

NATIONAL STEEL CO  
Form 6-K  
March 31, 2011

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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 March, 2011**

**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



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

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

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**Company Information / Company's ownership**

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

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**Company Information / Cash Dividends**

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

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**Parent Company Financial Statements / Balance Sheet - Assets**

R\$ (in thousands)

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



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**Parent Company Financial Statements / Balance Sheet Liabilities****R\$ (in thousands)**

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



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

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**Parent Company Financial Statements / Statement of Income****R\$ (in thousands)**

Code	Description	Last fiscal year	First prior fiscal year	Second prior fiscal year
		01/01/2010 to 12/31/2010	01/01/2009 to 12/31/2009	01/01/2008 to 01/01/2009
3.01	Revenue from Sales and/or Services	10,451,970	8,604,360	0
3.02	Cost of Goods Sold and/or Services Rendered	-5,791,570	-5,547,534	0
3.03	Gross Income	4,660,400	3,056,826	0
3.04	Operating Expenses/Income	84,314	426,381	0
3.04.01	Selling Expenses	-531,095	-466,586	0
3.04.02	General and Administrative Expenses	-330,631	-322,313	0
3.04.04	Other Operating Income	120,942	1,405,341	0
3.04.05	Other Operating Expenses	-613,072	-676,248	0
3.04.06	Equity Pick-Up	1,438,170	486,187	0
3.05	Income Before Financial Result and Taxes	4,744,714	3,483,207	0
3.06	Financial Result	-2,063,221	-681,890	0
3.06.01	Financial Income	233,607	326,751	0
3.06.02	Financial Expenses	-2,296,828	-1,008,641	0
3.07	Income Before Taxes	2,681,493	2,801,317	0
3.08	Income Tax and Social Contribution	-165,117	-182,383	0
3.08.01	Current	-90,485	-270,649	0
3.08.02	Deferred	-74,632	88,266	0
3.09	Net Income of Continued Operation	2,516,376	2,618,934	0
3.11	Income/Loss for the Period	2,516,376	2,618,934	0
3.99	Earnings per Share - (in Reais)			
3.99.01	Basic and diluted Earnings per Share			
3.99.01.01	Common	1.72594	1.75478	0.00000
3.99.02	Basic and diluted Earnings per Share			
3.99.02.01	Common	1.72594	1.75478	0.00000

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

**Parent Company Financial Statements / Statement of Comprehensive Income**

R\$ (in thousands)

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

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**Parent Company Financial Statements / Statement of Cash Flows Indirect Method****R\$ (in thousands)**

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

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



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

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

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

R\$ (in thousands)

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



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

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

R\$ (in thousands)

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

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

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

**Parent Company Financial Statements / Statement of Added Value**

R\$ (in thousands)

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

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

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

**Parent Company Financial Statements / Statement of Added Value**

R\$ (in thousands)

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

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**(CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE)**DFP STANDARD FINANCIAL STATEMENTS December 31, 2010 CIA SIDERURGICA NACIONAL **Version:****1****Consolidated Financial Statements / Balance Sheet - Assets****R\$ (in thousands)**

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

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

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

**Consolidated Financial Statements / Balance Sheet Liabilities**

R\$ (in thousands)

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



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

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

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

**Consolidated Financial Statements / Statement of Income****R\$ (in thousands)**

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



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

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

**Consolidated Financial Statements / Statement of Comprehensive Income****R\$ (in thousands)**

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

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

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

**Consolidated Financial Statements / Statement of Cash Flows Indirect Method**

R\$ (in thousands)

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

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

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

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

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

R\$ (in thousands)

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

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



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

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

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

R\$ (in thousands)

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

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



**(CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE)**DFP STANDARD FINANCIAL STATEMENTS December 31, 2010 CIA SIDERURGICA NACIONAL **Version:****1****Consolidated Financial Statements / Statement of Added Value****R\$ (in thousands)**

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

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

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

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

**Consolidated Financial Statements / Statement of Added Value**

R\$ (in thousands)

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

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

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

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

## **1. OPERATIONS**

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

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

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

### **Steel:**

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

### **Mining:**

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

**Cement:**

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

**Logistics:**

**Railways:**

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

**Ports:**

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





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

Energy:

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

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

## **2. SUMMARY OF MAIN ACCOUNTING POLICIES AND PRACTICES**

### **(a) Preparation basis**

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

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

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

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

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

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

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

**(b) Consolidated financial statements**

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

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

- Companies**

Companies	Interest in the capital stock (%)		Main activity
	2010	2009	
<b>Direct interest: 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	Holding Company and financial operations
CSN Minerals (1)	100.00	100.00	Holding Company
CSN Export	100.00	100.00	Financial operations, sale of products and Holding Company
CSN Metals (2)	100.00	100.00	Holding Company and financial operations
CSN Americas (3)	100.00	100.00	Holding Company and financial operations
CSN Steel	100.00	100.00	Holding Company and financial operations
TdBB S.A	100.00	100.00	Inactive Company
Galvasud - absorbed on 01/29/2010		99.99	Steelmaking
Sepetiba Tecon	99.99	99.99	Port services
Mineração Nacional	99.99	99.99	Mining and Holding Company

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

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

- (1) New corporate name of CSN Energy, changed as of December 15, 2010.
- (2) New corporate name of CSN Overseas, changed as of December 15, 2010.
- (3) New corporate name of CSN Panamá, changed as of December 15, 2010.
- (4) New corporate name of Itaguaí Logística, changed as of December 27, 2010.
- (5) New corporate name of CSN Madeira, changed as of January 8, 2010.
- (6) New corporate name of Hickory, changed as of January 8, 2010.
- (7) New corporate name of CSN Cement, changed as of June 18, 2010.

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- **Exclusive funds**

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

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

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

- **Subsidiaries**

Subsidiaries are considered all entities (including special-purpose entities), whose financing and operating policies may be carried out by the Company, where usually there is a share ownership of more than a half

of voting rights. The existence and the effect of potential voting rights, which are currently exercisable or convertible, are take into consideration by evaluation IF the Company controls other entity. Subsidiaries are fully consolidated as of the date when the control is transferred to the Company and are no longer consolidated as of the date when the control ends.

- **Affiliated Companies**

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

- **Jointly-owned subsidiaries**

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

- **Parent Company financial statement**

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





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**(c) Foreign currencies**

- **Functional and presentation currency**

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

- **Transactions and balances**

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

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

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

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

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

- **Group Companies**

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

- Assets and liabilities from each balance sheet presented are translated by the closing rate on the balance sheet date.
- Revenues and expenses from each income statement are translated by average exchange rates (unless this average is not a reasonable rounding to the cumulative effect of rates in force on the operations date, and, in such case, revenues and expenses are converted by the rate on the operations dates); and
- All resulting exchange rate differences are registered as a separate component under other comprehensive income.

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



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**(d) Cash and cash equivalents**

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

**(e) Trade accounts receivable**

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

**(f) Inventories**

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

**(g) Investments**

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

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

**(h) Property, plant and equipment**

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

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

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

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

**(i) Intangible assets**

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

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

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

- **Goodwill**

Goodwill is represented by the positive difference between paid and/or payable value for the purchase of a business and the net amount of fair value of assets and liabilities of the subsidiary acquired. The goodwill from acquisitions of subsidiaries is recorded as intangible assets in the consolidated financial statements. In the parent Company financial statements the goodwill is recorded as investments. Negative goodwill is recorded as gain in the result for the period, on the acquisition date. Goodwill is annually tested to verify

impairment losses. Gains and losses from the disposal of a Cash Generating Units (CGU) include goodwill book value relating to the CGU sold.

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

- **Software**

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

**(j) Impairment of non-financial assets**

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



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**(k) Employee Benefits**

**i. Employee benefits**

**Defined contribution plans**

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

**Defined benefit plans**

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

economic benefits, a consideration is given to any minimum costing requirements applied to any plan in the Company. An economic benefit is available to the Company if it is realizable during the plan's life, or in the settlement of the plan liabilities.

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

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

## **ii. Profit sharing and incentive compensation**

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

### **(I) Provisions**

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

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**(m) Concessions**

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

**(n) Capital Stock**

Common shares are classified under shareholders equity.

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

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

**(o) Operating revenue**

The revenue from the sale of goods in the normal course of operations is measured at the fair value of the consideration received or receivable The operating revenue is recognized when there is persuasive evidence that the significant risks and rewards incidental to the ownership of the goods have been transferred to the buyer; it is probable that future economic benefits will flow to the entity, that the

associated costs and the possible return of goods can be measured reliably; the entity does not retain continuing involvement with the goods sold and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be reliably measured, then such discounts are recognized as a reduction of operating revenue as sales are recognized. Service revenue is recognized when services are rendered.

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

**(p)**