20%               | 47.86%  |
| Caixa Beneficente dos Empregados da CSN - CBS | 70,981,734                    | 4.70%                | 4.87%   |
| BNDESPAR                                      | 31,773,516                    | 2.10%                | 2.18%   |
| Sundry (ADR - NYSE)                           | 343,983,502                   | 22.77%               | 23.59%  |

|  |                      |                |                |
|--|----------------------|----------------|----------------|
| Other shareholders (approximately 10 thousand) | 313,511,366          | 20.76%         | 21.50%         |
|  | <b>1,457,970,108</b> | <b>96.53%</b>  | <b>100.00%</b> |
| Treasury shares                                | 52,389,112           | 3.47%          |                |
| <b>Total shares</b>                            | <b>1,510,359,220</b> | <b>100.00%</b> |                |

The Company's shareholders approved, at the Extraordinary General Meeting on March 25, 2010, the split of shares representing the Company's capital stock. After the split, each share is now represented by two shares. Shareholders also approved the maintenance of the share/ADR ratio in 1/1, i.e., each ADR is still represented by one share.

#### vi. Investment policy and payment of interest on shareholders' equity and dividends distribution

As of December 11, 2000, the CSN Board of Directors decided to adopt a profit distribution policy which 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.

#### 24. INTEREST ON SHAREHOLDERS' EQUITY

The calculation of interest on shareholders' equity is based on the variation of the Long-Term Interest Rate (TJLP) on shareholders' equity, limited to 50% of the income for the year before income tax or 50% of retained earnings and profit reserves, in which case the higher of the two limits may be used, pursuant to the legislation in force.

In compliance with the CVM Resolution 207, of December 31, 1996, and with tax rules, the Company opted to record the proposed interest on shareholders' equity in the amount of R\$89,204 in the quarter, corresponding to R\$0.611838 per share, as corresponding entry against the financial expenses account, and reverse it in the same account, and not presenting it in the statement of income and not generating effects on net income, except with respect to tax effects recognized in deferred income and social contribution taxes. Management will propose that the amount of interest on shareholders' equity be attributed to the mandatory minimum dividend.

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

FEDERAL PUBLIC SERVICE

CVM BRAZILIAN SECURITIES AND EXCHANGE  
COMMISSION

March 31, 2010

Accounting Practices  
Adopted in Brazil

QUARTERLY INFORMATION

COMMERCIAL, INDUSTRY & OTHER TYPES OF COMPANY

00403-0

COMPANHIA SIDERÚRGICA NACIONAL

33.042.730/0001-04

06.01 NOTES TO THE FINANCIAL STATEMENTS

25. NET REVENUES AND COST OF GOODS SOLD

3/31/2010

|                 | Tonnes<br>(thousand)<br>(not<br>reviewed) | Net<br>revenue   | Cost of<br>Goods   | Gross<br>Sold<br>income | %          | Tonnes<br>(thousand)<br>(not<br>reviewed) | Net<br>revenue   | Cost<br>Goods S |
|-----------------|---|------------------|--------------------|-------------------------|------------|---|------------------|-----------------|
| <b>Steel</b>    |   |                  |                    |                         |            |   |                  |                 |
| Domestic market | 1,388,281                                 | 2,277,087        | (1,247,373)        | 1,029,714               | 45%        | 1,200,702                                 | 1,416,383        | (1,073,         |
| Foreign market  | 169,455                                   | 276,283          | (254,753)          | 21,530                  | 8%         | 85,837                                    | 181,656          | (193,           |
|                 | <b>1,557,736</b>                          | <b>2,553,370</b> | <b>(1,502,126)</b> | <b>1,051,244</b>        | <b>41%</b> | <b>1,286,539</b>                          | <b>1,598,039</b> | <b>(1,266,</b>  |

**Mining**

|                 |                  |                |                  |                |            |                  |                |                  |
|-----------------|------------------|----------------|------------------|----------------|------------|------------------|----------------|------------------|
| Domestic market | 1,514,653        | 93,147         | (59,766)         | 33,381         | 36%        | 495,805          | 44,483         | (39,000)         |
| Foreign market  | 3,665,106        | 360,560        | (180,222)        | 180,338        | 50%        | 4,934,369        | 628,347        | (341,000)        |
|                 | <b>5,179,759</b> | <b>453,707</b> | <b>(239,988)</b> | <b>213,719</b> | <b>47%</b> | <b>5,430,174</b> | <b>672,830</b> | <b>(381,000)</b> |

**Infrastructure/Cement**

|                 |  |         |           |         |     |  |         |           |
|-----------------|--|---------|-----------|---------|-----|--|---------|-----------|
| Domestic market |  | 257,517 | (144,861) | 112,656 | 44% |  | 243,521 | (135,000) |
|-----------------|--|---------|-----------|---------|-----|--|---------|-----------|

**Cement**

|                 |         |        |          |       |     |  |  |  |
|-----------------|---------|--------|----------|-------|-----|--|--|--|
| Domestic market | 395,158 | 36,925 | (37,829) | (904) | -2% |  |  |  |
|-----------------|---------|--------|----------|-------|-----|--|--|--|

**Corporate  
Center/Other**

|  |  |           |         |        |      |  |          |         |
|--|--|-----------|---------|--------|------|--|----------|---------|
|  |  | (116,886) | 137,267 | 20,381 | -17% |  | (70,405) | 141,000 |
|--|--|-----------|---------|--------|------|--|----------|---------|

|              |  |                  |                    |                  |            |  |                  |                    |
|--------------|--|------------------|--------------------|------------------|------------|--|------------------|--------------------|
| <b>TOTAL</b> |  | <b>3,184,633</b> | <b>(1,787,537)</b> | <b>1,397,096</b> | <b>44%</b> |  | <b>2,443,985</b> | <b>(1,642,000)</b> |
|--------------|--|------------------|--------------------|------------------|------------|--|------------------|--------------------|

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

FEDERAL PUBLIC SERVICE

CVM BRAZILIAN SECURITIES AND EXCHANGE  
COMMISSION

March 31, 2010

Accounting Practices  
Adopted in Brazil

QUARTERLY INFORMATION

COMMERCIAL, INDUSTRY & OTHER TYPES OF COMPANY

00403-0

COMPANHIA SIDERÚRGICA NACIONAL

33.042.730/0001-04

06.01 NOTES TO THE FINANCIAL STATEMENTS

26. FINANCIAL INCOME AND MONETARY AND FOREIGN EXCHANGE VARIATIONS, NET

|  | Consolidated |           | Parent Company |                       |
|--|--------------|-----------|----------------|-----------------------|
|  | 3/31/2010    | 3/31/2009 | 3/31/2010      | 3/31/2009<br>Adjusted |
| <b>Financial expenses:</b>               |              |           |                |                       |
| Loans and financing - foreign currency   | (127,698)    | (160,953) | (8,282)        | (40,715)              |
| Loans and financing - local currency     | (135,034)    | (129,701) | (130,239)      | (257,758)             |
| Related parties                          | (92,366)     | (1,618)   | (318,080)      | (116,199)             |
| PIS/COFINS on other revenues             | (259)        | (338)     | (224)          | (338)                 |
| Interest, fines and tax delays           | (42,751)     | (104,325) | (35,850)       | (89,705)              |
| Losses from derivative instruments (*)   | (3,880)      | (4,944)   | (3,880)        | (4,944)               |
| REFIS effect Law 11,941/09 and MP 470/09 | (33,921)     |           | (6,055)        |                       |
| Other financial expenses                 | (96,263)     | (63,149)  | (91,786)       | (56,316)              |

(532,172) (465,028) (594,396) (565,975)

**Financial income:**

|                                 |                  |                 |                  |                  |
|---------------------------------|------------------|-----------------|------------------|------------------|
| Related parties                 | 11,637           | 9,540           | 196,297          | 133,354          |
| Income on financial investments | 94,232           | 48,195          | 15,885           | 1,544            |
| Derivatives gains (*)           |                  | 237,936         |                  |                  |
| Other income                    | 21,830           | 78,567          | 15,698           | 82,943           |
|                                 | <b>127,699</b>   | <b>374,238</b>  | <b>227,880</b>   | <b>217,841</b>   |
| <b>Net financial result</b>     | <b>(404,473)</b> | <b>(90,790)</b> | <b>(366,516)</b> | <b>(348,134)</b> |

**Monetary variations:**

|          |                |              |                |              |
|----------|----------------|--------------|----------------|--------------|
| - Gains  | 1,411          | 1,002        | 679            | 966          |
| - Losses | (8,381)        | 5,880        | (2,781)        | 4,923        |
|          | <b>(6,970)</b> | <b>6,882</b> | <b>(2,102)</b> | <b>5,889</b> |

**Exchange variations:**

|   |                 |               |                  |               |
|---|-----------------|---------------|------------------|---------------|
| - Gains                                     | 34,845          | (112,582)     | 18,247           | 82,043        |
| - Losses                                    | (240,614)       | 80,090        | (208,453)        | (46,204)      |
| - Exchange variations with derivatives (*)  | 139,305         | 77,196        |                  |               |
|   | <b>(66,464)</b> | <b>44,704</b> | <b>(190,206)</b> | <b>35,839</b> |
| <b>Net monetary and exchange variations</b> | <b>(73,434)</b> | <b>51,586</b> | <b>(192,308)</b> | <b>41,728</b> |

**(\*) Statement of income from derivative operations**

|                           |                |                |                |                |
|---------------------------|----------------|----------------|----------------|----------------|
| Sw ap CDI x USD           | 66,681         | 923            |                |                |
| Sw ap Libor x CDI         | (3,880)        | (4,944)        | (3,880)        | (4,944)        |
| U.S. Dollar Futures       | 71,421         | 113,365        |                |                |
| Total return equity sw ap |                | 200,367        |                |                |
| Other                     | 1,203          | 476            |                |                |
|                           | <b>135,425</b> | <b>310,187</b> | <b>(3,880)</b> | <b>(4,944)</b> |

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

FEDERAL PUBLIC SERVICE

CVM BRAZILIAN SECURITIES AND EXCHANGE  
COMMISSION

March 31, 2010

Accounting Practices  
Adopted in Brazil

QUARTERLY INFORMATION

COMMERCIAL, INDUSTRY & OTHER TYPES OF COMPANY

00403-0

COMPANHIA SIDERÚRGICA NACIONAL

33.042.730/0001-04

06.01 NOTES TO THE FINANCIAL STATEMENTS

## 27. OTHER OPERATING (EXPENSES) AND INCOME

|  | Consolidated     |                  | Parent Company   |                 |
|--|------------------|------------------|------------------|-----------------|
|  | 3/31/2010        | 3/31/2009        | 3/31/2010        | 3/31/2009       |
| <b>Other operating expenses</b>          | <b>(142,873)</b> | <b>(115,173)</b> | <b>(149,416)</b> | <b>(85,177)</b> |
| Taxes and fees                           | (2,999)          | (25,725)         | (987)            | (23,350)        |
| REFIS effect Law 11,941/09 and MP 470/09 | (8,444)          |                  | (42,835)         |                 |
| Provision for contingencies              | (61,327)         | (28,807)         | (49,378)         | (14,852)        |
| Provision for losses                     | (19,327)         | (1,524)          | (21,103)         | (324)           |
| Contractual fines                        | (5,506)          | (4,119)          | (3,722)          | (4,119)         |
| Equipment Stoppage                       | (5,673)          | (7,852)          | (4,994)          | (7,470)         |
| Equity loss                              | (398)            | (821)            | (377)            |                 |
| Inventory loss                           | (6,173)          | (5,419)          | (6,748)          | (4,810)         |
| Expenses with engineering projects       | (5,403)          | (818)            | (5,403)          | (818)           |

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|  |                 |                 |                  |                 |
|--|-----------------|-----------------|------------------|-----------------|
| Other expenses                               | (27,623)        | (40,088)        | (13,869)         | (29,433)        |
| <b>Other operating income</b>                | <b>46,468</b>   | <b>90,437</b>   | <b>28,048</b>    | <b>74,821</b>   |
| Indemnifications                             | 1,033           | 1,609           | 215              | 1,578           |
| Reversal of provision for contingencies      |                 | 71,648          |                  | 71,648          |
| Actuarial liabilities                        | 22,176          |                 | 23,194           |                 |
| Other income                                 | 23,259          | 17,180          | 4,639            | 1,594           |
| <b>Other operating income and (expenses)</b> | <b>(96,405)</b> | <b>(24,736)</b> | <b>(121,368)</b> | <b>(10,356)</b> |



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

FEDERAL PUBLIC SERVICE

CVM BRAZILIAN SECURITIES AND EXCHANGE  
COMMISSION

March 31, 2010 Accounting Practices  
Adopted in Brazil

QUARTERLY INFORMATION

COMMERCIAL, INDUSTRY & OTHER TYPES OF COMPANY

00403-0

COMPANHIA SIDERÚRGICA NACIONAL

33.042.730/0001-04

## 06.01 NOTES TO THE FINANCIAL STATEMENTS

### 28. INFORMATION BY BUSINESS UNIT

#### (i) Consolidated balance sheet by business unit

|                           |                  |                  |                                    |                                   | 3/31/2010         |
|---------------------------|------------------|------------------|------------------------------------|-----------------------------------|-------------------|
|                           | Steel            | Mining           | Logistics,<br>Energy<br>and Cement | Corporate<br>Center and<br>Others | Total             |
| <b>Current assets</b>     | <b>2,948,246</b> | <b>1,122,443</b> | <b>589,340</b>                     | <b>10,597,170</b>                 | <b>15,257,199</b> |
| Cash and cash equivalents |                  |                  |                                    | 9,148,907                         | 9,148,907         |
| Accounts receivable       | 239,914          | 639,779          | 219,192                            |                                   | 1,098,885         |
| Advance to suppliers      | 177,291          | 7,137            | 69,327                             |                                   | 253,755           |
| Taxes recoverable         |                  |                  |                                    | 1,448,263                         | 1,448,263         |

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|  |                   |                  |                  |                   |                   |
|--|-------------------|------------------|------------------|-------------------|-------------------|
| Escrow and deposits  | 155,686           |                  |                  |                   | 155,686           |
| Inventories  | 2,041,855         | 459,139          | 268,493          |                   | 2,769,487         |
| Other  | 333,500           | 16,388           | 32,328           |                   | 382,216           |
| <b>Noncurrent assets</b>   | <b>7,065,230</b>  | <b>4,945,557</b> | <b>3,887,713</b> |                   | <b>15,898,500</b> |
| Long-term assets   | 1,188,509         | 1,942,715        | 416,317          |                   | 3,547,541         |
| Investments, property, plant and equipment and intangible assets | 5,876,721         | 3,002,842        | 3,471,396        |                   | 12,350,959        |
| <b>Total Assets</b>  | <b>10,013,476</b> | <b>6,068,000</b> | <b>4,477,053</b> | <b>10,597,170</b> | <b>31,155,699</b> |
| <b>Current liabilities</b>                                       | <b>3,674,416</b>  | <b>83,905</b>    | <b>326,790</b>   | <b>1,084,920</b>  | <b>5,170,031</b>  |
| Loans, financing and debentures                                  |                   |                  |                  | 1,074,829         | 1,074,829         |
| Suppliers  | 394,437           | 47,310           | 108,163          |                   | 549,910           |
| Corporate income and social contribution taxes                   |                   |                  |                  | 10,091            | 10,091            |
| Tax payable  | 889,340           | 4,549            | 70,859           |                   | 964,748           |
| Accounts payable   | 1,819,678         | 7,668            | 26,735           |                   | 1,854,081         |
| Provisions and contingencies                                     | 381,357           | 9,373            | 34,088           |                   | 424,818           |
| Other  | 189,604           | 15,005           | 86,945           |                   | 291,554           |
| <b>Noncurrent liabilities</b>                                    | <b>22,660</b>     | <b>426</b>       | <b>27,094</b>    | <b>19,752,407</b> | <b>19,802,587</b> |
| Loans, financing and debentures                                  |                   |                  |                  | 14,684,471        | 14,684,471        |
| Net contingencies judicial deposits                              |                   |                  |                  | 668,851           | 668,851           |
| Obligations and taxes paid in installments                       |                   |                  |                  | 1,362,374         | 1,362,374         |
| Accounts payable long-term                                       | 22,660            | 426              | 27,094           |                   | 50,180            |
| Other  |                   |                  |                  | 3,036,711         | 3,036,711         |
| <b>Minority interest</b>   |                   |                  |                  | 168,450           | 168,450           |
| Net differences  | 6,316,400         | 5,983,669        | 4,123,169        | (10,408,607)      |                   |
| <b>Shareholders' equity</b>                                      |                   |                  |                  |                   | <b>6,014,631</b>  |
| <b>Total liabilities and shareholders' equity</b>                | <b>10,013,476</b> | <b>6,068,000</b> | <b>4,477,053</b> | <b>10,597,170</b> | <b>31,155,699</b> |

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

FEDERAL PUBLIC SERVICE

CVM BRAZILIAN SECURITIES AND EXCHANGE  
COMMISSION

Accounting Practices  
Adopted in Brazil  
March 31, 2010

QUARTERLY INFORMATION

COMMERCIAL, INDUSTRY & OTHER TYPES OF COMPANY

00403-0

COMPANHIA SIDERÚRGICA NACIONAL

33.042.730/0001-04

## 06.01 NOTES TO THE FINANCIAL STATEMENTS

### (ii) Consolidated statement of gross income by business unit

|  |                  |                |                           |                                   | 31/03/2010       |
|--|------------------|----------------|---------------------------|-----------------------------------|------------------|
|  | Steel            | Mining         | Infrastructure/<br>Cement | Corporate<br>Center<br>and others | Consolidated     |
| Net revenues from sales                  | 2,553,370        | 453,707        | 294,442                   | (116,886)                         | 3,184,633        |
| Cost of goods sold and services rendered | (1,502,126)      | (239,988)      | (182,690)                 | 137,267                           | (1,787,537)      |
| <b>Gross profit</b>                      | <b>1,051,244</b> | <b>213,719</b> | <b>111,752</b>            | <b>20,381</b>                     | <b>1,397,096</b> |

In view of the CPC Technical Pronouncement 22 approved by CVM Resolution 582 as of July 31, 2009 and, consequently, of the changes that will be introduced by this regulatory instrument, the Company chose to maintain the disclosure, and only gross profit by business unit will be presented.



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

FEDERAL PUBLIC SERVICE

CVM BRAZILIAN SECURITIES AND EXCHANGE  
COMMISSION

March 31, 2010

Accounting Practices  
Adopted in Brazil

QUARTERLY INFORMATION

COMMERCIAL, INDUSTRY & OTHER TYPES OF COMPANY

00403-0

COMPANHIA SIDERÚRGICA NACIONAL

33.042.730/0001-04

## 06.01 NOTES TO THE FINANCIAL STATEMENTS

### 29. STATEMENT OF VALUE ADDED

|  | Consolidated     |                  | Parent Company   |                  |
|--|------------------|------------------|------------------|------------------|
|  | R\$ million      |                  | R\$ million      |                  |
|  | 3/31/2010        | 3/31/2009        | 3/31/2010        | 3/31/2009        |
| <b>Revenues</b>                                  |                  |                  |                  |                  |
| Sales of goods, products and services            | 4,261,142        | 3,270,277        | 3,439,535        | 2,435,166        |
| Other revenues/expenses                          | 1,986            | (854)            | 2,005            | (32)             |
| Allow ance for/reversal of doubtful accounts     | (40,275)         | (20,852)         | (40,837)         | (20,019)         |
|  | <b>4,222,853</b> | <b>3,248,571</b> | <b>3,400,703</b> | <b>2,415,115</b> |
| <b>Input acquired from third parties</b>         |                  |                  |                  |                  |
| Costs of products, goods and services sold       | (2,064,440)      | (1,943,848)      | (1,711,743)      | (1,599,526)      |
| Materials, energy - Third party services - other | (230,231)        | (184,336)        | (216,777)        | (93,671)         |
| Impairment                                       | (6,173)          | (5,419)          | (6,748)          | (4,810)          |

|  |                  |                  |                  |                  |
|--|------------------|------------------|------------------|------------------|
|  | (2,300,844)      | (2,133,603)      | (1,935,268)      | (1,698,007)      |
| <b>Gross value added</b>                                 | <b>1,922,009</b> | <b>1,114,968</b> | <b>1,465,435</b> | <b>717,108</b>   |
| <b>Retention</b>   |                  |                  |                  |                  |
| Depreciation, amortization and depletion                 | (219,405)        | (161,868)        | (164,210)        | (115,399)        |
| <b>Net value added produced</b>                          | <b>1,702,604</b> | <b>953,100</b>   | <b>1,301,225</b> | <b>601,709</b>   |
| <b>Value added received in transfers</b>                 |                  |                  |                  |                  |
| Equity pick-up   |                  | 12               | 214,953          | 304,583          |
| Financial income/assets exchange variation               | 311,556          | 132,684          | 242,926          | 104,850          |
| Other  | 4,738            | 821              | 139              | 815              |
|  | <b>316,294</b>   | <b>133,517</b>   | <b>458,018</b>   | <b>410,248</b>   |
| <b>Total value added to distribute</b>                   | <b>2,018,898</b> | <b>1,086,617</b> | <b>1,759,243</b> | <b>1,011,957</b> |
| <b>DISTRIBUTION OF VALUE ADDED</b>                       |                  |                  |                  |                  |
| Personnel  | <b>240,087</b>   | <b>198,011</b>   | <b>143,786</b>   | <b>132,889</b>   |
| Direct compensation                                      | 183,865          | 156,455          | 108,225          | 95,576           |
| Benefits   | 43,125           | 25,920           | 27,172           | 23,540           |
| Government Severance Indemnity Fund for Employees (FGTS) | 13,097           | 15,636           | 8,389            | 13,773           |
| Taxes, fees and contributions                            | <b>501,046</b>   | <b>347,313</b>   | <b>350,333</b>   | <b>164,085</b>   |
| Federal  | 375,133          | 283,320          | 251,564          | 117,052          |
| State  | 118,293          | 57,497           | 93,180           | 43,427           |
| Municipal  | 7,620            | 6,496            | 5,589            | 3,606            |
| Third party capital remuneration                         | <b>796,193</b>   | <b>172,469</b>   | <b>802,158</b>   | <b>410,939</b>   |
| Interest   | 791,888          | 170,995          | 801,277          | 410,379          |
| Rentals  | 4,305            | 1,474            | 881              | 560              |
| Remuneration of shareholders' equity                     | <b>481,572</b>   | <b>368,824</b>   | <b>462,966</b>   | <b>304,044</b>   |
| Interest on shareholders' equity                         | 89,204           | 83,206           | 89,204           | 83,206           |
| Retained earnings  | 373,762          | 285,618          | 373,762          | 220,838          |
| Earnings in inventories                                  | 18,606           |                  |                  |                  |
|  | <b>2,018,898</b> | <b>1,086,617</b> | <b>1,759,243</b> | <b>1,011,957</b> |

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

**FEDERAL PUBLIC SERVICE**

**CVM BRAZILIAN SECURITIES AND EXCHANGE  
COMMISSION**

**Accounting Practices  
Adopted in Brazil**  
**March 31, 2010**

**QUARTERLY INFORMATION**

**COMMERCIAL, INDUSTRY & OTHER TYPES OF COMPANY**

**00403-0 COMPANHIA SIDERÚRGICA NACIONAL  
33.042.730/0001-04**

**06.01 NOTES TO THE FINANCIAL STATEMENTS**

### **30. EMPLOYEES' PENSION FUND**

#### **(i) Management of the Private Pension Plan**

The Company is the main sponsor of CBS Previdência, a private not-for-profit pension fund established in July 1960, main purpose of which is to pay supplementary benefits to participants in the official Pension Plan. CBS Previdência is composed of employees of CSN, CSN-related companies and the entity itself, provided they sign the adherence agreement.

#### **(ii) Description of characteristics of the plans**

CBS Previdência has three benefit plans:

**35%-of-average-salary plan**

It is a defined benefit plan (BD), which began on February 1, 1966, for the purpose of paying retirements (due to time in service, special cases, disability or age) on a life-long basis, equivalent to 35% of the participant's last average 12 salaries. The plan also guarantees the payment of a sickness allowance to a participant on sick leave through the Official Pension Plan and it also guarantees the payment of death grant and a cash grant. The active and retired participants and the sponsors make thirteen contributions per year, which is the same as the number of benefits paid. This plan became inactive on October 31, 1977, when the supplementation of the average salary plan, which is in process of extinction, came into force.

**Supplementation plan for the average salary**

The defined benefit plan (BD) began on November 1, 1977. The purpose of this plan is to supplement the difference between the 12 last average salaries and the benefit paid by the Social Security Pension Plan (Previdência Oficial) benefit, to the retired employees, on a life-long basis. Like in the 35% Average Salary Plan, there is sickness allowance, death grant and pension coverage. Thirteen contributions are paid per year, the same number of benefits paid. This plan became inactive on December 26, 1995, after the combined supplementary benefits plan has been implemented.

**Combined supplementary benefit plan**

Begun on December 27, 1995, this is a combined variable contribution plan (CV). Besides the programmed pension benefit, there is the payment of risk benefits (pension in activity, disability and sickness benefit). In this plan, the retirement benefit is calculated based on the total accumulated sponsor's and participant's contributions (thirteen per year). Upon the participant's retirement grant, the plan starts having a defined benefit plan and thirteen benefits are paid per year.



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

FEDERAL PUBLIC SERVICE

CVM BRAZILIAN SECURITIES AND EXCHANGE  
COMMISSION

Accounting Practices  
Adopted in Brazil  
March 31, 2010

QUARTERLY INFORMATION

COMMERCIAL, INDUSTRY & OTHER TYPES OF COMPANY

00403-0

COMPANHIA SIDERÚRGICA NACIONAL

33.042.730/0001-04

## 06.01 NOTES TO THE FINANCIAL STATEMENTS

As of March 31, 2010 and December 31, 2009, the plans are composed as follows:

|                               | 35%-of-Average-Salary<br>Plan |              | Supplementation Plan<br>for the Average Salary |              | Combined<br>Supplementary Benefit<br>Plan |               | Total members |               |
|-------------------------------|-------------------------------|--------------|--|--------------|---|---------------|---------------|---------------|
|                               | 3/31/2010                     | 12/31/2009   | 3/31/2010                                      | 12/31/2009   | 3/31/2010                                 | 12/31/2009    | 3/31/2010     | 12/31/2009    |
| <b>Members</b>                |                               |              |  |              |   |               |               |               |
| In service                    | 9 (*)                         | 8            | 18   | 18           | 13,430                                    | 12,858        | 13,457        | 12,858        |
| Retired                       | 4,605                         | 4,663        | 4,652  | 4,679        | 800                                       | 775           | 10,057        | 10,057        |
|                               | <b>4,614</b>                  | <b>4,671</b> | <b>4,670</b>                                   | <b>4,697</b> | <b>14,230</b>                             | <b>13,633</b> | <b>23,514</b> | <b>23,514</b> |
| <b>Related beneficiaries:</b> |                               |              |  |              |   |               |               |               |
| Beneficiaries                 | 3,893                         | 3,892        | 1,457  | 1,435        | 92  | 91            | 5,442         | 5,442         |
| <b>Total</b>                  |                               |              |  |              |   |               |               |               |

**participants****(members/  
beneficiaries)**

|              |              |              |              |               |               |               |               |
|--------------|--------------|--------------|--------------|---------------|---------------|---------------|---------------|
| <b>8,507</b> | <b>8,563</b> | <b>6,127</b> | <b>6,132</b> | <b>14,322</b> | <b>13,724</b> | <b>28,956</b> | <b>28,956</b> |
|--------------|--------------|--------------|--------------|---------------|---------------|---------------|---------------|

(\*) Return to CBS staff, active participant which is part of the 35% of Average-Salary Plan as established by a legal proceeding.

**(iii) Solution approaches for the payment of the actuarial deficit**

According to Official Letter 1555/SPC/GAB/COA of August 22, 2002, confirmed by Official Letter 1598/SPC/GAB/COA of August 28, 2002, a proposal for refinancing the reserves to amortize the sponsors liability in 240 consecutive monthly installments, monetarily indexed by INPC + 6% p.a., starting as from June 28, 2002 was approved.

The agreement establishes the prepayment of installments should there be a need for cash in the defined benefit plan and the incorporation to the updated debit balance of the eventual deficits/surpluses under the sponsors responsibility, so as to preserve the equilibrium of the plans without exceeding the maximum period of amortization stipulated in the agreement.

**(iv) Actuarial liabilities**

Due to the CVM Resolution 371/00, which approved the NPC 26 of IBRACON Accounting of the Employee s benefits and which established new accounting practices for the calculation and disclosure, the Management, through a study performed by external actuaries, determined the effects arising from this practice, and the Company has kept records in conformity with the actuarial report issued on January 21, 2010.

|  | Plans on 12/31/2009           |  |   |           |
|--|-------------------------------|--|---|-----------|
|  | 35%-of-<br>Average-<br>Salary | Supplementation<br>Plan<br>for the Average<br>Salary | Combined<br>Supplementary<br>Benefit Plan | Total     |
| Present value of the actuarial liabilities with<br>guarantee | 307,302                       | 1,187,161  | 1,351,213                                 | 2,845,676 |

|   |                 |                  |                  |                  |
|---|-----------------|------------------|------------------|------------------|
| Plan's assets fair value  | (348,787)       | (1,514,694)      | (1,481,034)      | (3,344,515)      |
| <b>Present value of the actuarial obligations exceeding the assets fair value</b> | <b>(41,485)</b> | <b>(327,533)</b> | <b>(129,821)</b> | <b>(498,839)</b> |
| <b>Adjustments by allowed deferral:</b>   | <b>67,392</b>   | <b>400,975</b>   | <b>78,294</b>    | <b>546,661</b>   |
| - Unrecognized actuarial gains  | 67,392          | 400,975          | 60,394           | 528,761          |
| - Unrecognized cost of service rendered   |                 |                  | 17,900           | 17,900           |
| Present value of the amortizing contributions of members                          | (6,443)         | (22,960)         |                  | (29,403)         |
| <b>Actuarial liabilities/ (assets)</b>  | <b>19,464</b>   | <b>50,482</b>    | <b>(51,527)</b>  | <b>18,419</b>    |
| <b>Provisioned actuarial liabilities/ (assets) (long-term/Other)</b>              | <b>19,464</b>   | <b>50,482</b>    |                  | <b>69,946</b>    |

**Actuarial liability recognition**

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

**FEDERAL PUBLIC SERVICE**

**CVM BRAZILIAN SECURITIES AND EXCHANGE  
COMMISSION**

**Accounting Practices  
Adopted in Brazil**  
**March 31, 2010**

**QUARTERLY INFORMATION**

**COMMERCIAL, INDUSTRY & OTHER TYPES OF COMPANY**

**00403-0 COMPANHIA SIDERÚRGICA NACIONAL  
33.042.730/0001-04**

**06.01 NOTES TO THE FINANCIAL STATEMENTS**

Management decided to recognize the adjustments of the actuarial liabilities in income, as established in Paragraphs 83 and 84 of NPC 26. As of March 31, 2010, the balance of the provision for the coverage of the actuarial liability amounts to R\$23,194 (R\$69,946 on December 31, 2009).

With regards to the recognition of the actuarial liability, the amortizing contribution related to the portion of the participants in the settlement of the reserve insufficiency was deducted from the present value of total actuarial liabilities of the respective plans. Some participants are questioning this amortizing contribution in court, however, the Company, grounded on the opinion of its legal and actuarial advisers, understands that this amortizing contribution was duly approved by the Brazilian Department of Supplementary Private Pensions SPC and, therefore, is legally due by the participants.

In accordance with the actuarial calculations prepared using the projected credit unit method, the amounts to be appropriated in 2010 are as follows:

**ESTIMATES PER PLAN - 2010**

|   | 35%-of-<br>Average-<br>Salary | Supplementation<br>Plan<br>for the Average<br>Salary | Combined<br>Supplementary<br>Benefit Plan | Total          |
|---|-------------------------------|--|---|----------------|
| Cost of current service                   | (12)                          | (203)  | (3,673)                                   | (3,888)        |
| Interest on actuarial liabilities         | (31,980)                      | (124,918)  | (22,109)                                  | (179,007)      |
| Expected income from assets               | 34,873                        | 152,055  | 35,295                                    | 222,223        |
| <b>Cost of amortizations</b>              | <b>16,257</b>                 | <b>46,205</b>  | <b>2,659</b>                              | <b>65,121</b>  |
| - Unrecognized actuarial gains            | 16,257                        | 46,205   | 1,568                                     | 64,030         |
| - Unrecognized cost of service rendered   |                               |  | 1,091                                     | 1,091          |
| <b>Expected impact on the 2009 result</b> | <b>19,138</b>                 | <b>73,139</b>  | <b>12,172</b>                             | <b>104,449</b> |

**Main actuarial assumptions adopted in the calculation of the actuarial liability as of December 31, 2009**

| <b>Actuarial financing method</b>  | <b>Projected Credit Unit</b>   |
|--|--|
| Functional Currency  | Real (R\$)   |
| Accounting for the plan assets   | Market Value   |
| Amount used as estimate for the closing shareholders equity for the year | Best estimate for shareholders equity of the amounts recorded in October |
| Nominal annual rate of return on investments                             | 35% of the average: 10.27%; Suppleme                                     |
| Nominal annual rate for discount of the actuarial liability              | 11.18%   |
| Nominal annual rate of salary growth                                     | 5.24%  |
| Nominal annual index for social security benefits correction             | 4.2%   |
| Long-term annual inflation rate  | 4.2%   |
| Administrative expenses  | The amounts used are net of administra                                   |
| General mortality table  | AT2000 segregated by gender  |
| Disability table   | Mercer Disability with probabilities multipl                             |
| Disabled mortality table   | Winklevoss - 1%  |
| Turnover table   | Millennium Plan 2% per annum, null for                                   |

Retirement age

100% on the first date on which the emp

Family composition of the participants in activity

95% will be married at the time of retire

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

**FEDERAL PUBLIC SERVICE**

**CVM BRAZILIAN SECURITIES AND EXCHANGE  
COMMISSION**

**Accounting Practices  
Adopted in Brazil**  
**March 31, 2010**

**QUARTERLY INFORMATION**

**COMMERCIAL, INDUSTRY & OTHER TYPES OF COMPANY**

**00403-0**

**COMPANHIA SIDERÚRGICA NACIONAL**

**33.042.730/0001-04**

**06.01 NOTES TO THE FINANCIAL STATEMENTS**

The Company does not have other post-employment benefit plans.

### **31. INSURANCE**

Aiming to properly mitigation risk and in view of the nature of its operations, the Company and its subsidiaries took out several different types of insurance policies. The policies are taken out in line with the Risk Management policy and are similar to insurances taken out by other companies operating in the same line as CSN and its subsidiaries. The coverage of these policies include: National Transportation, International Transportation, Carrier Civil Responsibility, Import, Export, Life and Personal Accidents Insurance, Health, Vehicle Fleet, D&O (Administrator Civil Responsibility Insurance), General Civil Responsibility, Engineering Risks, Sundry Risks, Export Credit, Guarantee Insurance and Port Operator Civil Responsibility.

The Company also renewed the Property Damage and Loss of Profits insurances to its entities and subsidiaries with the following exceptions: Usina Presidente Vargas, Casa de Pedra, Mineração Arcos, CSN Paraná, Terminal de Carvão TECAR (it has Property Damage), which are under negotiation with insurance and reinsurance companies in Brazil and abroad in order to obtain, place and pay these other policies.

The risk assumptions adopted, given their nature, are not part of the scope of a quarterly information review, and, consequently, they were not reviewed by our independent auditors.

### **32. APPROVAL OF THE QUARTERLY INFORMATION**

The aforementioned quarterly information was approved by the Company's Board of Directors on May 6, 2010.



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

**FEDERAL PUBLIC SERVICE**

**CVM BRAZILIAN SECURITIES AND EXCHANGE  
COMMISSION**

**Accounting Practices  
Adopted in Brazil**  
**March 31, 2010**

**QUARTERLY INFORMATION**

**COMMERCIAL, INDUSTRY & OTHER TYPES OF COMPANY**

**00403-0  
33.042.730/0001-04**

**COMPANHIA SIDERÚRGICA NACIONAL**

**06.01 NOTES TO THE FINANCIAL STATEMENTS**

SEE ITEM 12:

For further information see comments on the Company's consolidated performance in the quarter

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

FEDERAL PUBLIC SERVICE

CVM BRAZILIAN SECURITIES AND EXCHANGE  
COMMISSION

Accounting Practices  
Adopted in Brazil  
March 31, 2010

QUARTERLY INFORMATION

COMMERCIAL, INDUSTRY & OTHER TYPES OF COMPANY

00403-0

COMPANHIA SIDERÚRGICA NACIONAL

33.042.730/0001-04

## 12.01 COMMENTS ON THE COMPANY S CONSOLIDATED PERFORMANCE IN THE QUARTER

The Presidente Vargas Steelworks produced 1,178,000 tonnes of crude steel in 1Q10, 8% more than the 1,087,000 tonnes recorded in 1Q09, while rolled flat steel output almost doubled, jumping by 92%, from 627,000 tonnes in 1Q09, to 1,203,000 tonnes in 1Q10.

| Production (in thousand t)           | 1Q09         | 4Q09         | 1Q10         | Change         |                |
|--------------------------------------|--------------|--------------|--------------|----------------|----------------|
|                                      |              |              |              | 1Q10 x<br>1Q09 | 1Q10 x<br>4Q09 |
| <b>Crude Steel (P Vargas Mill)</b>   | <b>1,087</b> | <b>1,238</b> | <b>1,178</b> | <b>8%</b>      | <b>-5%</b>     |
| Purchased Slabs from Third Parties   | 0            | 0            | 0            | -              | -              |
| <b>Total Crude Steel</b>             | <b>1,087</b> | <b>1,238</b> | <b>1,178</b> | <b>8%</b>      | <b>-5%</b>     |
| Rolled Products (UPV)                | 608          | 1,192        | 1,133        | <b>86%</b>     | <b>-5%</b>     |
| Coils from Third Parties Consumption | 19           | 0            | 70           | -              | -              |

|                              |            |              |              |            |           |
|------------------------------|------------|--------------|--------------|------------|-----------|
| <b>Rolled Products (UPV)</b> | <b>627</b> | <b>1,192</b> | <b>1,203</b> | <b>92%</b> | <b>1%</b> |
|------------------------------|------------|--------------|--------------|------------|-----------|

In 1Q10, steel production costs totaled R\$1,278 million, 11%, or R\$131 million, up on the R\$1,147 million recorded in 4Q09, chiefly due to higher raw material costs.

**Raw materials:** increase of R\$132 million, primarily related to the following inputs:

- **Coal:** increase of R\$43 million, due to the higher acquisition cost and the devaluation of the Real;
- **Coke:** upturn of R\$14 million, essentially due to increased consumption and the higher acquisition cost;
- **Third-party coils:** growth of R\$78 million, due to more use of third-party hot-rolled coils;
- **Other raw materials:** reduction of R\$3 million.

**Labor:** a slight reduction of R\$2 million.

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

FEDERAL PUBLIC SERVICE

CVM BRAZILIAN SECURITIES AND EXCHANGE  
COMMISSION

Accounting Practices  
Adopted in Brazil  
March 31, 2010

QUARTERLY INFORMATION

COMMERCIAL, INDUSTRY & OTHER TYPES OF COMPANY

00403-0  
33.042.730/0001-04

COMPANHIA SIDERÚRGICA NACIONAL

12.01 COMMENTS ON THE COMPANY S CONSOLIDATED PERFORMANCE IN THE QUARTER

**General costs:** decline of R\$10 million, basically in third-party services.

**Depreciation:** increase of R\$11 million, due to new asset acquisitions.

## **Total Sales Volume**

Flat steel sales volume totaled 1.3 million tonnes in 1Q10, virtually twice the volume sold in the same period of 2009. In comparison with 4Q09, sales volume grew by 5%, indicating a vigorous and consistent recovery of the steel market.

## **Domestic Market**

First-quarter domestic flat steel sales reached 1.1 million tonnes, virtually 100% up on the volume sold in 1Q09 thanks to the significant domestic demand for steel products.

In comparison with the previous quarter, sales volume moved up by 9%, the latest in a series of quarter-over-quarter improvements, also due to higher demand, especially from the construction, white goods/OEM and auto industries. Also, an improvement in the sales mix could be felt, mostly for galvanized products, which grew by 11% when compared to 4Q09.

## **Exports**

First-quarter exports totaled 167,000 tonnes, 101% up year-on-year, basically due to the international market shrinkage in 1Q09.

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

**FEDERAL PUBLIC SERVICE**

**CVM BRAZILIAN SECURITIES AND EXCHANGE  
COMMISSION**

**Accounting Practices  
Adopted in Brazil**  
**March 31, 2010**

**QUARTERLY INFORMATION**

**COMMERCIAL, INDUSTRY & OTHER TYPES OF COMPANY**

**00403-0  
33.042.730/0001-04**

**COMPANHIA SIDERÚRGICA NACIONAL**

**12.01 COMMENTS ON THE COMPANY S CONSOLIDATED PERFORMANCE IN THE QUARTER**

In relation to 4Q09, shipped volume fell by 15%, pulled down by the prioritization of the domestic market, which posted an important demand for steel products in 1Q10.

On the domestic market, net revenue per tonne averaged R\$ 2,026 in 1Q10, remaining flat when compared to 4Q09. Net export revenue per tonne of R\$ 1,576 in 1Q10, grew by 13% over the quarter before, chiefly due to prices upturn in international markets and the sales

mix in the quarter.

## ii **PRODUCTION**

Own production of finished iron ore products<sup>1</sup> totaled 6.3 million tonnes in 1Q10, 5.1 million of which from Casa de Pedra, and 1.2 million from Namisa.

Namisa's purchases from third parties amounted to 2.3 million tonnes, 1.0 million of which unfinished products acquired from CSN.

## ii **SALES**

Total sales of finished iron ore products<sup>1</sup> by CSN and Namisa, excluding own consumption, came to 5.6 million tonnes in 1Q10. Total iron ore exports by CSN and Namisa totaled 5.1 million tonnes, while domestic sales stood at 0.5 million tonnes.

Out of this total, Namisa sold 3.6 million tonnes, all of which for export.

The Presidente Vargas Steelworks absorbed 1.6 million tonnes.

## ii **INVENTORIES**

Finished iron ore product inventories closed 1Q10 at 7.9 million tonnes.

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

**FEDERAL PUBLIC SERVICE**

**CVM BRAZILIAN SECURITIES AND EXCHANGE  
COMMISSION**

**Accounting Practices  
Adopted in Brazil**  
**March 31, 2010**

**QUARTERLY INFORMATION**

**COMMERCIAL, INDUSTRY & OTHER TYPES OF COMPANY**

**00403-0**

**COMPANHIA SIDERÚRGICA NACIONAL**

**33.042.730/0001-04**

**12.01 COMMENTS ON THE COMPANY S CONSOLIDATED PERFORMANCE IN THE QUARTER**

In mid-2009, CSN began producing cement in its new plant in Volta Redonda, adjacent to the Presidente Vargas Steelworks, adding value to the slag generated during crude steel production.

In 1Q10, CSN sold 227,000 tonnes of cement, 18% more than the previous quarter, and net revenue stood at R\$36 million.

Net revenue totaled R\$3.2 billion, 4% up on 4Q09, primarily due to the increase in sales volume, especially on the domestic market.



In relation to 1Q09, net revenue rose by 30% thanks to sales volume, climbing by 96%.

SG&A expenses totaled R\$305 million in 1Q10, R\$77 million higher than in 1Q09, primarily due to the upturn in sales efforts and additional provisions for doubtful accounts.

In comparison with the previous three months, these expenses remained flat, the R\$23 million upturn in selling expenses being mostly offset by the reduction in G&A expenses.

In 1Q10, CSN recorded a negative R\$96 million in the "Other Revenue and Expenses" line, versus an also negative R\$25 million in 1Q09. The R\$71 million negative variation was due to the R\$72 million positive impact in 1Q09 from the reversal of CPFIM (tax on financial transactions) provisions.

In relation to positive "Other Revenue and Expenses" of R\$185 million in 4Q09, the Company recorded a negative variation of R\$281 million, chiefly due to the R\$507 million positive REFIS impact in 4Q09 partially offset by R\$318 million in non-recurring adjustments with no cash impact.

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

**FEDERAL PUBLIC SERVICE**

**CVM BRAZILIAN SECURITIES AND EXCHANGE  
COMMISSION**

**Accounting Practices  
Adopted in Brazil**  
**March 31, 2010**

**QUARTERLY INFORMATION**

**COMMERCIAL, INDUSTRY & OTHER TYPES OF COMPANY**

**00403-0**

**COMPANHIA SIDERÚRGICA NACIONAL**

**33.042.730/0001-04**

**12.01 COMMENTS ON THE COMPANY S CONSOLIDATED PERFORMANCE IN THE QUARTER**

The 1Q10 EBITDA margin stood at 41%, 2 p.p. up on the previous quarter, highlighting the return of CSN's operating margins to their historical levels of more than 40%.

The 1Q10 EBITDA margin was also 13 p.p. higher than in 1Q09, which was characterized by exceptionally weak demand.

The 1Q10 EBITDA totaled R\$1.3 billion, 8% up on 4Q09 and a solid 91% up year-on-year.

The 1Q10 net financial result was negative by R\$478 million, chiefly due to the following factors:

- § Provisions for interest on loans and financing totaling R\$355 million;
- § The constitution of charges on tax debits included in the REFIS program, amounting to R\$34 million;
- § The monetary restatement of tax provisions amounting to R\$43 million;
- § Negative monetary and foreign exchange variations of R\$73 million, including the result of derivative operations;
- § Other financial expenses of R\$67 million.

These negative effects were partially offset by returns on financial investments totaling R\$94 million.

On March 31, 2010, the consolidated net debt totaled R\$6.6 billion, R\$0.3 billion more than the R\$6.3 billion recorded on December 30, 2009, essentially due to the following factors:

- § EBITDA of R\$1.3 billion;
- § Investments of R\$0.4 billion;
- § R\$0.4 billion effect related to the cost of debt booked in the income statement;
- § Working Capital effect on cash flow of R\$0.4 billion;
- § R\$0.2 billion in collaterals;
- § Other effects that increased net debt in R\$0.2 billion.

The net debt/EBITDA ratio stood at 1.56x, based on LTM EBITDA of R\$4.2 billion, 0.18x less than the 1.74x recorded at the close of 2009, impacted by the growth of LTM EBITDA.



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

**FEDERAL PUBLIC SERVICE**

**CVM BRAZILIAN SECURITIES AND EXCHANGE  
COMMISSION**

**Accounting Practices  
Adopted in Brazil**  
**March 31, 2010**

**QUARTERLY INFORMATION**

**COMMERCIAL, INDUSTRY & OTHER TYPES OF COMPANY**

**00403-0  
33.042.730/0001-04**

**COMPANHIA SIDERÚRGICA NACIONAL**

**12.01 COMMENTS ON THE COMPANY S CONSOLIDATED PERFORMANCE IN THE QUARTER**

Income tax and social contribution totaled R\$29 million in 1Q10, as a result of lower taxable income in the period.

CSN posted 1Q10 net income of R\$482 million, 35%, or R\$263 million, less than in 4Q09, chiefly due to the following factors:

§ An R\$86 million increase in gross profit, due to higher steel product sales volume;

§ A R\$282 million reduction in operating revenue/expenses;

§ A R\$177 million in the financial result;

§ A R\$110 million reduction in income tax and social contribution.

In relation to 1Q09, 1Q10 net income (R\$482 million) climbed by R\$113 million, or 31%, due to the following:

§ A R\$643 million increase in gross profit, due to the strong recovery in steel product sales volume, which virtually doubled in the period;

§ A R\$149 million reduction in net operating revenue/expenses;

§ A R\$438 million reduction in the financial result;

§ A R\$57 million reduction in Income Tax and Social Contribution.

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

**FEDERAL PUBLIC SERVICE**

**CVM BRAZILIAN SECURITIES AND EXCHANGE  
COMMISSION**

**March 31, 2010**

**Accounting Practices  
Adopted in Brazil**

**QUARTERLY INFORMATION**

**COMMERCIAL, INDUSTRY & OTHER TYPES OF COMPANY**

**00403-0  
33.042.730/0001-04**

**COMPANHIA SIDERÚRGICA NACIONAL**

**12.01 COMMENTS ON THE COMPANY S CONSOLIDATED PERFORMANCE IN THE QUARTER**

CSN invested R\$433 million in 1Q10, R\$219 million of which went to the parent company, mostly in the following projects:

- ü Maintenance and repairs: R\$140 million;
- ü Expansion of the Casa de Pedra mine: R\$46 million;
- ü Technological improvements: R\$21 million.

Investments in the subsidiaries accounted for the remaining R\$214 million, distributed as follows:

- ü Transnordestina Logística: R\$87 million;

- ü CSN Cimentos: R\$70 million;
- ü CSN Aços Longos: R\$30 million;
- ü MRS Logística: R\$13 million.

Working capital closed March 2010 at R\$1.7 billion, 16% up on the end-of-2009 figure, mainly due to: (i) the R\$326 million upturn in assets, fueled by the R\$449 million increase in Inventories, including advances to suppliers, due to the higher replacement costs, partially offset by the reduction of R\$87 million and R\$ 36 million in Receivable Accounts and Advances to Tax, respectively; and (ii) the R\$96 million increase in liabilities, essentially due to the R\$56 million upturn in Taxes Payable, combined to an increase of R\$46 million in Suppliers.

The average supplier payment period widened from 25 days, in December 2009, to 28 days in March 2010, while the average receivables period narrowed from 27 to 25 days in the same period, reflecting the improved market conditions.

The inventory turnover period averaged 97 days, 13 days up on December 2009 due to the impact on input acquisition.



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

FEDERAL PUBLIC SERVICE

CVM BRAZILIAN SECURITIES AND EXCHANGE  
COMMISSION

Accounting Practices  
Adopted in Brazil  
March 31, 2010

QUARTERLY INFORMATION

COMMERCIAL, INDUSTRY & OTHER TYPES OF COMPANY

00403-0

COMPANHIA SIDERÚRGICA NACIONAL

33.042.730/0001-04

12.01 COMMENTS ON THE COMPANY'S CONSOLIDATED PERFORMANCE IN THE QUARTER

| WORKING CAPITAL (R\$MM)                 | 4Q09         | 1Q10         | Change<br>1Q10 x 4Q09 |
|---|--------------|--------------|-----------------------|
| <b>Assets</b>                           | <b>3,118</b> | <b>3,444</b> | <b>326</b>            |
| <b>Accounts Receivable</b>              | <b>1,186</b> | <b>1,099</b> | <b>(87)</b>           |
| - Domestic Market                       | 1,191        | 1,197        | 6                     |
| - Export Market                         | 362          | 292          | (70)                  |
| - Allowance for Debtful                 | (347)        | (387)        | (40)                  |
| - Credits from clients                  | (20)         | (3)          | 17                    |
| <b>Inventory (*)</b>                    | <b>1,877</b> | <b>2,326</b> | <b>449</b>            |
| <b>Advances to Taxes</b>                | <b>55</b>    | <b>19</b>    | <b>(36)</b>           |
| <b>Liabilities</b>                      | <b>1,643</b> | <b>1,739</b> | <b>96</b>             |
| <b>Suppliers</b>                        | <b>504</b>   | <b>550</b>   | <b>46</b>             |
| <b>Salaries and Social Contribution</b> | <b>134</b>   | <b>133</b>   | <b>(1)</b>            |
| <b>Taxes Payable</b>                    | <b>919</b>   | <b>975</b>   | <b>56</b>             |

|                              |              |              |            |
|------------------------------|--------------|--------------|------------|
| <b>Advances from Clients</b> | <b>86</b>    | <b>81</b>    | <b>(5)</b> |
| <b>Working Capital</b>       | <b>1,475</b> | <b>1,705</b> | <b>230</b> |

| <b>TURN OVER RATIO</b>    | <b>4Q09</b> | <b>1Q10</b> | <b>Change<br/>1Q10 x 4Q09</b> |
|---------------------------|-------------|-------------|-------------------------------|
| <b>Average Periods</b>    |             |             |                               |
| <b>Receivables</b>        | <b>27</b>   | <b>25</b>   | <b>(2)</b>                    |
| <b>Supplier Payment</b>   | <b>25</b>   | <b>28</b>   | <b>3</b>                      |
| <b>Inventory Turnover</b> | <b>84</b>   | <b>97</b>   | <b>13</b>                     |

\* Inventory - includes "Advances to Suppliers" and does not include "Supplies".

## **Share Performance**

In 1Q10, CSN's shares appreciated by 27% on the São Paulo Stock Exchange, the second highest increase among the shares composing the IBOVESPA, which appreciated by 3% in the period. On the NYSE, the appreciation of 25% of CSN's ADRs was impressive as well, mostly when compared to the 4% increase of the Dow Jones.

CSN's daily traded volume on the BM&FBOVESPA increased from R\$ 121 million in 4Q09 to approximately R\$ 143 million in 1Q10. On the NYSE, daily traded volume remained stable, at around US\$110 million.

## **Share split**

On March 25, 2010, an Extraordinary Shareholders' Meeting approved a 1:2 share split, whereby each existing share would henceforth be represented by two new shares. The Company's ADRs, traded on the NYSE, were subjected to a split in the same proportion.

Both the shares and the ADRs arising from the split are of the same type and have the same rights as existing shares and ADRs.

The Annual Shareholders' Meeting held on April 30, 2010 ratified the payment of R\$ 320 million as interest on equity, paid in two installments. The first payment of R\$ 250 million was

settled as of December 29, 2009 and the second, at the amount of R\$70 million, settled as of April 30, 2010. The Annual Shareholders' Meeting also approved the payment of dividends at the amount of R\$ 1,500 million as of June 25, 2010, not subject to monetary instatement.

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

FEDERAL PUBLIC SERVICE

CVM BRAZILIAN SECURITIES AND EXCHANGE  
COMMISSION

Accounting Practices  
Adopted in Brazil  
March 31, 2010

QUARTERLY INFORMATION

COMMERCIAL, INDUSTRY & OTHER TYPES OF COMPANY

00403-0

COMPANHIA SIDERÚRGICA NACIONAL

33.042.730/0001-04

12.01 COMMENTS ON THE COMPANY'S CONSOLIDATED PERFORMANCE IN THE QUARTER

| <b>Capital Markets - CSNA3 / SID / IBOVESPA / DOW JONES</b>    |                      |                      |                      |
|--|----------------------|----------------------|----------------------|
|  | <b>1Q09*</b>         | <b>4Q09*</b>         | <b>1Q10</b>          |
| <b>N# of shares</b>  | <b>1,510,359,220</b> | <b>1,510,359,220</b> | <b>1,510,359,220</b> |
| <b>Market Capitalization</b>                                   |                      |                      |                      |
| Closing price (R\$/share)                                      | 17.20                | 28.00                | 35.67                |
| Closing price (US\$/share)                                     | 7.42                 | 15.97                | 19.97                |
| Market Capitalization (R\$ million)                            | 25,077               | 40,823               | 52,006               |
| Market Capitalization (US\$ million)                           | 10,818               | 23,276               | 29,108               |
| <b>Total return including dividends and interest on equity</b> |                      |                      |                      |
| CSNA3 (%)  | 26%                  | 4%                   | 27%                  |
| SID (%)  | 23%                  | 5%                   | 25%                  |
| Ibovespa   | 9%                   | 11%                  | 3%                   |
| Dow Jones  | -13%                 | 7%                   | 4%                   |

**Volume**

|                                 |         |         |         |
|---------------------------------|---------|---------|---------|
| Average daily (thousand shares) | 5,967   | 4,145   | 4,739   |
| Average daily (R\$ Thousand)    | 103,340 | 121,548 | 143,703 |
| Average daily (thousand ADRs)   | 9,217   | 6,417   | 6,577   |
| Average daily (US\$ Thousand)   | 69,180  | 109,530 | 110,526 |

*Source: Economática*

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

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

**FEDERAL PUBLIC SERVICE**

**CVM BRAZILIAN SECURITIES AND EXCHANGE  
COMMISSION**

**Accounting Practices  
Adopted in Brazil**  
**March 31, 2010**

**QUARTERLY INFORMATION**

**COMMERCIAL, INDUSTRY & OTHER TYPES OF COMPANY**

**00403-0  
33.042.730/0001-04**

**COMPANHIA SIDERÚRGICA NACIONAL**

**12.01 COMMENTS ON THE COMPANY S CONSOLIDATED PERFORMANCE IN THE QUARTER**

The financial information of Companhia Siderúrgica Nacional presented herein complies with the criteria set forth by the Brazilian Corporation Law, which is based on the audited financial information. Non-financial information, as well as other operating information, was not audited by independent auditors.

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

FEDERAL PUBLIC SERVICE

CVM BRAZILIAN SECURITIES AND EXCHANGE COMMISSION

Accounting Practices  
Adopted in Brazil  
March 31, 2010

QUARTERLY INFORMATION

COMMERCIAL, INDUSTRY & OTHER TYPES OF COMPANY

01.01 - IDENTIFICATION

|              |                                |                                    |
|--------------|--------------------------------|------------------------------------|
| 1 - CVM CODE | 2 - COMPANY NAME               | 3 - CNPJ (Corporate Taxpayer s ID) |
| 00403-0      | COMPANHIA SIDERÚRGICA NACIONAL | 33.042.730/0001-04                 |

09.01 - EQUITY IN SUBSIDIARIES AND/OR ASSOCIATED COMPANIES

|                     |   |  |                    |   |                                       |
|---------------------|---|--|--------------------|---|---------------------------------------|
| 1 - ITEM            | 2 - NAME OF SUBSIDIARY/AFFILIATED COMPANY | 3 - CNPJ (Corporate Taxpayer s ID)           | 4 - CLASSIFICATION | 5 - PARTICIPATION IN CAPITAL OF INVESTEE - %  | 6 INVESTOR S SHAREHOLDERS' EQUITY - % |
| 7 - TYPE OF COMPANY |   | 8 - NUMBER OF SHARES HELD IN CURRENT QUARTER |                    | 9 - NUMBER OF SHARES HELD IN PREVIOUS QUARTER |                                       |
|                     |   | (in thousands)                               |                    | (in thousands)                                |                                       |

|    |  |                    |                       |        |         |
|----|--|--------------------|-----------------------|--------|---------|
| 01 | CIA METALIC DO<br>NORDESTE                         | 01.183.070/0001-95 | PRIVATE<br>SUBSIDIARY | 99.99  | 1.66    |
|    | COMMERCIAL, INDUSTRY AND OTHER<br>TYPES OF COMPANY |                    | 92,284                |        | 92,284  |
| 02 | INAL NORDESTE                                      | 00.904.638/0001-57 | PRIVATE<br>SUBSIDIARY | 99.99  | 0.61    |
|    | COMMERCIAL, INDUSTRY AND OTHER<br>TYPES OF COMPANY |                    | 43,981                |        | 43,981  |
| 03 | CSN AÇOS LONGOS                                    | 05.023.529/0001-44 | PRIVATE<br>SUBSIDIARY | 99.99  | 5.72    |
|    | COMMERCIAL, INDUSTRY AND OTHER<br>TYPES OF COMPANY |                    | 240,254               |        | 240,254 |
| 04 | CSN STEEL  | 05.706.345/0001-89 | PRIVATE<br>SUBSIDIARY | 100.00 | 59.78   |
|    | COMMERCIAL, INDUSTRY AND<br>OTHER TYPES OF COMPANY |                    | 480,727               |        | 480,727 |
| 05 | CSN OVERSEAS                                       | 05.722.388/0001-58 | PRIVATE<br>SUBSIDIARY | 100.00 | 17.38   |
|    | COMMERCIAL, INDUSTRY AND OTHER<br>TYPES OF COMPANY |                    | 7,173                 |        | 7,173   |
| 06 | CSN PANAMA   | 05.923.777/0001-41 | PRIVATE<br>SUBSIDIARY | 100.00 | 12.48   |
|    | COMMERCIAL, INDUSTRY AND<br>OTHER TYPES OF COMPANY |                    | 4,240                 |        | 4,240   |
| 07 | CSN ENERGY   | 06.202.987/0001-03 | PRIVATE<br>SUBSIDIARY | 100.00 | 17.72   |
|    | COMMERCIAL, INDUSTRY AND<br>OTHER TYPES OF COMPANY |                    | 3,675                 |        | 3,675   |



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

FEDERAL PUBLIC SERVICE

CVM BRAZILIAN SECURITIES AND EXCHANGE COMMISSION

Accounting Practices  
Adopted in Brazil  
March 31, 2010

QUARTERLY INFORMATION

COMMERCIAL, INDUSTRY & OTHER TYPES OF COMPANY

01.01 - IDENTIFICATION

|              |                                |                                    |
|--------------|--------------------------------|------------------------------------|
| 1 - CVM CODE | 2 - COMPANY NAME               | 3 - CNPJ (Corporate Taxpayer s ID) |
| 00403-0      | COMPANHIA SIDERÚRGICA NACIONAL | 33.042.730/0001-04                 |

09.01 - EQUITY IN SUBSIDIARIES AND/OR ASSOCIATED COMPANIES

|                     |   |  |                    |   |                                       |
|---------------------|---|--|--------------------|---|---------------------------------------|
| 1 - ITEM            | 2 - NAME OF SUBSIDIARY/AFFILIATED COMPANY | 3 - CNPJ (Corporate Taxpayer s ID)           | 4 - CLASSIFICATION | 5 - PARTICIPATION IN CAPITAL OF INVESTEE - %  | 6 INVESTOR S SHAREHOLDERS' EQUITY - % |
| 7 - TYPE OF COMPANY |   | 8 - NUMBER OF SHARES HELD IN CURRENT QUARTER |                    | 9 - NUMBER OF SHARES HELD IN PREVIOUS QUARTER |                                       |
|                     |   | (in thousands)                               |                    | (in thousands)                                |                                       |

|    |  |                    |                             |        |         |
|----|--|--------------------|-----------------------------|--------|---------|
| 08 | CSN EXPORT   | 05.760.237/0001-94 | PRIVATE<br>SUBSIDIARY       | 100.00 | 3.46    |
|    | COMMERCIAL, INDUSTRY AND OTHER<br>TYPES OF COMPANY |                    | 1,036                       |        | 1,036   |
| 09 | CSN METALURGICA<br>PRADA                           | 56.993.900/0001-31 | PRIVATE<br>SUBSIDIARY       | 100.00 | 8.19    |
|    | COMMERCIAL, INDUSTRY AND OTHER<br>TYPES OF COMPANY |                    | 3,155                       |        | 3,155   |
| 10 | MRS LOGÍSTICA                                      | 01.417.222/0001-77 | PRIVATE<br>SUBSIDIARY       | 27.27  | 29.90   |
|    | COMMERCIAL, INDUSTRY AND OTHER<br>TYPES OF COMPANY |                    | 92,718                      |        | 92,718  |
| 11 | TRANSNORDESTINA<br>LOGÍSTICA                       | 02.281.836/0001-37 | PUBLICLY-HELD<br>SUBSIDIARY | 72.56  | 10.30   |
|    | COMMERCIAL, INDUSTRY AND OTHER<br>TYPES OF COMPANY |                    | 740,339                     |        | 486,516 |
| 12 | SEPETIBA TECON                                     | 02.394.276/0001-27 | PRIVATE<br>SUBSIDIARY       | 99.99  | 3.09    |
|    | COMMERCIAL, INDUSTRY AND OTHER<br>TYPES OF COMPANY |                    | 253,990                     |        | 253,990 |
| 13 | ITÁ ENERGÉTICA                                     | 01.355.994/0002-02 | PRIVATE<br>SUBSIDIARY       | 48.75  | 10.86   |
|    | COMMERCIAL, INDUSTRY AND OTHER<br>TYPES OF COMPANY |                    | 253,607                     |        | 253,607 |
| 14 | NACIONAL MINERIOS                                  | 08.446.702/0001-05 | PRIVATE<br>SUBSIDIARY       | 59.99  | 168.97  |
|    | COMMERCIAL, INDUSTRY AND OTHER<br>TYPES OF COMPANY |                    | 284,994                     |        | 284,994 |

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

FEDERAL PUBLIC SERVICE

CVM BRAZILIAN SECURITIES AND EXCHANGE COMMISSION

Accounting Practices  
Adopted in Brazil  
March 31, 2010

QUARTERLY INFORMATION

COMMERCIAL, INDUSTRY & OTHER TYPES OF COMPANY

01.01 - IDENTIFICATION

|              |                                |                                    |
|--------------|--------------------------------|------------------------------------|
| 1 - CVM CODE | 2 - COMPANY NAME               | 3 - CNPJ (Corporate Taxpayer s ID) |
| 00403-0      | COMPANHIA SIDERÚRGICA NACIONAL | 33.042.730/0001-04                 |

09.01 - EQUITY IN SUBSIDIARIES AND/OR ASSOCIATED COMPANIES

|                     |   |  |                    |   |                                       |
|---------------------|---|--|--------------------|---|---------------------------------------|
| 1 - ITEM            | 2 - NAME OF SUBSIDIARY/AFFILIATED COMPANY | 3 - CNPJ (Corporate Taxpayer s ID)           | 4 - CLASSIFICATION | 5 - PARTICIPATION IN CAPITAL OF INVESTEE - %  | 6 INVESTOR S SHAREHOLDERS' EQUITY - % |
| 7 - TYPE OF COMPANY |   | 8 - NUMBER OF SHARES HELD IN CURRENT QUARTER |                    | 9 - NUMBER OF SHARES HELD IN PREVIOUS QUARTER |                                       |
|                     |   | (in thousands)                               |                    | (in thousands)                                |                                       |

|    |                                |                            |       |         |
|----|--------------------------------|----------------------------|-------|---------|
| 15 | CSN CIMENTOS                   | 42.564.807/0001-05 PRIVATE | 99.99 | 8.38    |
|    | COMMERCIAL, INDUSTRY AND OTHER | SUBSIDIARY                 |       |         |
|    | TYPES OF COMPANY               | 722,041                    |       | 722,041 |

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

FEDERAL PUBLIC SERVICE

CVM - BRAZILIAN SECURITIES AND EXCHANGE COMMISSION

June 30, 2007

Accounting Practices  
Adopted in Brazil

QUARTERLY INFORMATION

COMMERCIAL, INDUSTRY & OTHER TYPES OF COMPANY

00403-0  
33.042.730/0001-04

COMPANHIA SIDERÚRGICA NACIONAL

16.01 - OTHER INFORMATION CONSIDERED MATERIAL BY THE COMPANY

01.01 IDENTIFICATION

| 1 - CVM CODE | 2 - COMPANY NAME               | 3 - CNPJ (Corporate Taxpayer s ID) |
|--------------|--------------------------------|------------------------------------|
| 00403-0      | COMPANHIA SIDERÚRGICA NACIONAL | 33.042.730/0001-04                 |

## 14.01 CHARACTERISTICS OF PUBLIC OR PRIVATE ISSUANCE OF DEBENTURES

|   |                          |                       |
|---|--------------------------|-----------------------|
| 1 | ITEM                     | 05                    |
| 2 | ORDER No.                | 4                     |
| 3 | REGISTRATION No. AT CVM  | CVM/SRE/DEB/2006/01 1 |
| 4 | REGISTRATION DATE AT CVM | 4/28/2006             |

|           |   |                    |
|-----------|---|--------------------|
| 5         | SERIES ISSUED                                     | UNIT               |
| 6         | TYPE OF ISSUANCE                                  | SIMPLE             |
| 7         | NATURE OF ISSUANCE                                | PUBLIC             |
| 8         | DATE OF ISSUANCE                                  | 2/1/2006           |
| 9         | EXPIRATION DATE                                   | 2/1/2012           |
| 10        | TYPE OF DEBENTURE                                 | WITHOUT PREFERENCE |
| 11        | CONDITION FOR CURRENT<br>REMUNERATION             |                    |
| 12        | PREMIUM/DISCOUNT                                  |                    |
| 13        | NOMINAL VALUE (Reais)                             | 10,000.00          |
| 14        | AMOUNT ISSUED (Thousands of Reais)                | 600,000            |
| <b>15</b> | <b>NUMBER OF<br/>SECURITIES ISSUED<br/>(UNIT)</b> | <b>60,000</b>      |
| 16        | OUTSTANDING SECURITIES (UNIT)                     | 60,000             |
| 17        | TREASURY SECURITIES (UNIT)                        | 0                  |
| 18        | SECURITIES REDEEMED (UNIT)                        | 0                  |
| 19        | CONVERTED SECURITIES (UNIT)                       | 0                  |
| 20        | SECURITIES TO BE DISTRIBUTED (UNIT)               | 0                  |
| 21        | DATE OF THE LAST RENEGOTIATION                    |                    |
| 22        | DATE OF NEXT EVENT                                | 8/1/2010           |

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

**FEDERAL PUBLIC SERVICE**

**CVM - BRAZILIAN SECURITIES AND EXCHANGE  
COMMISSION**

**June 30, 2007**

**Accounting Practices  
Adopted in Brazil**

**QUARTERLY INFORMATION**

**COMMERCIAL, INDUSTRY & OTHER TYPES OF  
COMPANY**

**00403-0  
33.042.730/0001-04**

**COMPANHIA SIDERÚRGICA NACIONAL**

**16.01 - OTHER INFORMATION CONSIDERED MATERIAL BY THE COMPANY**

We highlight, among the Company's main investments, the expansion in the production capacity of the Casa de Pedra mine, of Aços Longos and of Itaguaí Port. As of March 31, 2010, the Company also maintains investment project balances in the amounts of R\$859,155, R\$36,444 and R\$31,186, respectively.

For further information, see the comments on the consolidated performance in the quarter.

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

**FEDERAL PUBLIC SERVICE**

**CVM BRAZILIAN SECURITIES AND EXCHANGE  
COMMISSION**

**September 30,  
2009**

**Accounting Practices  
Adopted in Brazil**

**QUARTERLY INFORMATION**

**COMMERCIAL, INDUSTRY & OTHER TYPES OF COMPANY**

**00403-0  
33.042.730/0001-04**

**COMPANHIA SIDERÚRGICA NACIONAL**

**21.01 SPECIAL REVIEW REPORT - UNQUALIFIED**

Independent auditor's review report

(a free translation from the original in Portuguese)

To the Board of Directors and Shareholders of

Companhia Siderúrgica Nacional

Rio de Janeiro - RJ

1. We have reviewed the accounting information contained in the Quarterly Financial Information of Companhia Siderúrgica Nacional (the Company) and in the consolidated Quarterly Financial Information of the Company and its subsidiaries for the quarter ended March 31, 2010, comprising the balance sheets, the statements of income, of changes in shareholders' equity, cash flows, added value, explanatory notes and the management report, which are the responsibility of its management.



- 2.** Our review was conducted in accordance with the standards set by IBRACON - The Brazilian Institute of Independent Auditors, in conjunction with the Federal Accounting Council - CFC and consisted mainly of the following: (a) inquiry and discussion with management responsible for the accounting, financial and operational areas of the Company and its subsidiaries, regarding the main criteria adopted in the preparation of the Quarterly Financial Information; and (b) reviewing information and subsequent events that have or may have relevant effects on the financial position and operations of the Company and its subsidiaries.
  
- 3.** Based on our review, we are not aware of any material modifications that should be made to the accounting information contained in the Quarterly Financial Information referred above, in order to be in accordance with accounting practices adopted in Brazil and the standards issued by the Brazilian Securities and Exchange Commission (CVM), applicable to the preparation of the Quarterly Financial Information.
  
- 4.** As mentioned in note 31 of the Quarterly Financial Information, the Company has been negotiating with insurance and reinsurance companies in Brazil and abroad, in order to obtain insurance coverage for property damages and business interruption in certain sites of the Company.

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

**FEDERAL PUBLIC SERVICE**

**CVM BRAZILIAN SECURITIES AND EXCHANGE  
COMMISSION**

**September 30,  
2009**

**Accounting Practices  
Adopted in Brazil**

**QUARTERLY INFORMATION**

**COMMERCIAL, INDUSTRY & OTHER TYPES OF COMPANY**

**00403-0  
33.042.730/0001-04**

**COMPANHIA SIDERÚRGICA NACIONAL**

**21.01 SPECIAL REVIEW REPORT - UNQUALIFIED**

**5.** As described in note 2, during 2009, the Brazilian Securities and Exchange Commission (CVM) approved several pronouncements, interpretations and guidance issued by the Accounting Pronouncements Committee (CPC), which are effective as from the fiscal year 2010 and changed the accounting practices adopted in Brazil. As permitted by CVM Resolution 603/09, Management of the Company and its subsidiaries opted to present its Quarterly Financial Information in accordance with accounting practices adopted in Brazil until December 31, 2009, not applying these new accounting pronouncements, which have mandatory application for the fiscal year 2010. As required by the above mentioned CVM Resolution 603/09, the Company disclosed this fact in note 2 to the Quarterly Financial Information, and described the main changes that could impact its year-ending financial statements, as well as it clarified the reasons for not disclosing the estimate of the possible effects in the Company's shareholders' equity and statement of income, as required by this Resolution.

São Paulo, May 6, 2010

KPMG Auditores Independentes

CRC SP014428/O-6 F -RJ

*Original in Portuguese signed by*

Anselmo Neves Macedo

Accountant CRC 1SP160482/O-6 S-RJ

**FEDERAL PUBLIC SERVICE**

**CVM BRAZILIAN SECURITIES AND EXCHANGE  
COMMISSION**

**QUARTERLY INFORMATION**

**COMMERCIAL, INDUSTRY & OTHER TYPES OF  
COMPANY**

**March 31, 2010**

**Accounting Practices  
Adopted in Brazil**

**01.01 IDENTIFICATION**

|              |                                |                                       |
|--------------|--------------------------------|---------------------------------------|
| 1 - CVM CODE | 2 - COMPANY NAME               | 3 - CNPJ (Corporate<br>Taxpayer s ID) |
| 00403-0      | COMPANHIA SIDERÚRGICA NACIONAL | 33.042.730/0001-04                    |

**TABLE OF CONTENTS**

| Group<br>p | Table | Description  | Page |
|------------|-------|--|------|
| 01         | 01    | IDENTIFICATION   | 1    |
| 01         | 02    | HEAD OFFICE  | 1    |
| 01         | 03    | INVESTOR RELATIONS OFFICER (Company Mailing Address)                           | 1    |
| 01         | 04    | ITR REFERENCE  | 1    |
| 01         | 05    | CAPITAL STOCK  | 2    |
| 01         | 06    | COMPANY PROFILE  | 2    |
| 01         | 07    | COMPANIES NOT INCLUDED IN THE CONSOLIDATED FINANCIAL<br>STATEMENTS             | 2    |
| 01         | 08    | CASH DIVIDENDS   | 2    |
| 01         | 09    | SUBSCRIBED CAPITAL AND CHANGES IN THE CURRENT YEAR                             | 3    |
| 01         | 10    | INVESTOR RELATIONS OFFICER   | 3    |
| 02         | 01    | BALANCE SHEET ASSETS   | 4    |
| 02         | 02    | BALANCE SHEET LIABILITIES  | 6    |
| 03         | 01    | STATEMENT OF INCOME  | 8    |
| 04         | 01    | 04 - STATEMENT OF CASH FLOWS   | 10   |
| 05         | 01    | 05 - STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY FROM<br>1/1/2010 TO 3/31/2010 | 12   |
| 05         | 02    | 05 - STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY FROM<br>1/1/2010 TO 3/31/2010 | 13   |

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|    |    |  |     |
|----|----|--|-----|
| 08 | 01 | CONSOLIDATED BALANCE SHEET ASSETS  | 14  |
| 08 | 02 | CONSOLIDATED BALANCE SHEET LIABILITIES                                       | 16  |
| 09 | 01 | CONSOLIDATED STATEMENT OF INCOME   | 18  |
| 10 | 01 | 10.01 - CONSOLIDATED STATEMENT OF CASH FLOWS                                 | 20  |
| 11 | 01 | 11 STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY FROM<br>1/1/2010 TO 3/31/2010 | 22  |
| 11 | 02 | 11 STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY FROM<br>1/1/2010 TO 3/31/2010 | 23  |
| 06 | 01 | NOTES TO THE FINANCIAL STATEMENTS  | 24  |
| 07 | 01 | COMMENTS ON THE COMPANY S PERFORMANCE IN THE QUARTER                         | 90  |
| 12 | 01 | COMMENTS ON THE CONSOLIDATED PERFORMANCE IN THE<br>QUARTER                   | 91  |
| 13 | 01 | EQUITY IN SUBSIDIARIES AND/OR ASSOCIATED COMPANIES                           | 101 |
| 14 | 01 | CHARACTERISTICS OF PUBLIC OR PRIVATE ISSUANCE OF<br>DEBENTURES               | 104 |
| 19 | 01 | INVESTMENT PROJECTS  | 105 |
| 21 | 01 | INDEPENDENT AUDITORS REVIEW REPORT   | 106 |
|    |    | CIA METALIC DO NORDESTE  |     |
|    |    | INAL NORDESTE  |     |
|    |    | CSN AÇOS LONGOS  |     |
|    |    | CSN STEEL  |     |
|    |    | CSN OVERSEAS   |     |
|    |    | CSN PANAMA   |     |
|    |    | CSN ENERGY   |     |
|    |    | CSN EXPORT   |     |
|    |    | CIA METALURGICA PRADA  |     |
|    |    | MRS LOGÍSTICA  |     |
|    |    | TRANSNORDESTINA LOGÍSTICA  |     |
|    |    | SEPETIBA TECON   |     |

**FEDERAL PUBLIC SERVICE**

**CVM BRAZILIAN SECURITIES AND EXCHANGE  
COMMISSION**

**March 31, 2010**

**Accounting Practices  
Adopted in Brazil**

**QUARTERLY INFORMATION**

**COMMERCIAL, INDUSTRY & OTHER TYPES OF  
COMPANY**

**01.01 IDENTIFICATION**

1 - CVM CODE

2 - COMPANY NAME

3 - CNPJ (Corporate  
Taxpayer s ID)

00403-0

COMPANHIA SIDERÚRGICA NACIONAL

33.042.730/0001-04

**TABLE OF CONTENTS**

| <b>Group</b> | <b>Table</b> | <b>Description</b>                                  | <b>Page</b> |
|--------------|--------------|---|-------------|
|              |              | ITÁ ENERGÉTICA<br>NACIONAL MINÉRIOS<br>CSN CIMENTOS | /107        |

