

NATIONAL STEEL CO
Form 6-K
June 01, 2007

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 6-K

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

For the month of May, 2007

Commission File Number 1-14732

COMPANHIA SIDERÚRGICA NACIONAL

(Exact name of registrant as specified in its charter)

National Steel Company

(Translation of Registrant's name into English)

**Av. Brigadeiro Faria Lima 3400, 20º andar
São Paulo, SP, Brazil
04538-132**

(Address of principal executive office)

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

Form 20-F 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)

FEDERAL PUBLIC SERVICE**CVM BRAZILIAN SECURITIES AND EXCHANGE COMMISSION**

Accounting Practices

QUARTERLY INFORMATION

March 31, 2007

Adopted in Brazil

COMMERCIAL, INDUSTRY & OTHER TYPES OF COMPANY

**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) 33-3.00011595 | | |

01.02 HEAD OFFICE

| | | | | |
|--|--------------------------|------------------|----------------------|----------|
| 1 ADDRESS R. SÃO JOSÉ, 20/ GR. 1602 PARTE | | | 2 DISTRICT CENTRO | |
| 3 ZIP CODE 22010-020 | 4 CITY RIO DE JANEIRO | | 5 STATE RJ | |
| 6 AREA CODE 21 | 7 TELEPHONE 2215-4901 | 8 TELEPHONE - | 9 TELEPHONE - | 10 TELEX |
| 11 AREA CODE 21 | 12 FAX 2215-7140 | 13 FAX - | 14 FAX - | |
| 15 E-MAIL invrel@csn.com.br | | | | |

01.03 INVESTOR RELATIONS OFFICER (Company Mailing Address)

| | | | | |
|--|--------------------------|---------------------|--------------------------|----------|
| 1 NAME BENJAMIN STEINBRUCH | | | | |
| 2 ADDRESS AV. BRIGADEIRO FARIA LIMA, 3400 20º ANDAR | | | 3 DISTRICT ITAIM BIBI | |
| 4 ZIP CODE 04538-132 | 5 CITY SÃO PAULO | | 6 STATE SP | |
| 7 AREA CODE 11 | 8 TELEPHONE 3049-7100 | 9 TELEPHONE - | 10 TELEPHONE - | 11 TELEX |
| 12 AREA CODE 11 | 13 FAX 3049-7558 | 14 FAX 3049-7519 | 15 FAX - | |

16 E-MAIL
miriamlo@csn.com.br

01.04 REFERENCE AND AUDITOR INFORMATION

| CURRENT YEAR | | CURRENT QUARTER | | | PREVIOUS QUARTER | | |
|---|------------|-----------------|---------------|-----------|---|---------------|------------|
| 1 - BEGINNING | 2. END | 3 - QUARTER | 4 - BEGINNING | 5 - END | 6 - QUARTER | 7 - BEGINNING | 8 - END |
| 1/1/2007 | 12/31/2007 | 1 | 1/1/2007 | 3/31/2007 | 4 | 10/1/2006 | 12/31/2006 |
| 09 - INDEPENDENT ACCOUNTANT KPMG AUDITORES INDEPENDENTES | | | | | 10 - CVM CODE 00418-9 | | |
| 11. TECHNICIAN IN CHARGE MANUEL FERNANDES RODRIGUES DE SOUZA | | | | | 12 TECHNICIAN S CPF (INDIVIDUAL TAXPAYER S REGISTER) 783.840.017-15 | | |

01.05 CAPITAL STOCK

| NUMBER OF SHARES (in thousands) | 1 CURRENT QUARTER 3/31/2007 | 2 PREVIOUS QUARTER 12/31/2006 | 3 SAME QUARTER, PREVIOUS YEAR 3/31/2006 |
|------------------------------------|--------------------------------|----------------------------------|---|
| Paid-up Capital | | | |
| 1 Common | 272,068 | 272,068 | 272,068 |
| 2 Preferred | 0 | 0 | 0 |
| 3 Total | 272,068 | 272,068 | 272,068 |
| Treasury Stock | | | |
| 4 Common | 15,578 | 14,655 | 14,655 |
| 5 Preferred | 0 | 0 | 0 |
| 6 Total | 15,578 | 14,655 | 14,655 |

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, TRANSF. 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 |
|----------|-----------|------------|----------|-------------------|-----------------|----------------------|
| | | | | | | |

01.09 - SUBSCRIBED CAPITAL AND CHANGES IN THE CURRENT YEAR

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

01.10 - INVESTOR RELATIONS OFFICER

| | |
|---------------------|-------------|
| 1 DATE 4/24/2007 | 2 SIGNATURE |
|---------------------|-------------|

02.01 BALANCE SHEETS - ASSETS (in thousands of Reais)

| 1-CODE | 2- DESCRIPTION | 3 3/31/2007 | 4 12/31/2006 |
|---------------|--|--------------------|---------------------|
| 1 | Total Assets | 25,402,966 | 24,305,340 |
| 1.01 | Current Assets | 5,595,840 | 5,008,626 |
| 1.01.01 | Cash and Cash Equivalents | 11,679 | 71,389 |
| 1.01.02 | Credits | 2,462,697 | 2,280,776 |
| 1.01.02.01 | Customers | 1,531,762 | 1,428,866 |
| 1.01.02.01.01 | Domestic Market | 565,803 | 490,529 |
| 1.01.02.01.02 | Foreign Market | 1,036,829 | 1,007,972 |
| 1.01.02.01.03 | Allowance for Doubtful Accounts | (70,870) | (69,635) |
| 1.01.02.02 | Sundry Credits | 930,935 | 851,910 |
| 1.01.02.02.01 | Employees | 13,450 | 13,016 |
| 1.01.02.02.02 | Suppliers | 188,780 | 131,173 |
| 1.01.02.02.03 | Recoverable Corporate Income Tax and Social Contribution | 32,284 | 31,340 |
| 1.01.02.02.04 | Deferred Income Tax | 244,028 | 235,030 |
| 1.01.02.02.05 | Deferred Social Contribution | 86,201 | 82,962 |
| 1.01.02.02.06 | Other Taxes | 153,849 | 147,570 |
| 1.01.02.02.07 | Proposed Dividends Receivable | 198,304 | 198,304 |
| 1.01.02.02.08 | Other Credits | 14,039 | 12,515 |
| 1.01.03 | Inventories | 1,684,581 | 1,649,930 |
| 1.01.04 | Others | 1,436,883 | 1,006,531 |
| 1.01.04.01 | Marketable Securities | 984,256 | 517,474 |
| 1.01.04.02 | Prepaid Expenses | 44,206 | 41,950 |
| 1.01.04.03 | Insurance Claimed | 408,421 | 447,107 |
| 1.02 | Non Current Assets | 19,807,126 | 19,296,714 |
| 1.02.01 | Long-Term Assets | 1,832,610 | 1,778,635 |
| 1.02.01.01 | Sundry Credits | 837,322 | 826,803 |
| 1.02.01.01.01 | Loans Eletrobrás | 26,084 | 31,551 |
| 1.02.01.01.02 | Marketable Securities Receivable | 143,628 | 144,204 |
| 1.02.01.01.03 | Deferred Income Tax | 427,768 | 417,046 |
| 1.02.01.01.04 | Deferred Social Contribution | 114,762 | 111,884 |
| 1.02.01.01.05 | Other Taxes | 125,080 | 122,118 |
| 1.02.01.02 | Credits with Related Parties | 298,347 | 282,653 |
| 1.02.01.02.01 | In Associated and Related Companies | 0 | 0 |
| 1.02.01.02.02 | In Subsidiaries | 298,347 | 282,653 |
| 1.02.01.02.03 | Other Related Parties | 0 | 0 |
| 1.02.01.03 | Others | 696,941 | 669,179 |
| 1.02.01.03.01 | Judicial Deposits | 530,824 | 509,851 |
| 1.02.01.03.02 | Marketable Securities | 125,673 | 125,673 |
| 1.02.01.03.03 | Prepaid Expenses | 39,104 | 32,300 |
| 1.02.01.03.04 | Others | 1,340 | 1,355 |
| 1.02.02 | Permanent Assets | 17,974,516 | 17,518,079 |
| 1.02.02.01 | Investments | 5,833,386 | 5,309,209 |
| 1.02.02.01.01 | In Associated /Related Companies | 0 | 0 |
| 1.02.02.01.02 | In Associated/Related Companies-Goodwill | 0 | 0 |

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| | | | |
|---------------|-------------------------------|------------|------------|
| 1.02.02.01.03 | In Subsidiaries | 5,758,442 | 5,221,911 |
| 1.02.02.01.04 | In Subsidiaries -Goodwill | 74,944 | 87,298 |
| 1.02.02.01.05 | Other Investments | 0 | 0 |
| 1.02.02.02 | Property, Plant and Equipment | 11,976,389 | 12,031,793 |
| 1.02.02.02.01 | In Operation, Net | 11,081,186 | 11,250,457 |

02.01 BALANCE SHEETS - ASSETS (in thousands of Reais)

| 1-CODE | 2- DESCRIPTION | 3 3/31/2007 | 4 12/31/2006 |
|---------------|-----------------------|--------------------|---------------------|
| 1.02.02.02.02 | In Construction | 750,246 | 636,411 |
| 1.02.02.02.03 | Land | 144,957 | 144,925 |
| 1.02.02.03 | Intangible Assets | 0 | 0 |
| 1.02.02.04 | Deferred | 164,741 | 177,077 |

02.02 BALANCE SHEETS - LIABILITIES (in thousands of Reais)

| 1- CODE | 2- DESCRIPTION | 3 3/31/2007 | 4 12/31/2006 |
|----------------|---|--------------------|---------------------|
| 2 | Total Liabilities | 25,402,966 | 24,305,340 |
| 2.01 | Current Liabilities | 5,369,771 | 5,521,473 |
| 2.01.01 | Loans and Financing | 1,898,730 | 2,126,852 |
| 2.01.02 | Debentures | 21,149 | 36,240 |
| 2.01.03 | Suppliers | 1,280,978 | 1,404,537 |
| 2.01.04 | Taxes and Contributions | 586,777 | 385,694 |
| 2.01.04.01 | Salaries and Social Contributions | 110,900 | 54,634 |
| 2.01.04.02 | Taxes Payable | 266,215 | 204,580 |
| 2.01.04.03 | Deferred Income Tax | 154,163 | 93,000 |
| 2.01.04.04 | Deferred Social Contribution | 55,499 | 33,480 |
| 2.01.05 | Dividends Payable | 718,175 | 686,984 |
| 2.01.06 | Provisions | 5,100 | 20,645 |
| 2.01.06.01 | Contingencies | 44,056 | 53,584 |
| 2.01.06.02 | Judicial Deposits | (38,956) | (32,939) |
| 2.01.07 | Debt with Related Parties | 0 | 0 |
| 2.01.08 | Others | 858,862 | 860,521 |
| 2.01.08.01 | Accounts Payable - Subsidiaries | 671,939 | 683,099 |
| 2.01.08.02 | Others | 186,923 | 177,422 |
| 2.02 | Non Current Liabilities | 13,151,800 | 12,557,291 |
| 2.02.01 | Long-Term Liabilities | 13,151,800 | 12,557,291 |
| 2.02.01.01 | Loans and Financing | 5,964,278 | 5,419,156 |
| 2.02.01.02 | Debentures | 900,451 | 897,141 |
| 2.02.01.03 | Provisions | 5,774,315 | 5,667,992 |
| 2.02.01.03.01 | Contingencies | 3,909,236 | 3,773,113 |
| 2.02.01.03.02 | Judicial Deposits | (106,721) | (108,627) |
| 2.02.01.03.03 | Deferred Income Tax | 1,449,853 | 1,473,166 |
| 2.02.01.03.04 | Deferred Social Contribution | 521,947 | 530,340 |
| 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 | Others | 512,756 | 573,002 |
| 2.02.01.06.01 | Allowance for Loss on Investments | 121,153 | 106,673 |
| 2.02.01.06.02 | Accounts Payable Subsidiaries | 50,840 | 52,434 |
| 2.02.01.06.03 | Provisions for Pension Funds | 224,094 | 286,940 |
| 2.02.01.06.04 | Others | 116,669 | 126,955 |
| 2.02.02 | Deferred Income | 0 | 0 |
| 2.04 | Shareholders Equity | 6,881,395 | 6,226,576 |
| 2.04.01 | Paid-In Capital Stock | 1,680,947 | 1,680,947 |
| 2.04.02 | Capital Reserves | 30 | 0 |
| 2.04.03 | Revaluation Reserve | 4,147,003 | 4,208,550 |
| 2.04.03.01 | Own Assets | 4,146,650 | 4,208,197 |
| 2.04.03.02 | Subsidiaries/Associated and Related Companies | 353 | 353 |
| 2.04.04 | Profit Reserves | 270,370 | 337,079 |
| 2.04.04.01 | Legal | 336,189 | 336,189 |

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| | | | |
|------------|-------------------|---|---|
| 2.04.04.02 | Statutory | 0 | 0 |
| 2.04.04.03 | For Contingencies | 0 | 0 |
| 2.04.04.04 | Unrealized Income | 0 | 0 |
| 2.04.04.05 | Profit Retentions | 0 | 0 |

02.02 BALANCE SHEETS - LIABILITIES (in thousands of Reais)

| 1- CODE | 2- DESCRIPTION | 3 3/31/2007 | 4 12/31/2006 |
|----------------|---------------------------------------|--------------------|---------------------|
| 2.04.04.06 | Special For Non-Distributed Dividends | 0 | 0 |
| 2.04.04.07 | Other Profit Reserves | (65,819) | 890 |
| 2.04.04.07.01 | From Investments | 677,611 | 677,611 |
| 2.04.04.07.02 | Treasury Stock | (743,430) | (676,721) |
| 2.04.05 | Accrued Profits/Losses | 783,045 | 0 |
| 2.04.06 | Advance for Future Capital Increase | 0 | 0 |

03.01 STATEMENTS OF INCOME (in thousands of Reais)

| 1- CODE | 2- DESCRIPTION | 3- 1/1/2007 to 3/31/2007 | 4- 1/1/2007 to 3/31/2007 | 5- 1/1/2006 to 3/31/2006 | 6- 1/1/2006 to 3/31/2006 |
|----------------|--|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| 3.01 | Gross Revenue from Sales and/or Services | 2,431,278 | 2,431,278 | 1,872,179 | 1,872,179 |
| 3.02 | Gross Revenue Deductions | (482,279) | (482,279) | (367,492) | (367,492) |
| 3.03 | Net Revenue from Sales and/or Services | 1,948,999 | 1,948,999 | 1,504,687 | 1,504,687 |
| 3.04 | Cost of Goods and/or Services Sold | (1,180,380) | (1,180,380) | (1,003,240) | (1,003,240) |
| 3.04.01 | Depreciation, Depletion and Amortization | (192,541) | (192,541) | (205,110) | (205,110) |
| 3.04.02 | Other | (987,839) | (987,839) | (798,130) | (798,130) |
| 3.05 | Gross Income | 768,619 | 768,619 | 501,447 | 501,447 |
| 3.06 | Operating Income/Expenses | 227,514 | 227,514 | (55,201) | (55,201) |
| 3.06.01 | Selling | (68,532) | (68,532) | (65,830) | (65,830) |
| 3.06.01.01 | Depreciation and Amortization | (1,606) | (1,606) | (2,168) | (2,168) |
| 3.06.01.02 | Others | (66,926) | (66,926) | (63,662) | (63,662) |
| 3.06.02 | General and Administrative | (58,283) | (58,283) | (51,951) | (51,951) |
| 3.06.02.01 | Depreciation and Amortization | (4,268) | (4,268) | (3,601) | (3,601) |
| 3.06.02.02 | Others | (54,015) | (54,015) | (48,350) | (48,350) |
| 3.06.03 | Financial | (94,744) | (94,744) | (150,433) | (150,433) |
| 3.06.03.01 | Financial Income | (105,257) | (105,257) | (340,591) | (340,591) |
| 3.06.03.02 | Financial Expenses | 10,513 | 10,513 | 190,158 | 190,158 |
| 3.06.03.02.01 | Foreign Exchange and Monetary Variation, net | 285,275 | 285,275 | 461,577 | 461,577 |
| 3.06.03.02.02 | Financial Expenses | (274,762) | (274,762) | (271,419) | (271,419) |
| 3.06.04 | Other Operating Income | 2,298 | 2,298 | 187,630 | 187,630 |
| 3.06.05 | Other Operating Expenses | (40,920) | (40,920) | (57,565) | (57,565) |
| 3.06.06 | Equity pick-up | 487,695 | 487,695 | 82,948 | 82,948 |
| 3.07 | Operating Income | 996,133 | 996,133 | 446,246 | 446,246 |
| 3.08 | Non-Operating Income | (1,023) | (1,023) | 104 | 104 |
| 3.08.01 | Income | 1 | 1 | 1 | 1 |

03.01 - STATEMENT OF INCOME (in thousands of reais)

| 1- CODE | 2- DESCRIPTION | 3- 1/1/2007 to 3/31/2007 | 4- 1/1/2007 to 3/31/2007 | 5- 1/1/2006 to 3/31/2006 | 6- 1/1/2006 to 3/31/2006 |
|----------------|---|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| 3.08.02 | Expenses | (1,024) | (1,024) | 103 | 103 |
| 3.09 | Income before Taxes/Participations | 995,110 | 995,110 | 446,350 | 446,350 |
| 3.10 | Provision for Income Tax and Social Contribution | (215,983) | (215,983) | (163,932) | (163,932) |
| 3.11 | Deferred Income Tax | (25,639) | (25,639) | 15,610 | 15,610 |
| 3.11.01 | Deferred Income Tax | (18,130) | (18,130) | 13,760 | 13,760 |
| 3.11.02 | Deferred Social Contribution | (7,509) | (7,509) | 1,850 | 1,850 |
| 3.12 | Statutory Participations/Contributions | 0 | 0 | 0 | 0 |
| 3.12.01 | Participations | 0 | 0 | 0 | 0 |
| 3.12.02 | Contributions | 0 | 0 | 0 | 0 |
| 3.13 | Reversal of Interest on Own Capital | 0 | 0 | 0 | 0 |
| 3.15 | Income/ Loss for the Period | 753,488 | 753,488 | 298,028 | 298,028 |
| | OUTSTANDING SHARES, EX-TREASURY (in thousands) | 256,490 | 256,490 | 257,413 | 257,413 |
| | EARNINGS PER SHARE (in reais) | 2.93769 | 2.93769 | 1.15778 | 1.15778 |
| | LOSS PER SHARE (in reais) | | | | |

00403-0

COMPANHIA SIDERÚRGICA NACIONAL

33.042.730/0001-04

04.01 NOTES TO THE FINANCIAL STATEMENTS

(In thousands of reais, unless otherwise stated)

1. OPERATING CONTEXT

Companhia Siderúrgica Nacional (CSN) is engaged in the production of flat steel products, its main industrial complex being the Presidente Vargas Steelworks (UPV) located in the City of Volta Redonda, State of Rio de Janeiro.

CSN is engaged in the mining of iron ore, limestone and dolomite, in the State of Minas Gerais and tin in the State of Rondônia to meet the needs of UPV, maintains strategic investments in railroad, electricity and ports, to optimize its activities and it is implementing a cement plant in Volta Redonda.

To be closer to customers and win additional markets on a global level, CSN has, in Brazil, a steel distributor, two metal package plants, one for the manufacture of two-piece steel cans, besides a galvanized steel plant in the South of Brazil to supply home appliances and another in the Southeast supplying the automotive industry. Abroad, the Company has a rolling mill in Portugal and another mill in the United States.

2. PRESENTATION OF THE FINANCIAL STATEMENTS

In compliance with the configuration of the form of the Quarterly Financial Information form, the Statements of Changes in Financial Position and of Cash Flows of the parent company and consolidated are presented in the item Other information considered material by the Company .

3. SIGNIFICANT ACCOUNTING PRACTICES

The financial statements were prepared in conformity with the accounting practices followed in Brazil, as well as with the accounting standards and pronouncements issued by the Brazilian Securities Commission CVM.

(a) Statement of Income

The results of operations are determined on an accrual basis.

(b) Marketable securities

The investment funds have daily liquidity and have assets valued at market as per instructions of the Central Bank of Brazil and CVM, since the Company considers these investments as securities retained for trading.

Fixed income securities and financial investments abroad are recorded at cost plus yields accrued through the balance sheet date, and do not exceed market value.

(c) Allowance for doubtful accounts

The allowance for doubtful accounts has been set up in an amount which, in the opinion of Management, is enough to absorb any losses that might be incurred in realizing accounts receivable.

(d) Inventories

Inventories are stated at their average cost of acquisition or production and on-going imports are recorded at their cost of acquisition, not exceeding their market or realization values. Provisions for losses or obsolescence are recorded whenever the management deems necessary.

(e) Other current and non-current assets

Other current and long-term assets are presented at their realization value, including, when applicable, income earned to the balance sheet date or, in the case of prepaid expenses, at cost.

(f) Investments

Investments in subsidiaries and jointly-owned subsidiary companies are recorded by the equity accounting method, adjusted for any amortizable goodwill, if applicable. Other permanent investments are recorded at acquisition cost.

(g) Property, plant and equipment

The property, plant and equipment of the parent company is presented at market or replacement values, based on appraisal reports conducted by independent expert appraisal firms, as permitted by Deliberation 288 issued by the Brazilian Securities Commission on December 3, 1998. Depreciation is computed by the straight-line method, based on the remaining economic useful lives of the assets after revaluation. Depletion of the iron mine Casa de Pedra is calculated on the basis of the quantity of iron ore extracted, and interest charges related to capital funding for construction in progress are capitalized for as long as the projects remain in construction.

(h) Deferred charges

The deferred charges of expenses incurred for development and implementation of projects that should generate a payback to the Company in the next few years, with the amortization applied on a straight-line basis based on the period foreseen for the economic return on the above projects.

(i) Current and non-current liabilities

These are stated at their known or estimated values, including, when applicable, accrued charges, monetary and foreign exchange variation incurred up to the balance sheet date.

(j) Employees benefit

In accordance with Deliberation 371, issued by the Brazilian Securities Commission, on December 13, 2000, the Company decided to record the respective actuarial liabilities as from January 1, 2002, in accordance with the above-mentioned reported deliberation and based on studies by independent actuaries.

(k) Income Tax and Social Contribution

Income tax and social contribution on net income are calculated based on their effective tax rates and consider the tax loss carryforward and negative basis of social contribution limited to 30% of taxable income, to compute the tax liability. Tax credits are set up for deferred taxes on tax losses, negative basis of social contribution on net income and on temporary differences, pursuant to CVM Instruction 371/02.

(l) Derivatives

The derivatives operations are recorded in accordance with the characteristics of the financial instruments. Swap operations are recorded based on the operations net results, which are booked monthly in line with the contractual conditions.

Exchange options are adjusted monthly to market value whenever the position shows a loss. These losses are recognized as Company's liability with the corresponding entry in the financial results. Options traded through exclusive funds are adjusted to market value and futures contracts have their positions adjusted to market daily by the Futures and Commodities Exchange (BM&F) with recognition of gains and losses directly in results.

(m) Treasury Shares

As established by CVM Instruction 10/80, treasury shares are recorded at acquisition cost.

(n) Estimates

Pursuant to the accounting practices followed in Brazil, the preparation of the Financial Statements requires the Company's Management to make estimates and assumptions related to the assets and liabilities reported, the disclosure of contingent assets and liabilities on the balance sheet date and the amount of income and expenses during the year. The final results may differ from these estimates.

4. CONSOLIDATED QUARTERLY INFORMATION

The consolidated Quarterly Information for the quarter ended March 31, 2007 and the year ended December 31, 2006 included the following direct and indirect subsidiaries and jointly-owned subsidiaries:

| Companies | Currency of origin | Ownership interest (%) | | Main activities |
|---|-----------------------|------------------------|------------|--|
| | | 3/31/2007 | 12/31/2006 | |
| Direct investment: full consolidation | | | | |
| CSN Energy | US\$ | 100.00 | 100.00 | Equity interest |
| CSN Export | US\$ | 100.00 | 100.00 | Financial operations and trading |
| CSN Islands VII | US\$ | 100.00 | 100.00 | Financial operations |
| CSN Islands VIII | US\$ | 100.00 | 100.00 | Financial operations |
| CSN Islands IX | US\$ | 100.00 | 100.00 | Financial operations |
| CSN Islands X | US\$ | 100.00 | 100.00 | Financial operations |
| CSN Overseas | US\$ | 100.00 | 100.00 | Financial operations and equity interest |
| CSN Panama | US\$ | 100.00 | 100.00 | Financial operations and equity interest |
| CSN Steel | US\$ | 100.00 | 100.00 | Financial operations and equity interest |
| CSN I | R\$ | 100.00 | 100.00 | Equity interest |
| Sepetiba Tecon | R\$ | 100.00 | 100.00 | Maritime port services |
| Nacional Ferrosos | R\$ | 100.00 | | Mining and equity interest |
| Estanho de Rondônia - ERSA | R\$ | 99.99 | 99.99 | Mining |
| Cia. Metalic Nordeste | R\$ | 99.99 | 99.99 | Package production |
| Indústria Nacional de Aços Laminados - INAL | R\$ | 99.99 | 99.99 | Steel products service center |
| CSN Cimentos | R\$ | 99.99 | 99.99 | Cement production |
| Inal Nordeste | R\$ | 99.99 | 99.99 | Steel products service center |
| CSN Energia | R\$ | 99.90 | 99.90 | Trading of electricity |
| Nacional Minérios | R\$ | 99.99 | 99.99 | Mining and equity interest |
| GalvaSud | R\$ | 15.29 | 15.29 | Steel industry |
| Direct investment: proportionate consolidation | | | | |
| Itá Energética | R\$ | 48.75 | 48.75 | Electricity Generation |
| Companhia Ferroviária do Nordeste (CFN) | R\$ | 45.78 | 45.78 | Railroad transportation |
| MRS Logística | R\$ | 32.93 | 32.93 | Railroad transportation |
| Indirect investment: full consolidation | | | | |
| CSN Aceros | US\$ | 100.00 | 100.00 | Equity interest |
| CSN Cayman | US\$ | 100.00 | 100.00 | Financial operations and trading |
| CSN Iron | US\$ | 100.00 | 100.00 | Financial operations |
| Companhia Siderúrgica Nacional LLC | US\$ | 100.00 | 100.00 | Steel industry |
| CSN LLC Holding Corp | US\$ | 100.00 | 100.00 | Equity interest |
| | US\$ | 100.00 | 100.00 | Equity interest |

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| | | | | |
|--|------|--------|--------|--|
| Companhia Siderúrgica Nacional Partner | | | | |
| LLC | | | | |
| Energy I | US\$ | 100.00 | 100.00 | Equity interest |
| Tangua | US\$ | 100.00 | 100.00 | Equity interest |
| CSN Madeira ^(a) | EUR | 100.00 | 100.00 | Financial operations and equity interest |
| Cinnabar | EUR | 100.00 | 100.00 | Financial operations and equity interest |
| Hickory | EUR | 100.00 | 100.00 | Financial operations and trading |
| Lusosider Projetos Siderúrgicos | EUR | 100.00 | 100.00 | Equity Interest |
| CSN Finance | GBP | 100.00 | 100.00 | Financial operations and equity interest |
| CSN Holdings (UK) | GBP | 100.00 | 100.00 | Financial operations and equity interest |
| Cia Metalúrgica Prada | R\$ | 100.00 | 100.00 | Package production |
| Itamambuca Participações | R\$ | 100.00 | 100.00 | Mining and equity interest |
| Lusosider Aços Planos | EUR | 99.93 | 99.93 | Steel Industry |
| GalvaSud | R\$ | 84.71 | 84.71 | Steel Industry |

(a) As of December 31, 2006, the company CSN Madeira was called Jaycee.

The Financial Statements prepared in US dollars, in Euros and in Great Britain Pounds were translated to Brazilian currency at the exchange rate as of March 31, 2007 R\$/US\$2.0504 (R\$/US\$2.1380 on December 31, 2006), R\$/EUR2.73892 (R\$/EUR2.82024 on December 31, 2006) and R\$/GBP4.03437 (R\$/GBP4.18535 on December 31,2006).

The gains and losses from this translation were recorded in the income statements of the related periods, as equity accounting in the parent company and exchange variation in the consolidated entity and said quarterly information was prepared applying the same accounting principles as those applied by the parent company.

In the preparation of the consolidated quarterly information, the consolidated intercompany balances were eliminated, such as intercompany investments, equity accounting, asset and liability balances, revenues and expenses and unrealized profits resulting from operations among these companies.

Pursuant to the CVM Instruction 408/04 the Company consolidates the financial statements of the exclusive investment funds.

The reference date for the subsidiaries and jointly-owned subsidiaries financial statements 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 in the period | |
|---------------------------------------|--------------|------------|--------------------------|-----------|
| | 3/31/2007 | 12/31/2006 | 3/31/2007 | 3/31/2006 |
| Parent Company | 6,881,395 | 6,226,576 | 753,488 | 298,028 |
| Elimination of profits on inventories | (93,017) | (102,432) | 9,415 | 42,390 |
| Consolidated | 6,788,378 | 6,124,144 | 762,903 | 340,418 |

5. RELATED PARTY TRANSACTIONS

Purchase trade transactions, sale of products and inputs and contracting of services with subsidiaries are performed under usual conditions applicable to non-related parties, such as prices, terms, charges, quality etc. The main loans, financing operations and mutual contracts are as follows:

a) Assets

| Companies | Accounts receivable | Financial Investments | Mutual ⁽¹⁾ | Debentures | Dividends receivable | Advance for future capital increase | Advance to suppliers | Total |
|-----------------------------|-------------------------|-----------------------|-----------------------|---------------|----------------------|-------------------------------------|----------------------|------------------|
| CSN Export | 1,133,690 | | | | | | | 1,133,690 |
| Exclusive Funds | | 828,781 | | | | | | 828,781 |
| INAL | 91,553 | | | | 82,302 | | | 173,855 |
| CFN | | | 119,989 | | | 53,267 | | 173,256 |
| MRS Logística | 16 | | | | 84,617 | | 23,505 | 108,138 |
| Sepetiba Tecon | 425 | | | 36,000 | | 62,785 | 823 | 100,033 |
| CSN Cimentos | | | 14,251 | | | 32,404 | | 46,655 |
| CSN Energia | | | | | 26,973 | | 4 | 26,977 |
| Companhia Metalúrgica Prada | 12,791 | | 12,023 | | | | | 24,814 |
| CSN Madeira | 10,062 | | | | | | | 10,062 |
| Ersa | 5 | | | | 110 | | 8,163 | 8,278 |
| GalvaSud | 5,526 | | | | 156 | | | 5,682 |
| Cia. Metalic Nordeste | 4,764 | | | | | | | 4,764 |
| Nacional | | | | | | | | |
| Minérios | | | | | | 3,629 | | 3,629 |
| Itá Energética | | | | | 3,286 | | | 3,286 |
| INAL Nordeste | 2,936 | | | | | | | 2,936 |
| CSN I | | | | | 860 | | | 860 |
| CSN LLC | 659 | | | | | | | 659 |
| Others ⁽²⁾ | 1 | | | | | | 6 | 7 |
| Total at 3/31/2007 | <u>1,262,428</u> | 828,781 | 146,263 | 36,000 | 198,304 | 152,085 | 32,501 | 2,656,362 |
| Total at 12/31/2006 | 1,054,991 | 383,290 | 135,497 | 36,000 | 198,304 | 147,156 | 26,580 | 1,981,818 |

(1) Receivable mutual agreements with related parties are restated by 101% of CDI.

(2) Other: Fundação CSN and CBS Previdência

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b) Liabilities

| Companies | Loans and financing | | | | Derivatives | Accounts payable | Suppliers | | Total |
|----------------------------------|---------------------|------------------------|-------------------------|--------------------------|----------------|------------------------------------|--------------------------|----------------|------------------|
| | Prepayment (1) | Fixed Rate Notes(2) | Loans from Investees | Intercompany Bonds(2) | Swap | Mutual(3)/ checking accounts | Investees Inventories | Other | |
| CSN Steel | 1,110,234 | 628,075 | | | | 269,225 | | | 2,007,534 |
| CSN Iron | | | | 1,267,347 | | | | | 1,267,347 |
| CSN Islands VIII | | 1,044,993 | | | 115,408 | 1,884 | | | 1,162,285 |
| CSN Export CSN Islands VII | 1,044,023 | | | | | 11,212 | | | 1,055,235 |
| CSN Madeira | | 554,142 | | | 13,234 | | | | 567,376 |
| Cinnabar | 65,457 | | 21,841 | | | 311,701 | | | 333,542 |
| CBS | | | 73,979 | | | 41,847 | | | 181,283 |
| Previdência MRS | | | | | | | | 273,642 | 273,642 |
| Logística CSN | | | | | | | | 61,918 | 61,918 |
| Energia | | | | | | 23,084 | | | 23,084 |
| Aceros | | | | | | 20,612 | | | 20,612 |
| GalvaSud INAL | | | | | | | | 14,866 | 14,866 |
| Nordeste INAL | | | | | | | 386 | 9 | 395 |
| Cia Metalic Nordeste | | | | | | | | 232 | 232 |
| | | | | | | | | 47 | 47 |
| Total on 3/31/2007 | 2,219,714 | 2,227,210 | 95,820 | 1,267,347 | 128,642 | 679,565 | 386 | 350,714 | 6,969,398 |
| Total on 12/31/2006 | 2,588,409 | 2,303,574 | 94,556 | 1,292,230 | 142,377 | 706,351 | 3,930 | 353,218 | 7,484,645 |

(1) Contracts in US\$ - CSN Export: interest of 6.15% to 7.46% p.a. with maturity on 5/6/2015
 Contracts in US\$ - CSN Cinnabar: interest of 5.07% to 8.71% p.a. with maturity on 6/28/2008
 Contracts in US\$ - CSN Steel: interest of 5.75% to 10.0% p.a. with maturity on 1/13/2017

(2) Contracts in US\$ - CSN Iron: interest of 9.125% p.a. with maturity on 6/1/2007.
 Contracts in YEN - CSN Islands VII: interest of 7.3% and 7.75% p.a. with maturity on 9/12/2008.
 Contracts in YEN - CSN Islands VIII: interest of 5.65% p.a. with maturity on 12/15/2013.
 Contracts in YEN - CSN Steel: interest of 1.5% p.a. with maturity on 7/13/2010.

- (3) Information referring to mutual agreements with related parties.
CSN Madeira (part): semiannual Libor + 3% p.a. with indeterminate maturity.
CSN Madeira (part): semiannual Libor + 2.5% p.a. with maturity on 9/15/2011.
Cinnabar (part): semiannual Libor + 3% p.a. with indeterminate maturity and IGPM + 6% p.a. with indeterminate maturity.
CSN Export: semiannual Euribor + 0.5% p.a. with indeterminate maturity.

c) Results

| Companies | Income | | | Expenses | | | |
|-----------------------|-----------------------|---|-----------|-----------------------|---|--------|----------|
| | Products and services | Interest and monetary and exchange variations | Total | Products and services | Interest and monetary and exchange variations | Other | Total |
| CSN Export | 487,928 | (41,624) | 446,304 | 391,034 | (27,643) | | 363,391 |
| INAL | 243,952 | | 243,952 | 121,275 | | | 121,275 |
| GalvaSud | 43,768 | | 43,768 | 74,183 | | | 74,183 |
| Companhia Metalúrgica | | | | | | | |
| Prada | 57,635 | 23 | 57,658 | 19,668 | | | 19,668 |
| Cia Metalic Nordeste | 16,151 | 173 | 16,324 | 10,136 | | | 10,136 |
| INAL Nordeste | 7,968 | | 7,968 | 5,611 | | | 5,611 |
| MRS Logística | 16 | | 16 | 51,431 | | | 51,431 |
| CFN | | 3,811 | 3,811 | | | | |
| CBS Previdência | | | | | | 966 | 966 |
| Itá Energética | | | | 25,063 | | | 25,063 |
| Fundação CSN | | | | 2,064 | | | 2,064 |
| Cinnabar | | | | | (2,354) | | (2,354) |
| CSN Iron | | | | | 7,518 | | 7,518 |
| CSN Steel | | | | | (85,811) | | (85,811) |
| CSN Madeira | | (430) | (430) | | (13,446) | | (13,446) |
| CSN Islands VII | | (1,856) | (1,856) | | (7,072) | | (7,072) |
| CSN Islands VIII | | (2,244) | (2,244) | | (18,737) | | (18,737) |
| Exclusive Funds | | (124,938) | (124,938) | | | | |
| CSN Aceros | | | | | (892) | | (892) |
| Sepetiba Tecon | | | | 41 | | | 41 |
| Total at 3/31/2007 | 857,418 | (167,085) | 690,333 | 700,506 | (148,437) | 966 | 553,035 |
| Total at 3/31/2006 | 587,138 | (424,497) | 162,641 | 591,254 | (432,943) | 32,873 | 191,184 |

6. CASH AND CASH EQUIVALENTS AND MARKETABLE SECURITIES

| | Consolidated | | Parent Company | |
|---|---------------------|------------------|-----------------------|----------------|
| | 3/31/2007 | 12/31/2006 | 3/31/2007 | 12/31/2006 |
| Short-term | | | | |
| Cash and Cash Equivalents | | | | |
| Cash and Banks | 77,557 | 167,288 | 11,679 | 71,389 |
| Financial Investments | | | | |
| In the country: | | | | |
| Exclusive investment funds | | | 828,781 | 383,290 |
| Brazilian government securities | 1,320,090 | 833,919 | | |
| Fixed income and debentures (net of provision for probable losses and withholding income tax) | 303,626 | 250,178 | 1,167 | 1,152 |
| | 1,623,716 | 1,084,097 | 829,948 | 384,442 |
| Abroad: | | | | |
| Time Deposit | 757,230 | 881,713 | 154,308 | 133,032 |
| Derivatives | 728,386 | 490,003 | | |
| | 1,485,616 | 1,371,716 | 154,308 | 133,032 |
| Total Financial Investments | 3,109,332 | 2,455,813 | 984,256 | 517,474 |
| Total cash and cash equivalents and financial investments | 3,186,889 | 2,623,101 | 995,935 | 588,863 |
| Long-term | | | | |
| Investment abroad | 51,260 | 53,450 | | |
| Fixed income and debentures (net of provision for probable losses and withholding income tax) | 89,673 | 89,673 | 125,673 | 125,673 |
| | 140,933 | 143,123 | 125,673 | 125,673 |
| Total cash and cash equivalents and financial investments | 3,327,822 | 2,766,224 | 1,121,608 | 714,536 |

The Company's Management invests available financial resources of the parent company and subsidiaries headquartered in the country basically in exclusive investment funds, whose cash is mostly invested in purchase and sale commitments pegged to Brazilian government securities, with immediate liquidity. Additionally, a significant portion of the Company's and its subsidiaries' financial resources abroad is invested in Time Deposits, with first-tier banks.

7. ACCOUNTS RECEIVABLE

| | Consolidated | | Parent Company | |
|--|---------------------|------------|-----------------------|------------|
| | 3/31/2007 | 12/31/2006 | 3/31/2007 | 12/31/2006 |
| Domestic market | | | | |
| Subsidiaries | | | 118,017 | 63,346 |
| Other customers | 755,472 | 765,612 | 447,786 | 427,183 |
| | 755,472 | 765,612 | 565,803 | 490,529 |
| Foreign market | | | | |
| Subsidiaries | | | 1,144,412 | 991,645 |
| Other customers | 582,246 | 635,920 | 6,308 | 16,327 |
| Advance on Export Contracts (ACE) | (113,891) | | (113,891) | |
| | 468,355 | 635,920 | 1,036,829 | 1,007,972 |
| Allowance for doubtful accounts | (110,053) | (109,241) | (70,870) | (69,635) |
| | 1,113,774 | 1,292,291 | 1,531,762 | 1,428,866 |

8. INVENTORIES

| | Consolidated | | Parent Company | |
|----------------------|---------------------|------------|-----------------------|------------|
| | 3/31/2007 | 12/31/2006 | 3/31/2007 | 12/31/2006 |
| Finished products | 621,922 | 554,624 | 330,774 | 308,273 |
| Work in process | 516,142 | 510,732 | 369,523 | 370,800 |
| Raw materials | 768,905 | 767,357 | 587,995 | 496,428 |
| Supplies | 489,754 | 465,241 | 409,835 | 385,227 |
| Imports in transit | 2,437 | 22,449 | | 20,279 |
| Materials in transit | 74,256 | 125,614 | 1,384 | 78,096 |
| Provision for losses | (15,956) | (10,736) | (14,930) | (9,173) |
| | 2,457,460 | 2,435,281 | 1,684,581 | 1,649,930 |

9. DEFERRED INCOME TAX AND SOCIAL CONTRIBUTION

(a) Deferred Income Tax and Social Contribution

| | Consolidated | | Parent Company | |
|------------------------------|---------------------|------------|-----------------------|------------|
| | 3/31/2007 | 12/31/2006 | 3/31/2007 | 12/31/2006 |
| Current assets | | | | |
| Income tax | 326,777 | 317,042 | 244,028 | 235,030 |
| Social contribution | 116,111 | 112,588 | 86,201 | 82,962 |
| | 442,888 | 429,630 | 330,229 | 317,992 |
| Long-term assets | | | | |
| Income tax | 482,826 | 437,005 | 427,768 | 417,046 |
| Social contribution | 134,896 | 119,155 | 114,762 | 111,884 |
| | 617,722 | 556,160 | 542,530 | 528,930 |
| Current liabilities | | | | |
| Income tax | 154,163 | 93,000 | 154,163 | 93,000 |
| Social contribution | 55,499 | 33,480 | 55,499 | 33,480 |
| | 209,662 | 126,480 | 209,662 | 126,480 |
| Long-term liabilities | | | | |
| Income tax | 1,464,592 | 1,487,932 | 1,449,853 | 1,473,166 |
| Social contribution | 527,189 | 535,640 | 521,947 | 530,340 |
| | 1,991,781 | 2,023,572 | 1,971,800 | 2,003,506 |
| | 3/31/2007 | 3/31/2006 | 3/31/2007 | 3/31/2006 |
| Income | | | | |
| Income tax | 18,297 | (5,525) | (18,130) | 13,760 |
| Social contribution | 5,910 | (5,065) | (7,509) | 1,850 |
| | 24,207 | (10,590) | (25,639) | 15,610 |

(b) The deferred income tax and social contribution of the parent company are shown as follows:

| 3/31/2007 | | 12/31/2006 | |
|------------|---------------------|------------|---------------------|
| Income tax | Social contribution | Income tax | Social contribution |
| | | | |

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| | Current | Long-term | Current | Long-term | Current | Long-term | Current | Long-term |
|---|---------|-----------|---------|-----------|---------|------------------|---------|-----------|
| Assets | | | | | | | | |
| Provisions for contingencies | 11,014 | 178,922 | 3,965 | 64,412 | 13,396 | 159,935 | 4,823 | 57,577 |
| Provision for interest on own capital | 51,618 | | 18,582 | | 43,620 | | 15,703 | |
| Provision for payment of private pension plans | | 56,024 | | 20,168 | | 71,735 | | 25,824 |
| Taxes under litigation | | 108,984 | | | | 106,256 | | |
| Tax losses | 4,580 | | | | 4,580 | | | |
| Other | 176,816 | 83,838 | 63,654 | 30,182 | 173,434 | 79,120 | 62,436 | 28,483 |
| | 244,028 | 427,768 | 86,201 | 114,762 | 235,030 | 417,046 | 82,962 | 111,884 |
| Liabilities | | | | | | | | |
| Income tax and social contribution on revaluation reserve | 93,000 | 1,449,853 | 33,480 | 521,947 | 93,000 | 1,473,166 | 33,480 | 530,340 |
| Other | 61,163 | | 22,019 | | | | | |
| | 154,163 | 1,449,853 | 55,499 | 521,947 | 93,000 | <u>1,473,166</u> | 33,480 | 530,340 |

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(c) Following is the reconciliation between the income tax and social contribution of the parent company and consolidated, and the application of the effective rate on net income before Corporate Income tax (IRPJ) and Social Contribution (CSL):

| | 3/31/2007 | | Consolidated 3/31/2006 | |
|---|----------------------------|------------------------|----------------------------|------------------------|
| | Corporate Income tax | Social contribution | Corporate Income tax | Social contribution |
| Income before income tax and social contribution | 1,053,467 | 1,053,467 | 560,619 | 560,619 |
| (-) Interest on own capital total expense | (31,990) | (31,990) | (43,796) | (43,796) |
| Income before income tax and social contribution - adjusted | 1,021,477 | 1,021,477 | 516,823 | 516,823 |
| - Tax rate | 25% | 9% | 25% | 9% |
| Total | (255,369) | (91,933) | (129,206) | (46,514) |
| Adjustments to reflect the effective tax rate: | | | | |
| Non taxable income abroad on Social Contribution on Net Income | | 29,017 | | |
| Exchange variation on foreign investments | (26,568) | (9,565) | (21,266) | (7,656) |
| Deferred on tax losses | 38,604 | 14,141 | | |
| Other permanent (additions) deductions | 14,072 | (2,963) | (14,557) | (1,002) |
| Consolidated current and deferred income tax and social contribution | (229,261) | (61,303) | (165,029) | (55,172) |

| | 3/31/2007 | | Parent Company 3/31/2006 | |
|--|----------------------------|------------------------|-----------------------------|------------------------|
| | Corporate Income tax | Social contribution | Corporate Income tax | Social contribution |
| Income before income tax and social contribution | 995,110 | 995,110 | 446,350 | 446,350 |
| (-) Interest on own capital total expense | (31,990) | (31,990) | (43,796) | (43,796) |
| Income before income tax and social contribution - adjusted | 963,120 | 963,120 | 402,554 | 402,554 |
| - Tax rate | 25% | 9% | 25% | 9% |
| Total | (240,780) | (86,681) | (100,639) | (36,230) |
| Adjustments to reflect the effective tax rate: | | | | |
| Equity pick-up | 128,633 | 46,308 | 24,167 | 8,700 |
| Income from foreign subsidiaries | (61,163) | (22,019) | (33,645) | (12,112) |
| Other permanent (additions) deductions | (4,265) | (1,655) | 992 | 445 |

**Parent company current and deferred income tax and
social
contribution**

(177,575) (64,047) (109,125) (39,197)

10. INVESTMENTS**a) Direct investments in subsidiaries and jointly-owned subsidiaries**

| Companies | Number of shares | | 3/31/2007 | | | 12/31/2006 | | |
|-------------------|------------------|-------------|---------------------|----------------------------------|---|---------------------|--------------------------------|---|
| | | | Direct investment % | Net income (loss) for the period | Shareholders equity (unsecured liabilities) | Direct investment % | Net income (loss) for the year | Shareholders equity (unsecured liabilities) |
| | | | Common | Preferred | | | | |
| Steel | | | | | | | | |
| GalvaSud | 11,801,406,867 | | 15.29 | 22,211 | 623,688 | 15.29 | 81,064 | 601,478 |
| CSN I | 9,996,751,600 | 1,200 | 100.00 | 13,436 | 592,448 | 100.00 | 40,838 | 579,012 |
| CSN Steel | 480,726,588 | | 100.00 | 244,651 | 1,398,540 | 100.00 | 185,355 | 1,203,187 |
| INAL Cia. Metalic | 421,408,393 | | 99.99 | 60,828 | 621,123 | 99.99 | 58,634 | 560,295 |
| Nordeste INAL | 87,868,185 | 4,424,971 | 99.99 | 1,290 | 115,929 | 99.99 | 12,206 | 114,638 |
| Nordeste CSN | 37,800,000 | | 99.99 | 835 | 36,243 | 99.99 | 2,830 | 34,611 |
| Overseas CSN | 7,173,411 | | 100.00 | 14,238 | 1,010,946 | 100.00 | 66,348 | 1,039,292 |
| Panama CSN | 4,240,032 | | 100.00 | 242,717 | 614,919 | 100.00 | 12,438 | 388,104 |
| Energy CSN | 3,675,319 | | 100.00 | (5,235) | 354,667 | 100.00 | (35,971) | 375,278 |
| Export CSN | 31,954 | | 100.00 | 6,679 | 99,158 | 100.00 | 10,503 | 96,430 |
| Islands VII CSN | 1,000 | | 100.00 | 55 | 684 | 100.00 | 878 | 656 |
| Islands VIII CSN | 1,000 | | 100.00 | (68) | 4,269 | 100.00 | 2,274 | 4,522 |
| Islands IX CSN | 1,000 | | 100.00 | (969) | 9,326 | 100.00 | (15,129) | 10,735 |
| Islands X CSN | 1,000 | | 100.00 | (1,169) | (26,101) | 100.00 | (4,027) | (25,997) |
| Logistics | | | | | | | | |
| MRS Logistica | 188,332,667 | 151,667,333 | 32.93 | 121,533 | 1,034,745 | 32.22 | 540,940 | 913,210 |
| CFN Sepetiba | 118,939,957 | | 45.78 | (15,806) | (106,062) | 49.99 | (60,704) | (90,257) |
| Tecon | 62,220,270 | | 100.00 | 5,181 | 32,047 | 20.00 | 38,938 | 26,866 |
| Energy | | | | | | | | |

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| | | | | | | | | |
|---------------|-------------|-------|---------|----------|--------|----------|----------|--|
| Itá | | | | | | | | |
| Energética | 520,219,172 | 48.75 | 11,933 | 579,514 | 48.75 | 28,380 | 567,580 | |
| CSN | | | | | | | | |
| Energia | 1,000 | 99.90 | 1,225 | 92,121 | 99.90 | 3,566 | 90,895 | |
| Mining | | | | | | | | |
| ERSA | 34,236,307 | 99.99 | (182) | 19,912 | 100.00 | 2,072 | 20,093 | |
| Nacional | | | | | | | | |
| Minérios | 30,000,000 | 99.99 | 7,580 | 37,580 | | | 8,000 | |
| Cement | | | | | | | | |
| CSN | | | | | | | | |
| Cimentos | 376,337 | 99.99 | (7,140) | (46,494) | 99.99 | (14,117) | (39,353) | |

b) Investments breakdown

| | 12/31/2006 | | | | 3/31/2007 | | |
|-----------------------|----------------------------|------------------------------|----------------------|---|--------------------------------------|--------------------------|------------------------------|
| Companies | Initial investment balance | Provision for losses balance | Addition (write-off) | Equity pick-up and provision for losses | Goodwill amortization ⁽¹⁾ | Final investment balance | Provision for losses balance |
| Steel | | | | | | | |
| GalvaSud | 91,966 | | | 3,396 | | 95,362 | |
| CSN I | 579,012 | | | 13,436 | | 592,448 | |
| CSN Steel | 1,203,187 | | | 195,353 | | 1,398,540 | |
| INAL | 560,295 | | | 60,828 | | 621,123 | |
| Cia. Metalic Nordeste | 147,814 | | | 1,290 | (8,297) | 140,807 | |
| INAL Nordeste | 34,611 | | | 1,632 | | 36,243 | |
| CSN Overseas | 1,039,292 | | | (28,346) | | 1,010,946 | |
| CSN Panama | 388,104 | | | 226,815 | | 614,919 | |
| CSN Energy | 375,278 | | | (20,611) | | 354,667 | |
| CSN Export | 96,430 | | | 2,728 | | 99,158 | |
| CSN Islands VII | 656 | | | 28 | | 684 | |
| CSN Islands VIII | 4,522 | | | (253) | | 4,269 | |
| CSN Islands IX | 10,735 | | | (1,409) | | 9,326 | |
| CSN Islands X | | (25,997) | | (104) | | | (26,101) |
| | 4,531,902 | (25,997) | | 454,783 | (8,297) | 4,978,492 | (26,101) |
| Logistics | | | | | | | |
| MRS Logistica | 300,736 | | | 40,023 | | 340,759 | |
| CFN | | (41,322) | | (7,236) | | | (48,558) |
| SePETIBA | 26,866 | | | 5,181 | | 32,047 | |
| Tecon | | | | | | | |
| | 327,602 | (41,322) | | 37,968 | | 372,806 | (48,558) |
| Energy | | | | | | | |
| Itá | | | | | | | |
| Energética | 276,695 | | | 5,818 | | 282,513 | |
| CSN Energia | 90,805 | | | 1,224 | | 92,029 | |
| | 367,500 | | | 7,042 | | 374,542 | |
| Mining | | | | | | | |

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| | | | | | | | |
|-------------------------------------|-----------|-----------|--------|---------|----------|-----------|-----------|
| ERSA | 74,206 | | | (182) | (4,058) | 69,966 | |
| Nacional Minérios ⁽²⁾ | 7,999 | 22,002 | | 7,580 | (1) | 37,580 | |
| Cement | 82,205 | 22,002 | | 7,398 | (4,059) | 107,546 | |
| CSN Cimentos | | (39,354) | | (7,140) | | | (46,494) |
| | | (39,354) | | (7,140) | | | (46,494) |
| | 5,309,209 | (106,673) | 22,002 | 500,051 | (12,356) | 5,833,386 | (121,153) |
| Total | 5,309,209 | (106,673) | | | 487,695 | 5,833,386 | (121,153) |

(1) This comprises the balance of the parent company's equity in the earnings of subsidiary and associated companies. The balances of consolidated goodwill are shown in item (e) of this note.

(2) The addition refers to the capital increase with the issuance of 22,000,000 common shares, by means of capitalization of Advance for future capital increase - AFAC.

c) Additional Information on the main subsidiaries

GALVASUD

Incorporated in 1998, GalvaSud started operating in December, 2000. GalvaSud, located in Porto Real, in the state of Rio de Janeiro, operates a galvanization line by hot immersion, a blank cut line and a weld laser line directed mainly to the automotive industry, and it also operates service centers for steel product processing.

CSN is the holder of a 15.29% participation on a direct basis and of an 84.71% participation on an indirect basis of GalvaSud's capital stock, by means of its wholly-owned subsidiary CSN I.

INDÚSTRIA NACIONAL DE AÇOS LAMINADOS INAL

Company based in Araucária, State of Paraná, with establishments in the States of São Paulo, Rio de Janeiro, Paraná, Rio Grande do Sul, Pernambuco and Minas Gerais, aims to reprocess and act as distributor of CSN's steel products, acting as a service and distribution center. INAL serves several industrial segments, such as: automotive, home appliances, home building, machinery and equipment etc.

INAL NORDESTE

In March 2005, the Company previously named CSC - Companhia Siderúrgica do Ceará changed its name to INAL Nordeste. Based in Camaçari, State of Bahia, the Company has as its main purpose to reprocess and distribute CSN's steel products, operating as a service and distribution center in the Northeast region.

CIA METALÚRGICA PRADA

Companhia Metalúrgica Prada was acquired in June 2006 through the subsidiary INAL. Headquartered in the city of São Paulo, Prada has branches in the States of São Paulo and Minas Gerais. The Company is the largest manufacturer of metallic packages for the chemical and food industries in the country.

CIA METALIC NORDESTE

Cia. Metalic Nordeste, acquired in 2002, is a company based in Maracanaú, State of Ceará, which has as main objective the manufacturing of two-piece steel cans for carbonated beverages, the production of aluminum lids and interest in other companies.

SEPETIBA TECON

Acquired in 1998, through a privatization auction, its objective is to exploit the No.1 Containers Terminal of the Itaguaí Port, located in Itaguaí, State of Rio de Janeiro. This terminal is connected to Presidente Vargas Steelworks by the Southeast railroad network, which is granted to MRS Logística, company in which CSN holds 32.93% interest.

CSN ENERGIA

Incorporated in 1999, with the main objective of distributing and trading the excess of electric energy generated by CSN and by companies, consortiums or other entities in which CSN holds an interest. The Company maintains a balance receivable related to the electric energy sale under the scope of the Electric Power Trade Chamber (Câmara de Comercialização de Energia Elétrica) CCEE, in the amount of R\$71,424 on March 31, 2007 (R\$74,150 on December, 31 2006), out of which R\$10,952 are provisioned with the existence of judicial collection related to defaulting customers.

From the balance receivable on March 31, 2007, the amount of R\$59,129 (R\$59,129 on December 31, 2006) is due by concessionaires with injunctions suspending the corresponding payments. The Management understands that an allowance for doubtful accounts is not necessary in view of the judicial measures taken by the industry official entities.

CSN CIMENTOS

In March 2005, the company previously named FEM Projetos, Construções e Montagens changed its name to CSN Cimentos. Based in Volta Redonda, State of Rio de Janeiro, CSN Cimentos is a business under implementation which will have as main purpose the production and trading of cement. CSN Cimentos will use the blast furnace slag from the pig iron production of Presidente Vargas Steelworks for the manufacturing of clinker, raw material of cement.

ERSA ESTANHO DE RONDÔNIA

Acquired in 2005, ERSA is headquartered in the State of Rondônia, where it operates two units in the cities of Santa Bárbara and Ariquemes.

The mining operation of the cassiterite (tin ore) is located in Santa Bárbara and the casting operations from which metallic tin is obtained, which is one of the main raw materials used in CSN for the production of tin plates, is located in Ariquemes

NACIONAL MINÉRIOS

The company incorporated on November 3, 2006, is headquartered in the city of Congonhas, State of Minas Gerais, acting in the trading of iron ore obtained from small mining companies or other companies trading iron ore, mainly focused on the exports of this raw material.

d) Additional information on the main jointly-owned subsidiaries

The amounts of balance sheets and statements of income of the companies which control is shared are shown as follows. The amounts were consolidated at the Company's quarterly information and financial statements according to the stake percentage described in item (a) of this Note.

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| | 3/31/2007 | | | 12/31/2006 | | |
|---|-----------------|------------------|------------------|-----------------|------------------|------------------|
| | CFN | MRS | ITASA | CFN | MRS | ITASA |
| Current Assets | 45,724 | 650,008 | 92,182 | 63,193 | 725,516 | 74,786 |
| Non-Current Assets | 277,951 | 1,836,439 | 1,016,622 | 273,012 | 1,732,891 | 1,026,705 |
| Long-Term Assets | 35,686 | 274,811 | 3,792 | 37,841 | 269,363 | 3,743 |
| Investments, Property, Plant and Equipment and Deferred | 242,265 | 1,561,628 | 1,012,830 | 235,171 | 1,463,528 | 1,022,962 |
| Total Assets | 323,675 | 2,486,447 | 1,108,804 | 336,205 | 2,458,407 | 1,101,491 |
| Current Liabilities | 24,492 | 748,272 | 118,453 | 25,129 | 980,013 | 109,534 |
| Non-Current Liabilities | 405,245 | 703,430 | 410,837 | 401,333 | 565,184 | 424,377 |
| Shareholders' Equity | (106,062) | 1,034,745 | 579,514 | (90,257) | 913,210 | 567,580 |
| Total Liabilities and Shareholders Equity | 323,675 | 2,486,447 | 1,108,804 | 336,205 | 2,458,407 | 1,101,491 |
| | | | | | | |
| | 3/31/2007 | | | 3/31/2006 | | |
| | CFN | MRS | ITASA | CFN | MRS | ITASA |
| Net revenue | 14,009 | 480,386 | 48,995 | 11,140 | 411,340 | 48,229 |
| Cost of Goods and Services Sold | (16,864) | (262,540) | (12,435) | (15,886) | (236,677) | (12,020) |
| Gross Income (Loss) | (2,855) | 217,846 | 36,560 | (4,746) | 174,663 | 36,209 |
| Operating Revenues | (4,230) | (21,817) | (6,594) | (3,735) | (19,246) | (12,178) |
| (Expenses) | (8,721) | (11,893) | (11,865) | (7,659) | (7,296) | (15,450) |
| Net Financial Income | (15,806) | 184,136 | 18,101 | (16,140) | 148,121 | 8,581 |
| Operating Income (Loss) | - | (10) | - | - | (20) | (7) |
| Non Operating Income | | | | | | |
| Profit (Loss) before Income Tax and Social Contribution | (15,806) | 184,136 | 18,101 | (16,140) | 148,121 | 8,581 |
| Current and deferred Income Tax and Social Contribution | - | (62,593) | (6,168) | - | (49,690) | (2,929) |
| Net Income (Loss) for the period | (15,806) | 121,533 | 11,933 | (16,140) | 98,411 | 5,645 |

CFN

Acquired in 1997 through a privatization auction, it has as its main objective the exploration and development of the public service to railroad transportation of load for the Northeast network. In 2006, the merger of Transnordestina into CFN was authorized, which allowed CFN to focus its activities and those of its subsidiary, into one single company. In addition, BNDESPar has become holder of a direct investment in CFN, thus allowing money from FINOR (Northeast Investment Fund) to be used in the construction of the Transnordestina project.

MRS LOGÍSTICA

The Company's main objective is to explore and develop public service to railroad transportation of load for the Southeast network. MRS transports to Presidente Vargas (UPV) Steelworks in Volta Redonda the iron ore from Casa de Pedra and raw material imported

through Itaguaí Port. It also links the UPV steelworks to the Rio de Janeiro and Santos ports and also to other load terminals in the State of São Paulo, main market for finished products.

ITASA

Itasa (Itá Energética S.A.) holds a 60.5% stake in the Consortium Itá created for the exploration of Itá Hydroelectric Plant pursuant to the concession agreement as of December 28, 1995, and its addendum #1 dated as of July 31, 2000 and entered into between the consortium holders (Itasa and Centrais Geradoras do Sul do Brasil - Gerasul, previously named Tractebel Energia S.A.) and the Brazilian Agency of Electric Energy - ANEEL.

CSN holds 48.75% of the subscribed capital and of the total amount of common shares issued by Itasa, a special purpose company originally established to make feasible the construction of UHE Itá, the contracting of supply of goods and services necessary to carry out the venture and the acquisition of financing by offering the corresponding guarantees.

e) Goodwill on acquisition of investments

On March 31, 2007, the Company maintained on its consolidated balance sheet the amount of R\$248,091 (R\$277,465 on December 31, 2006), mainly related to goodwill based on the expectation of future profits, with amortization estimated at five years, net of amortization.

| Goodwill on Investments: | Balance as of 12/31/2006 | Additions | Amortizations/ write-off | Balance as of 3/31/2007 | Investor |
|---------------------------------|--------------------------------|-----------|-----------------------------|-------------------------------|--------------|
| Parent company | | | | | |
| Ersa | 54,112 | | (4,058) | 50,054 | CSN |
| Metalic | 33,186 | | (8,296) | 24,890 | CSN |
| Sub-total parent company | 87,298 | | (12,354) | 74,944 | |
| GalvaSud | 69,603 | | (6,961) | 62,642 | CSN I CSN |
| Tangua / LLC | 23,600 | | (4,054) | 19,546 | Panama |
| Prada | 76,631 | | (3,831) | 72,800 | INAL |
| Lusosider | 18,316 | | (1,708) | 16,608 | CSN Steel |
| Others | 2,017 | | (466) | 1,551 | INAL |
| Total consolidated | 277,465 | | (29,374) | 248,091 | |

f) Additional information on indirect participations abroad:

CSN LLC

The company was incorporated in 2001 with the assets and liabilities of the extinguished Heartland Steel Inc., headquartered in Wilmington, State of Delaware USA, it has an industrial plant located in Terre Haute, State of Indiana USA, where is located the complex comprising cold rolling, hot coil pickled line and galvanization line. The Company is a wholly-owned and indirect subsidiary of CSN Panama.

Lusosider

| | | | | |
|-----------------------|------------|-------------|------------|------------|
| equipment in progress | 914,604 | | 914,604 | 792,907 |
| | 17,665,911 | (3,728,461) | 13,937,450 | 13,948,261 |

Based on the appraisal report prepared by expert consultants issued on December 11, 2006, approved by the Management, the Company recorded a reduction of R\$43,934 in the revalued assets of the electric energy generation and stem thermal plant- CTE-II , located in the CSN s Presidente Vargas Steelworks in Volta Redonda, Rio de Janeiro. The assets net value prior to the revaluation was R\$830,211 and the new report set the value of R\$786,277.

At the Extraordinary General Meeting held on April 29, 2003, pursuant to paragraphs 15 and 17 of CVM Deliberation 183/95, shareholders approved the appraisal report of the land, machinery and equipment, facilities, real properties and buildings, existing in the CSN's Presidente Vargas, Itaguaí, Casa de Pedra and Arcos plants, in addition to the iron ore mine in Casa de Pedra. The report set out an addition of R\$4,068,559, composing the new amount of the assets.

As per note 27 Subsequent Event and in compliance with CVM Deliberation 183/95, the Company will submit for shareholders approval a new revaluation of fixed assets related to the operational units of Volta Redonda.

Up to March 31, 2007, the assets provided as collateral for financial operations amounted to R\$47,985.

Depreciation, depletion and amortization expenses up to March 31, 2007 (parent company) amounted to R\$189,519 (R\$175,141 in the first quarter of 2006), of which R\$186,737 (R\$172,247 in the first quarter of 2006) was charged to production costs and R\$2,782 (R\$2,894 in the first quarter of 2006) was charged to selling, general and administrative expenses (amortization of deferred charges not included).

On March 31, 2007, the Company had R\$6,243,951 (R\$6,337,202 on December 31, 2006) of revaluation of own assets net of depreciation.

12. DEFERRED CHARGES

| | Consolidated | | Parent Company | |
|---------------------------------|--------------|------------|----------------|------------|
| | 3/31/2007 | 12/31/2006 | 3/31/2007 | 12/31/2006 |
| Information technology projects | 104,449 | 104,451 | 104,449 | 104,451 |
| (-) Accumulated amortization | (89,292) | (86,621) | (89,292) | (86,621) |
| Expansion projects | 193,748 | 193,748 | 193,748 | 193,748 |
| (-) Accumulated amortization | (100,553) | (92,752) | (100,553) | (92,752) |
| Pre-operating expenses | 123,851 | 130,480 | | |
| (-) Accumulated amortization | (79,877) | (83,487) | | |
| Other projects | 193,078 | 192,231 | 86,282 | 84,908 |
| (-) Accumulated amortization | (96,778) | (90,762) | (29,893) | (26,657) |
| | 248,626 | 267,288 | 164,741 | 177,077 |

Information technology projects refer to projects of automation and computerization of operating processes that aim to reduce costs and increase the competitiveness of the Company.

The expansion projects are primarily related to the expansion of the production capacity of Casa de Pedra mine and enlargement of Itaguaí port for the outflow of part of such production.

Amortization of the deferred charges was R\$13,485 (R\$14,962 in the first quarter of 2006), of which R\$10,393 (R\$12,087 in the first quarter of 2006) is charged to production costs and R\$3,092 (R\$2,875 in the first quarter of 2006) is charged to selling, general and administrative expenses.

Cash used in deferred assets is amortized on a straight-line basis by the time expected for future benefit, within terms no longer than 10 years.

13. LOANS AND FINANCING

(a)

| | Consolidated | | | | Parent Company | | | |
|--|---------------------|------------------|-----------------------|------------------|---------------------|------------------|-----------------------|------------------|
| | Current Liabilities | | Long-term liabilities | | Current Liabilities | | Long-term liabilities | |
| | 3/31/2007 | 12/31/2006 | 3/31/2007 | 12/31/2006 | 3/31/2007 | 12/31/2006 | 3/31/2007 | 12/31/2006 |
| FOREIGN CURRENCY Long-Term Loans | | | | | | | | |
| Advance on Export Contracts | 40,114 | 131,137 | 430,584 | 299,320 | 40,114 | 131,137 | 430,584 | 299,320 |
| Prepayment Perpetual Bonds | 164,278 | 173,469 | 1,261,766 | 1,363,037 | 212,215 | 316,598 | 2,389,486 | 2,688,597 |
| Fixed Rate Notes | 30,841 | 32,159 | 1,537,800 | 1,603,500 | | | | |
| Import Financing | 223,745 | 239,656 | 2,511,740 | 2,619,050 | 1,292,433 | 1,323,433 | 2,205,256 | 2,276,271 |
| BNDES/Finame Other | 90,415 | 90,800 | 163,968 | 166,204 | 82,803 | 86,125 | 125,381 | 135,439 |
| | 1,381 | | 90,153 | | 1,381 | | 90,153 | |
| | 8,348 | 9,938 | 305,743 | 926,201 | 10,523 | 9,346 | 12,210 | 13,929 |
| | 559,122 | 677,159 | 6,301,754 | 6,977,312 | 1,639,469 | 1,866,639 | 5,253,070 | 5,413,556 |
| DOMESTIC CURRENCY Long-Term Loans | | | | | | | | |
| BNDES/Finame Debentures (Note 14) | 86,188 | 77,918 | 1,008,495 | 301,660 | 39,810 | 32,511 | 705,608 | |
| Other | 72,414 | 85,583 | 998,989 | 995,679 | 21,149 | 36,240 | 900,451 | 897,141 |
| | 24,368 | 21,065 | 108,944 | 70,166 | 87,638 | 85,325 | 5,600 | 5,600 |
| | 182,970 | 184,566 | 2,116,428 | 1,367,505 | 148,597 | 154,076 | 1,611,659 | 902,741 |
| Total Loans and Financing | 742,092 | 861,725 | 8,418,182 | 8,344,817 | 1,788,066 | 2,020,715 | 6,864,729 | 6,316,297 |
| Derivatives | 217,971 | 218,762 | | | 131,813 | 142,377 | | |
| Total Loans and Financing + Derivatives | 960,063 | 1,080,487 | 8,418,182 | 8,344,817 | 1,919,879 | 2,163,092 | 6,864,729 | 6,316,297 |

(b) On March 31, 2007, the main long-term amortization, by year of maturity, is as follows:

| | Consolidated | | Parent Company | |
|-----------------|---------------------|---------------|-----------------------|---------------|
| 2008 | 1,416,956 | 16.8% | 1,380,659 | 20.1% |
| 2009 | 554,995 | 6.6% | 444,741 | 6.5% |
| 2010 | 2,041,473 | 24.3% | 1,056,412 | 15.4% |
| 2011 | 718,217 | 8.5% | 382,319 | 5.6% |
| 2012 | 1,054,470 | 12.5% | 1,030,732 | 15.0% |
| After 2012 | 1,094,271 | 13.0% | 2,569,866 | 37.4% |
| Perpetual Bonds | 1,537,800 | 18.3% | | |
| | 8,418,182 | 100.0% | 6,864,729 | 100.0% |

(c) Interest is applied to loans, financing and debentures, at the following annual rates:

| | Consolidated | | Parent Company | |
|-----------------|---------------------|------------------|-----------------------|------------------|
| | Local Currency | Foreign Currency | Local Currency | Foreign Currency |
| Up to 7% | 103,546 | 1,870,833 | 12,154 | 3,319,881 |
| From 7.1 to 9% | 379,210 | 603,861 | 371,391 | 1,837,518 |
| From 9.1 to 11% | 697,694 | 4,386,183 | 455,111 | 1,735,140 |
| Over 11% | 1,116,672 | | 921,600 | |
| Variable | | 220,246 | | 131,813 |
| | 2,297,122 | 7,081,123 | 1,760,256 | 7,024,352 |
| | | 9,378,245 | | 8,784,608 |

(d) Breakdown of total loans, financing and debentures, by contracted currency/index (unaudited):

| | Consolidated | | Parent Company | |
|--------------------------|---------------------|---------------|-----------------------|---------------|
| | 3/31/2007 | 12/31/2006 | 3/31/2007 | 12/31/2006 |
| Domestic Currency | | | | |
| CDI | 7.73 | 7.49 | 6.96 | 7.48 |
| IGPM | 4.45 | 4.27 | 4.45 | 4.46 |
| TJLP | 12.20 | 4.11 | 8.49 | 0.38 |
| IGP-DI | 0.13 | 0.13 | 0.14 | 0.14 |
| | 24.51 | 16.00 | 20.04 | 12.46 |
| Foreign Currency | | | | |
| US dollar | 73.06 | 81.11 | 52.98 | 58.55 |
| Yen | | 0.47 | 25.39 | 27.21 |
| Euro | 0.10 | 0.10 | 0.11 | 0.11 |
| Other currencies | 2.33 | 2.32 | 1.48 | 1.67 |
| | 75.49 | 84.00 | 79.96 | 87.54 |
| | 100.00 | 100.00 | 100.00 | 100.00 |

In July 2005, the Company issued through its subsidiary CSN Islands X Corp. perpetual bonds amounting to US\$750 million. These bonds with indeterminate maturity pay 9.5% p.a. and the Company has the right to settle the transaction at its face value after five (5) years, on the interest maturity dates.

Loans with certain agents contain certain restrictive clauses, which are being complied with.

The Company contracts derivatives operations, aiming at minimizing fluctuation risks in the parity between Real and another foreign currency.

(e) The loans, financing and debentures recorded at balance sheet accounts as of March 31, 2007, of which estimated market value differs from the book value, are as follows:

| | Consolidated | | Parent Company | |
|---|---------------------|--------------------------|-----------------------|--------------------------|
| | Book Value | Market Value (unaudited) | Book Value | Market Value (unaudited) |
| Loans, financing and debentures (short and long-term) | 9,378,245 | 9,686,800 | 8,784,608 | 8,784,608 |

(f) The guarantees provided for loans comprise fixed assets items, bank guarantees, sureties and securitization operations (exports), as shown in the following table. This amount does not consider the guarantees provided to subsidiaries mentioned in Note 16.

| | 3/31/2007 | 12/31/2006 |
|-------------------------------|------------------|------------------|
| Property, Plant and Equipment | 47,985 | 47,985 |
| Personal Guarantee | 75,131 | 77,087 |
| Imports | 133,053 | 144,477 |
| Securitized (Exports) | 3,072,400 | 3,005,196 |
| | 3,328,569 | 3,274,745 |

(g) The most significant amortizations and loans in the current year are as follows:

| | | | | Amortizations | | |
|---------------------------|---------------------------------------|---------------------------|------------|----------------------|-----------|---|
| Company | Description | Principal (in million) | Settlement | Interest rate (p.a.) | | |
| CSN | BNDES | R\$1,100 | Mar / 2007 | 104.5% of CDI | | |
| CSN Export | <i>Securitization</i> | US\$14 | Feb / 2007 | 7.28% | | |
| | | | | Loans | | |
| Company | Description | Principal (in million) | Issuance | Term | Maturity | Interest rate (p.a.) |
| CSN | BNDES | R\$1,100 | 1/26/2007 | 6 months | 7/26/2007 | 104.5% of CDI |
| CSN | BNDES Sub A and C Casa de Pedra | R\$450 | 1/26/2007 | 7 years | 2/15/2014 | Long-term Interest Rate + 2.7% to 3.2% |
| CSN | BNDES Sub B Tecar | R\$255 | 1/26/2007 | 7 years | 2/15/2014 | Long-term Interest Rate + 2.2% |
| CSN Cimentos | BNDES | R\$41 | 1/26/2007 | 7 years | 2/15/2014 | Long-term Interest Rate + 2.7% to 3.2% |
| Total loans in R\$ | | R\$1,846 | | | | |

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| | | | | | | |
|--------------|--------------------------------------|--------|-----------|----------|------------|--------------|
| CSN | BNDES Sub A Tecar | US\$20 | 1/26/2007 | 7 years | 4/15/2014 | UM006 + 1.7% |
| CSN | BNDES Sub B and D - Casa de Pedra | US\$23 | 1/26/2007 | 7 years | 4/15/2014 | UM006 + 2.7% |
| CSN Cimentos | BNDES | US\$2 | 1/26/2007 | 7 years | 4/15/2014 | UM006 + 2.7% |
| CSN | ACC | US\$60 | 1/23/2007 | 2 years | 1/11/2009 | 6.00% |
| CSN | ACC | US\$20 | 1/26/2007 | 1.8 year | 11/17/2008 | 6.10% |

**Total loans in
US\$**

US\$125

14. DEBENTURES

(a) First issuance

The totality of the debentures of this first issuance was redeemed on October 4, 2004, representing a total of fifty-four thousand (54,000) debentures.

(b) Second issuance

The totality of the debentures of this issuance in the amount of R\$400,000.00 was redeemed December 1, 2006 and compensation interests applied to the face value balance of these debentures represent 107% of the CDI Cetip, as provided for in the deed.

(c) Third issuance

As approved at the Board of Directors Meeting held on December 11 and ratified on December 18, 2003, the Company issued, on December 1, 2003, 50,000 registered and non-convertible debentures, unsecured and without preference in two tranches, for the unit face value of R\$10. Such debentures were issued for the total value of issue of R\$500,000. The credits from the negotiations with the financial institutions were received on December 22 and 23, 2003, in the amount of R\$505,029. The difference of R\$5,029, resulting from the variation of the unit price between the date of issue and of the effective negotiation was recorded in Shareholders' Equity as Capital Reserve, subsequently used in the stock buyback program.

The 1st tranche debentures of this issue were redeemed on December 1, 2006, as provided for by deed and compensation interest corresponding to 106.5% of Cetip's CDI incurred on such debentures until the redemption date.

The face value of the 2nd tranche of this issue is adjusted by the IGP-M plus compensation interest of 10% p.a. and its maturity is scheduled for December 1, 2008.

(d) Fourth issuance

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, in the unit face value of R\$10. Such 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 in the amount of R\$623,248. The difference R\$23,248, resulting from the variation of the unit price between the issuance date and effective negotiation was recorded in Shareholders' Equity as Capital Reserve subsequently used in the stock buyback program.

Compensation interest is applied to the face value balance of these debentures, representing 103.6% of the Cetip's CDI, and the maturity of the face value is scheduled for February 2012, without early redemption option.

The deeds for these issues contain certain restrictive covenants, which have been duly complied with.

15. DERIVATIVES AND FINANCIAL INSTRUMENTS**General considerations**

The Company's business includes mainly the production of flat steel to supply the domestic and foreign markets and mining of iron ore, limestone, dolomite and tin to supply the Presidente Vargas Steelworks' needs. To finance its activities, the Company often resorts to the capital market, local as well as international, and, due to the debt profile it seeks, most of the Company's debt is pegged to the U.S. dollar. On March 31, 2007, the consolidated position of the outstanding derivative agreements is as follows:

| | Agreement | | Market Value | |
|--|-------------|------------------------|--------------|--|
| | Maturity | Reference Value | Book Value | |
| <i>Variable income swap (*)</i> | Jul 27/2007 | US\$49,223 thousand | R\$728,386 | R\$727,574 |
| Interest derivatives listed on BM&F (DI) - contracted by exclusive funds | Jan/2008 | R\$ 1,230,000 thousand | R\$274 | Gains and losses are daily settled, according to variations in the market contract value |
| Exchange swaps registered with CETIP (contracted by exclusive funds) | Jan 2/2008 | US\$ 800,000 thousand | (R\$102,157) | (R\$102,157) |
| | Jul 2/2007 | US\$ 450,000 thousand | (R\$62,053) | (R\$62,053) |
| | Apr 2/2007 | US\$ 400,000 thousand | (R\$49,165) | (R\$49,165) |
| Zinc Swaps recorded in LME (London Metal Exchange) | Apr 10/2007 | 5,000 t | (R\$2,442) | (R\$2,442) |
| | May 8/2007 | 5,000 t | (R\$840) | (R\$840) |
| | Jun 7/2007 | 5,000 t | (R\$1,053) | (R\$1,053) |
| | Jul 9/2007 | 5,000 t | (R\$1,636) | (R\$1,636) |
| | Aug 7/2007 | 5,000 t | (R\$691) | (R\$691) |
| | Sep 10/2007 | 2,000 t | R\$161 | R\$161 |

(*) The non-cash swap establishes that the counterparty undertakes to pay, at the end of the contract, the variation of variable income assets, as long as the Company's subsidiary, CSN Steel, undertakes to pay the same reference value adjusted at the fixed rate of 7.5% per annum.

The main market no operation risk factors that can affect the Company's business are listed below, as well as a more detailed explanation about the derivatives associated with them:

I - Exchange risk

Although most of the Company's revenues are denominated in Brazilian reais as of March 31, 2007, R\$6,860,876 or 73% of the Company's consolidated loans and financing (except for derivatives) were contracted in foreign currency (R\$7,654,471 or 81% on December 31, 2006). As a result, the Company is subject to fluctuations in exchange and interest rates and manages the risk of the fluctuations in the amounts in Brazilian reais that will be necessary to pay the obligations in foreign currency, using several financial instruments, including dollar investments and derivatives, mainly futures contracts, swaps contracts, currency contracts and option exchange contracts.

a) Exchange swap transactions

The Company entered into exchange swap agreements, which aim at protecting its foreign currency-denominated liabilities against real devaluation. Basically, the Company carried out swaps of its U.S. dollar-denominated liabilities to Bank Deposit Certificate - CDI. The notional value (reference) of these swaps on March 31, 2007 was US\$1,650,000 thousand (US\$1,183,428 thousand on December 31, 2006).

b) Metal Swap Agreement

The Company contracted Zinc swaps in order to set the price of part of its metal needs. Up to March 31, 2007, the Company had acquired 27 thousand tonnes of Zinc with settlement based on Zinc average prices in the months of March, April, May, June, July and August, 2007: the price used to settle each agreement is the average price of the calendar month previous to the date of its settlement.

II Interest rate risk

The Company has short and long term liabilities and, consequently, exposure to fixed and floating interest rates and some indexes, such as IGP-M. The Company also has assets which can be indexed to floating interest rates, fixed interest rates and/or other indexes. In view of such exposure, the Company may conduct transactions with derivatives to better manage these risks.

a) Interest rates futures contracts

On March 31, 2007, the Company retained 12,300 future contracts of interest rates (DI) listed at BM&F (Commodities and Futures Exchange - Brazilian derivatives exchange), equivalent to R\$1,230,000. The market value of these contracts is equivalent to zero, since the entry date always occurs on the following day; the contract value is zero after the market closing and there is a cash provision to be settled on the following day.

III Derivatives associated with other price fluctuation risks of financial assets

a) Variable income swap agreements

The outstanding agreements on March 31, 2007 and December 31, 2006 were the following:

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| Issue Date | Maturity date Agreements 3/31/2007 | Maturity date Agreements 12/31/2006 | Reference | Assets | | Liabilities | | Market value (unaudited) | |
|------------|--|---|-----------------------------|----------------|----------------|----------------|----------------|--------------------------|----------------|
| | | | value (US\$ thousand) | 3/31/2007 | 12/31/2006 | 3/31/2007 | 12/31/2006 | 3/31/2007 | 12/31/2006 |
| 04/07/2003 | 07/27/2007 | 07/27/2007 | 35,836 | 632,442 | 461,500 | 102,597 | 105,120 | 529,252 | 351,988 |
| 04/09/2003 | 07/27/2007 | 07/27/2007 | 5,623 | 98,520 | 71,891 | 16,090 | 16,486 | 82,337 | 54,717 |
| 04/10/2003 | 07/27/2007 | 07/27/2007 | 1,956 | 35,382 | 25,818 | 5,596 | 5,734 | 29,753 | 19,845 |
| 04/11/2003 | 07/27/2007 | 07/27/2007 | 1,032 | 18,271 | 13,332 | 2,950 | 3,023 | 15,303 | 10,183 |
| 04/28/2003 | 07/27/2007 | 07/27/2007 | 1,081 | 17,462 | 12,743 | 3,077 | 3,152 | 14,368 | 9,459 |
| 04/30/2003 | 07/27/2007 | 07/27/2007 | 76 | 1,230 | 898 | 217 | 222 | 1,011 | 666 |
| 05/14/2003 | 07/27/2007 | 07/27/2007 | 192 | 3,232 | 2,359 | 545 | 559 | 2,684 | 1,777 |
| 05/15/2003 | 07/27/2007 | 07/27/2007 | 432 | 7,343 | 5,359 | 1,225 | 1,255 | 6,112 | 4,051 |
| 05/19/2003 | 07/27/2007 | 07/27/2007 | 1,048 | 18,657 | 13,614 | 2,966 | 3,038 | 15,674 | 10,448 |
| 05/20/2003 | 07/27/2007 | 07/27/2007 | 264 | 4,849 | 3,538 | 746 | 764 | 4,099 | 2,742 |
| 05/21/2003 | 07/27/2007 | 07/27/2007 | 414 | 7,941 | 5,794 | 1,172 | 1,201 | 6,762 | 4,543 |
| 05/22/2003 | 07/27/2007 | 07/27/2007 | 326 | 6,254 | 4,563 | 922 | 945 | 5,327 | 3,580 |
| 05/28/2003 | 07/27/2007 | 07/27/2007 | 439 | 8,116 | 5,923 | 1,239 | 1,270 | 6,870 | 4,600 |
| 05/29/2003 | 07/27/2007 | 07/27/2007 | 408 | 7,695 | 5,615 | 1,150 | 1,179 | 6,538 | 4,387 |
| 06/05/2003 | 07/27/2007 | 07/27/2007 | 96 | 1,757 | 1,282 | 271 | 278 | 1,484 | 992 |
| | | | 49,223 | 869,151 | 634,229 | 140,763 | 144,226 | 727,574 | 483,978 |

The purpose of these swaps is to improve the return of CSN's financial assets, increasing the exposure to the variable income which historically yields greater long term returns than the fixed income assets, thus, decreasing the impact of cost of carrying CSN's long term debt in net, consolidated financial expenses.

b) Consolidated balance sheet classified by currency

| | 3/31/2007 | | | |
|---|------------------|--------------------------|-------------------|-------------------|
| | U.S. Dollar | Other Foreign Currencies | Reais | Total |
| Current Assets | 2,220,180 | 348,884 | 5,207,155 | 9,320,158 |
| Cash and Cash equivalents | 45,997 | 1,966 | 29,594 | 77,557 |
| Financial investments | 1,456,475 | 29,141 | 1,623,716 | 3,109,332 |
| Customers | 295,216 | 161,645 | 656,913 | 1,113,774 |
| Inventories | 231,765 | 156,132 | 2,069,563 | 2,457,460 |
| Insurance Claimed | | | 408,421 | 408,421 |
| Deferred Income Tax/Social Contribution | 23,940 | | 418,948 | 442,888 |
| Other | 166,787 | 1,091,038 | 452,901 | 1,710,726 |
| Non-current Assets | 298,500 | 127,701 | 16,018,222 | 16,444,423 |
| Long-term Assets | 122,008 | 55 | 1,886,139 | 2,008,202 |

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| | | | | |
|---|------------------|------------------|-------------------|-------------------|
| Financial Investments | 51,260 | | 89,673 | 140,933 |
| Deferred Income Tax/Social | | | | |
| Contribution | | | 617,722 | 617,722 |
| Other | 70,748 | 55 | 1,178,744 | 1,249,547 |
| Permanent | 176,492 | 127,646 | 14,132,083 | 14,436,221 |
| Total | 2,518,680 | 1,567,623 | 21,678,278 | 25,764,581 |
| | | | | |
| Current Liabilities | 1,842,525 | 83,031 | 2,362,297 | 4,287,853 |
| Loans, Financing and Debentures | 562,255 | 37 | 397,771 | 960,063 |
| Suppliers | 1,137,485 | 78,000 | 233,263 | 1,448,748 |
| Other | 142,785 | 4,994 | 1,731,264 | 1,879,043 |
| Non-current Liabilities | 6,301,755 | 103 | 8,386,492 | 14,688,350 |
| Loans, Financing and Debentures | 6,301,755 | | 2,116,427 | 8,418,182 |
| Contingent Liabilities- Net of Deposits | | 57 | 3,876,435 | 3,876,492 |
| Deferred Income Tax/Social Contribution | | | 1,991,781 | 1,991,781 |
| Other | - | 46 | 401,848 | 401,894 |
| Shareholders' Equity | (39,575) | | 6,827,953 | 6,788,378 |
| Total | 8,104,705 | 83,134 | 17,576,742 | 25,764,581 |

IV - Credit risk

The credit risk exposure with financial instruments is managed through restrictions of counterpart to large financial institutions with high quality of credit. Thus, Management believes that the risk of non-compliance by the counterpart is insignificant. The Company neither maintains nor issues financial instruments for commercial purposes. The selection of customers, as well as the diversification of its accounts receivable and the control on sales financing conditions through business industrial segment are procedures adopted by CSN to minimize occasional problems with its customers. Since part of the Companies' funds are invested in Brazilian government securities, there is exposure to the credit risk with the government.

V - Fair value

The fair values were calculated according to the conditions in the local and foreign markets as of March 31, 2007, for financial transactions with identical features, such as: volume and term of the transaction and maturity dates. All transactions carried out in non-organized markets (over-the-counter markets) were made with financial institutions previously approved by the Company's Board of Directors.

16. COLLATERAL SIGNATURE AND GUARANTEES

With respect to its wholly owned and jointly-owned subsidiaries, the Company has expressed in their original currency - the following responsibilities, in the amount of R\$4,792 million, for guarantees provided:

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In millions

| Companies | Currency | 3/31/2007 | 12/31/2006 | Maturity | Conditions |
|---------------------|----------|--------------|--------------|---------------|--|
| CFN | R\$ | 18.0 | 18.0 | 09/24/2007 | BNDES loan guarantees |
| CFN | R\$ | 23.0 | 23.0 | 04/05/2007 | BNDES loan guarantees |
| CFN | R\$ | 24.0 | 24.0 | 11/13/2009 | BNDES loan guarantees |
| CFN | R\$ | 20.0 | 20.0 | 02/21/2008 | BNDES loan guarantees |
| CFN | R\$ | 19.2 | 19.2 | 04/03/2007 | BNDES loan guarantees |
| CFN | R\$ | 50.0 | 50.0 | 11/29/2007 | BNDES loan guarantees |
| CFN | R\$ | 13.0 | 13.0 | 11/15/2015 | BNDES loan guarantees |
| CFN | R\$ | 20.0 | 20.0 | 11/15/2020 | BNDES loan guarantees |
| CSN Cimentos | R\$ | 29.0 | 29.0 | Indeterminate | Guarantee for execution of outstanding debt with INSS |
| CSN Cimentos | R\$ | 0.3 | 0.3 | Indeterminate | Collateral signature in guarantee contract for tax foreclosure |
| INAL | R\$ | 2.8 | 2.8 | Indeterminate | Collateral signature in guarantee contract for tax foreclosure |
| INAL | R\$ | 6.1 | 6.1 | Indeterminate | Collateral signature in guarantee contract for tax foreclosure |
| INAL | R\$ | 0.3 | 0.3 | Indeterminate | Collateral signature in guarantee contract for tax foreclosure |
| INAL | R\$ | 0.1 | 0.1 | Indeterminate | Collateral signature in guarantee contract for tax foreclosure |
| INAL | R\$ | 0.3 | | Indeterminate | Collateral signature in guarantee contract for tax foreclosure |
| Prada | R\$ | 0.3 | | 01/03/2012 | Collateral signature in guarantee contract for purchase and sale of electricity |
| Sepetiba Tecon | R\$ | 15.0 | 15.0 | 05/05/2011 | Guarantee by CSN for issuance of Export Credit Note |
| Total in R\$ | | 241.4 | 240.8 | | |
| CSN Iron | US\$ | 79.3 | 79.3 | 06/01/2007 | Promissory note of Eurobond operation |
| CSN Islands VII | US\$ | 275.0 | 275.0 | 09/12/2008 | Guarantee by CSN in Bond issuance |
| CSN Islands VIII | US\$ | 550.0 | 550.0 | 12/16/2013 | Guarantee by CSN in Bond issuance |
| CSN Islands IX | US\$ | 400.0 | 400.0 | 01/15/2015 | Guarantee by CSN in Bond issuance |
| CSN Islands X | US\$ | 750.0 | 750.0 | Perpetual | Guarantee by CSN in Bond issuance |
| CSN Steel | US\$ | 100.0 | 100.0 | 12/22/2011 | Guarantee by CSN in issue of Import Note |
| CSN Steel | US\$ | 20.0 | 20.0 | 10/29/2009 | Guarantee by CSN in issue of Promissory Notes |
| CSN Steel | US\$ | | 300.0 | 12/23/2008 | Guarantee by CSN in withdrawal of Revolving Credit Facility |
| INAL | US\$ | 1.4 | 1.4 | 03/26/2008 | Personal guarantee for equipment financing |
| Sepetiba Tecon | US\$ | 16.7 | 16.7 | 09/15/2012 | Personal guarantee for equipment acquisition and terminal implementation |
| Sepetiba Tecon | US\$ | | 0.4 | 02/21/2007 | Guarantee by CSN for issuance of Import Letter of Credit |
| CSN Cimentos | US\$ | 15.5 | | 04/19/2008 | Guarantee by CSN for issuance of Stand-by Letter of Credit for the equipment acquisition |

| | | | | |
|----------------------|------|----------------|----------------|--|
| CSN LLC | US\$ | 11.6 | 09/25/2007 | Guarantee by CSN for issuance of Stand-by Letter of Credit for the steel coils acquisition |
| Total in US\$ | | 2,219.5 | 2,492.8 | |

17. CONTINGENT LIABILITIES AND JUDICIAL DEPOSITS

The Company is currently party to several administrative and court proceedings involving a large number of actions, claims and complaints. Details of the amounts provided and their respective judicial deposits related to those claims are shown below:

| | 3/31/2007 | | | 12/31/2006 | | |
|-----------------------------|----------------------|---------------------------|----------------------|----------------------|---------------------------|----------------------|
| | Judicial Deposits | Contingent Liabilities | Net Contingencies | Judicial Deposits | Contingent Liabilities | Net Contingencies |
| Short term | | | | | | |
| Contingencies: | | | | | | |
| Labor | (26,585) | 30,500 | 3,915 | (22,080) | 37,487 | 15,407 |
| Civil | (12,371) | 13,556 | 1,185 | (10,859) | 16,097 | 5,238 |
| Parent Company | (38,956) | 44,056 | 5,100 | (32,939) | 53,584 | 20,645 |
| Consolidated | (45,882) | 54,322 | 8,440 | (32,939) | 54,810 | 21,871 |
| Long-term | | | | | | |
| Contingencies: | | | | | | |
| Environmental | (141) | 54,227 | 54,086 | (138) | 52,670 | 52,532 |
| Tax | | 232 | 232 | (1,149) | 1,381 | 232 |
| | (141) | 54,459 | 54,318 | (1,287) | 54,051 | 52,764 |
| Legal liabilities | | | | | | |
| questioned in court: | | | | | | |
| Tax | | | | | | |
| IPI premium credit | | 1,482,291 | 1,482,291 | | 1,445,537 | 1,445,537 |
| IPI presumed credit | | 963,498 | 963,498 | | 942,964 | 942,964 |
| CSL credit over | | | | | | |
| exports | | 853,996 | 853,996 | | 787,500 | 787,500 |
| PIS / COFINS Law | | | | | | |
| 9,718/99 | | 323,096 | 323,096 | | 317,947 | 317,947 |
| SAT | (27,906) | 99,650 | 71,744 | (27,219) | 95,234 | 68,015 |
| Education Allowance | (33,121) | 33,121 | | (33,121) | 33,121 | |
| CIDE | (24,661) | 24,661 | | (23,895) | 23,895 | |
| Income tax / | | | | | | |
| Plano Verão | (20,892) | 20,892 | | (20,892) | 20,892 | |
| Other liabilities | | 53,572 | 53,572 | (2,213) | 51,972 | 49,759 |
| | (106,580) | 3,854,777 | 3,748,197 | (107,340) | 3,719,062 | 3,611,722 |
| Parent Company | (106,721) | 3,909,236 | 3,802,515 | (108,627) | 3,773,113 | 3,664,486 |
| Consolidated | (128,916) | 4,005,408 | 3,876,492 | (134,372) | 3,877,086 | 3,742,714 |
| | (145,677) | 3,953,292 | 3,807,615 | (141,566) | 3,826,697 | 3,685,131 |

**Total short term +
long term Parent
Company**

| | | | | | | |
|---|------------------|------------------|------------------|------------------|------------------|------------------|
| Total short term + long term- Consolidated | (174,798) | 4,059,730 | 3,884,932 | (167,311) | 3,931,896 | 3,764,585 |
|---|------------------|------------------|------------------|------------------|------------------|------------------|

The provision for contingencies estimated by the Company's Management was substantially based on the appraisal of tax and legal advisors. Such provision is only recorded for lawsuits classified as probable losses. Additionally, it includes tax liabilities due to actions from the Company's initiative, which are maintained and with appliance of Selic's interest rates.

The Company is defending itself in other judicial and administrative proceedings (labor, civil, tax and environmental) in the approximate amount of R\$3,3 billion. According to the Company's

legal counsel, these lawsuits are defined as risk of possible loss. These lawsuits were not provided for in accordance with accounting rules followed in Brazil.

a) Labor Litigation Dispute:

Until March 31, 2007, CSN was defendant in 8,814 labor claims (8,196 claims on December 31, 2006), which required a provision in the amount of R\$30,500 (R\$37,487 on December 31, 2006). Most of the lawsuits are related to joint and/or subsidiary responsibility, wages equalization, additional payment for unhealthy and hazardous activities, overtime and differences related to the 40% fine over FGTS (severance pay), and due to government's economic policies.

b) Civil Actions:

These are, mainly, claims for indemnities among the civil judicial processes in which the Company is involved. Such proceedings, in general, are originated from occupational accidents and diseases related to industrial activities of the Company. For all these disputes, the Company accrued the amount of R\$13,556 on March 31, 2007 (R\$16,097 on December 31, 2006).

c) Environmental Actions:

On March 31, 2007, the Company recorded a provision of R\$54,227 (R\$52,670 on December 31, 2006) for investment in environmental recovery expenditures, mainly related to the plants located in the States of Rio de Janeiro, Minas Gerais and Santa Catarina.

d) Tax Litigation:

Income Tax and Social Contribution

(i) The Company claims recognition of the financial and tax effects on the calculation of the income tax and social contribution on net income, related to Consumer Price Index - IPC understated inflation, which occurred in January and February 1989, by a percentage of 51.87% (Plano Verão).

In 2004, the proceeding was concluded and judgment was made final and unappealable, granting to CSN the right to apply the index of 42.72% (Jan/89), of which the 12.15% already applied should be deducted. The application of 10.14% (Feb/89) was granted. The proceeding is now under accounting inspection.

On March 31, 2007, the Company recorded R\$327,877 (R\$326,313 on December 31, 2006) as judicial deposit and a provision of R\$20,892 (R\$20,892 on December 31, 2006), which represents the portion not recognized by the courts.

(ii) In February 2003, the Company was charged by tax authorities related to the calculation of IRPJ and CSL of previous years in view of the fact that had tax losses carryforward above the 30% limit of taxable income, as provided for by laws.

On August 21, 2003, a decision was rendered by the second panel of the Judgment Federal Revenue Office in Rio de Janeiro related to the decision which made said tax deficiency notice null and void and a new Tax Deficiency Notice was issued about same matter in November 2003. The Company challenged such new Tax Deficiency Notice, which was rejected in administrative lower courts. An administrative appeal was brought against such decision, which was accepted in administrative appellate court on April 26, 2006; said Tax Deficiency Notice had favorable decision to CSN, on an irrevocable basis, and respective decision was published in November 2006. On March 31, 2006, the balance of such provision was R\$197,463.

(iii) The Company filed an action questioning the assessment of Social Contribution on Income on export revenues, based on Constitutional Amendment #33/01 and in March 2004 the Company obtained an initial decision authorizing the exclusion of these revenues from said calculation basis, as well as the offsetting of amounts paid as from 2001. The lower court decision was favorable and the proceeding is waiting for trial of the appeal filed by the Federal Government in the Regional Federal Court. On March 31, 2007, the amount of suspended liability and the offset credits based on the referred proceedings was R\$853,996 (R\$787,500 on December 31, 2006), plus Selic (Central Bank overnight rate).

PIS/COFINS Law 9,718/99

CSN is questioning the legality of Law 9,718/99, which increases the PIS and COFINS calculation bases, including the financial revenue of the Company. On March 31, 2007, provision amounts to R\$323,096 (R\$317,947 on December 31, 2006), which includes legal charges.

In February 1999, the Company obtained a favorable decision in the lower court. However, the 2nd Regional Federal Court reversed the favorable decision. Later on, the Company appealed against this decision in the Supreme Court of Justice and is currently awaiting trial.

CIDE Intervention Contribution in the Economic Domain

CSN disputes the legal validity of Law 10,168/00, which established the collection of the intervention contribution in the economic domain on the amounts paid, credited or remitted to non-resident beneficiaries, as royalties or remuneration of supply contracts, technical assistance, trademark license agreement and exploration of patents.

The Company recorded court deposits and its corresponding provision in the amount of R\$24,661 on March 31, 2007 (R\$23,895 on December 31, 2006), which include legal charges.

The lower court decision was unfavorable and the proceeding is currently under judgment at the 2nd Regional Federal Court.

Education Allowance

The Company discussed 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 lawsuit was judged unfounded, and the Federal Regional Court maintained its unfavorable decision, judgment made final and unappealable.

In view of this fact, the Company attempted to pay the amount due, and FNDE and INSS did not reach an agreement as to which agency the amounts should be paid. A fine was also demanded, but CSN did not agree.

The Company filed new proceedings to question the above-mentioned facts and deposited in court the amounts due, the provision on March 31, 2007 amounts to R\$33,121 (R\$33,121 on December 31, 2006).

SAT - Workers Compensation Insurance

The Company understands that it must pay the SAT with the rate of 1% in all of its establishments, and not 3%, as determined by the current legislation. The amount provided as of March 31, 2007 totals R\$99,650 (R\$95,234 on December 31, 2006), which includes legal charges.

The lower court decision was unfavorable and the proceeding is under judgment of the 2nd Region of the Federal Regional Court. Given the new understanding adopted by the Courts, the Company's lawyers deem as probable the possibility of loss.

IPI premium credit over exports

The Company brought an action claiming the right to the IPI premium credit on exports from 1992 to 2002 and in March 2003 a favorable decision was obtained authorizing the use of said credits. The Regional Federal Court 2nd Region reversed the favorable decision for CSN.

CSN filed a special appeal to the Superior Court of Justice (STJ) and an extraordinary appeal to the Federal Supreme Court (STF), which have not yet been judged, and on March 31, 2007, the provision referring to the total of credits already offset and kept in the Company's liabilities amounted to R\$1,482,291 (R\$1,445,537 on December 31, 2006), adjusted by the Selic rate.

IPI (Excise Tax) presumed credit on inputs

The Company brought an action pleading the right to the IPI presumed credit on the acquisition of exempted, immune, non-taxed inputs, or taxed at zero rate and in May 2003 an initial decision was obtained authorizing the use of said credits. This action is currently waiting for the sentence in lower court.

On March 31, 2007, the provision related to the total credits already offset and recorded under the Company's liabilities amounted to R\$963,498 (R\$942,964 on December 31, 2006), adjusted by the Selic rate.

Other

The Company also made provision for several other lawsuits in respect of FGTS LC 110, COFINS Law 10,833/03, PIS Law 10,637/02 and PIS/COFINS Manaus Free-Trade Zone, in the amount of R\$53,804 on March 31, 2007 (R\$53,353 on December 31, 2006), which includes legal charges.

18. SHAREHOLDERS EQUITY

| | Paid-in Capital Stock | Reserves | Retained Earnings | Shares held in treasury | Total Shareholders equity |
|--|-----------------------------|------------------|----------------------|-------------------------------|---------------------------------|
| BALANCE ON 9/30/2006 | 1,680,947 | 5,334,898 | 377,139 | (676,721) | 6,716,263 |
| Realization of revaluation reserve, net of income tax and social contribution | | (100,305) | 100,305 | | |
| CTE Revaluation Reserve, net of income tax and social contribution | | (28,995) | | | (28,995) |
| Premium reserve allocation in the issue of debentures for the use in the stock buyback program | | (23,248) | 23,248 | | |
| Net income for the quarter | | | 92,410 | | 92,410 |
| Investment reserve | | 40,000 | (40,000) | | |
| Proposed interests on own capital (R\$ 0.16420 per share) | | | (42,268) | | (42,268) |
| Proposed dividends (R\$1.293638 per share) | | | (510,834) | | (510,834) |
| BALANCE ON 12/31/2006 | 1,680,947 | 5,222,350 | | (676,721) | 6,226,576 |
| Realization of revaluation reserve, net of income tax and social contribution | | (61,547) | 61,547 | | |
| Proposed interests on own capital (R\$ 0,12472 per share) | | | (31,990) | | (31,990) |
| Company's shares buyback/sale | | | | (66,709) | (66,709) |
| Gain on disposal of Company's shares | | 30 | | | 30 |
| Net income for the quarter | | | 753,488 | | 753,488 |
| BALANCE ON 3/31/2007 | 1,680,947 | 5,160,833 | 783,045 | (743,430) | 6,881,395 |

i. Paid-in capital stock

On July 7, 2005, at an Extraordinary Annual Meeting, CSN approved the cancellation of 14,849,099 shares held in treasury, with no reduction in the capital stock. The Company's fully subscribed and paid-in capital stock of R\$1,680,947 was then divided into 272,067,946 common book-entry shares, with no par value. Each share is entitled to one vote in the resolutions of the General Meeting.

ii. Authorized capital stock

The Company's capital stock may be increased up to 400,000,000 shares, by issuing up to 127,932,054 new non-par book-entry shares, by decision of the Board of Directors.

iii. Revaluation reserve

This reserve covers revaluations of the Company's fixed assets, which aimed, pursuant to CVM Deliberation 288, dated December 3, 1998, to adjust the amounts of the Company's fixed assets to the market value, enabling the Financial Statements to reflect assets value closer to their market or replacement value.

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Pursuant to the provisions of CVM Deliberation 273, as of August 20, 1998, a provision for deferred social contribution and income tax was set up based on the balance of the revaluation reserve (except land), which is recorded as the Company's liability.

The realized portion of the revaluation reserve, by means of depreciation or assets written-off, net of income tax and social contribution, is included for purposes of calculating the mandatory minimum dividend.

iv. Treasury shares

The Board of Directors approved on May 25, 2005 for a period of 360 days the purchase of 15,000,000 shares of the Company to be held in treasury and subsequent sale and/or cancellation. Additionally, the Board of Directors authorized on January 29, 2007, the purchase of 923,628 Company's shares to be held in treasury and further disposal and/or cancellation. Such authorization would expire on January 25, 2008, however, this quarter the Company repurchased the totality of the shares referring to such authorization. The Board of Directors authorized on March 27, 2007 the closure of the program approved on January 29, 2007.

| Number of shares purchased (in units) | Total value paid for | | Unit cost of shares | | | Market value of shares on 3/31/2007 (*) |
|--|----------------------|---------|---------------------|---------|-----------|---|
| | shares | Minimum | Maximum | Average | | |
| 15,578,128 | 743,430 | 35.88 | 75.04 | 47.72 | 1,368,071 | |

(*) Average price of shares on 3/31/07 at the unit value of R\$87.82 per share.

While held in treasury, the shares will have no proprietorship and/or political rights.

v. Ownership structure

On March 31, 2007, the Company's capital was comprised as follows:

| | Common | Number of shares Total % of shares | Outstanding Shares % |
|--|--------------------|---------------------------------------|----------------------|
| Vicunha Siderurgia S.A. | 116,286,665 | 42.74% | 45.34% |
| BNDESPAR | 17,085,986 | 6.28% | 6.66% |
| Caixa Beneficente dos Empregados da CSN - CBS | 11,831,289 | 4.35% | 4.61% |
| Sundry (ADR - NYSE) | 42,904,275 | 15.77% | 16.73% |
| Other shareholders (approximately 10 thousand) | 68,381,603 | 25.13% | 26.66% |
| Outstanding shares | 256,489,818 | 94.27% | 100.00% |
| Treasury shares | 15,578,128 | 5.73% | |
| Total shares | 272,067,946 | 100.00% | |

vi. Investment policy and payment of interest on own capital and dividends

On December 11, 2000, CSN's Board of Directors decided to adopt a policy of profit distribution, which, by observing the provisions of Law 6,404/76, altered by Law 9,457/97 implies the distribution of all the Company's net profit to the shareholders, as long as the following priorities are preserved irrespective of their order: (i) corporate strategy, (ii) compliance with obligations, (iii) making the necessary investments and (iv) maintenance of a good financial situation of the Company.

19. INTEREST ON OWN CAPITAL

The calculation of interest on own capital is based on the change in the Long-Term Interest Rates over shareholders equity, limited to 50% of the income for the year before income tax or 50% of accumulated profits and profit reserves, and the higher between two limits may be used, pursuant to the prevailing laws.

In compliance with CVM Deliberation 207, as of December 31, 1996 and fiscal rules, the Company opted to record the interest on own capital the amount of R\$31,990 on March 31, 2007, corresponding to the remuneration of R\$0.12472 per share, in counter entry of the financial expenses account, and revert it on the same account, not been shown on the income statement and not generating effects on net income after IRPJ/CSL, except as to the fiscal effects, these recognized under income tax and social contribution. The Company's management shall propose that the amount of interest on own capital be attributed to the mandatory minimum dividend.

20. NET REVENUES AND COST OF GOODS SOLD

| | Consolidated | | | | | |
|------------------------|-----------------------------|------------------|--------------------------|-----------------------------|------------------|--------------------------|
| | 3/31/2007 | | | 3/31/2006 | | |
| | Tonnes (thousand) (*) | Net revenue | Cost of Goods Sold | Tonnes (thousand) (*) | Net revenue | Cost of Goods Sold |
| Steel products | | | | | | |
| Domestic market | 719 | 1,384,822 | (670,431) | 604 | 1,092,662 | (586,653) |
| Foreign market | 476 | 743,217 | (573,167) | 393 | 590,612 | (482,837) |
| | 1,195 | 2,128,039 | (1,243,598) | 997 | 1,683,274 | (1,069,490) |
| Mining products | | | | | | |
| Domestic market | 1,132 | 48,453 | (13,990) | 1,136 | 41,324 | (19,855) |
| Foreign market | 364 | 31,133 | (22,403) | | | |
| | 1,496 | 79,586 | (36,393) | 1,136 | 41,324 | (19,855) |
| Other sales | | | | | | |
| Domestic market | | 248,766 | (193,770) | | 211,202 | (124,235) |
| Foreign market | | 28,291 | (3,113) | | 17,147 | (3,203) |
| | | 277,057 | (196,883) | | 228,349 | (127,438) |
| | | 2,484,682 | (1,476,874) | | 1,952,947 | (1,216,783) |
| Parent Company | | | | | | |
| | 3/31/2007 | | | 3/31/2006 | | |
| | Tonnes (thousand) (*) | Net revenue | Cost of Goods Sold | Tonnes (thousand) (*) | Net revenue | Cost of Goods Sold |
| Steel products | | | | | | |
| Domestic market | 753 | 1,344,264 | (743,099) | 612 | 1,019,821 | (590,776) |
| Foreign market | 371 | 492,620 | (387,245) | 328 | 397,199 | (360,464) |
| | 1,124 | 1,836,884 | (1,130,344) | 940 | 1,417,020 | (951,240) |
| Mining products | | | | | | |
| Domestic market | 1,132 | 47,593 | (13,990) | 1,136 | 41,324 | (19,855) |
| Other sales | | | | | | |
| Domestic market | | 60,599 | (32,933) | | 42,528 | (28,942) |
| Foreign market | | 3,923 | (3,113) | | 3,815 | (3,203) |

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| | | | |
|------------------|--------------------|------------------|--------------------|
| 64,522 | (36,046) | 46,343 | (32,145) |
| 1,948,999 | (1,180,380) | 1,504,687 | (1,003,240) |

(*) unaudited

21. FINANCIAL RESULTS AND MONETARY AND FOREIGN EXCHANGE VARIATIONS, NET

| | Consolidated | | Parent Company | |
|--|---------------------|-----------|-----------------------|-----------|
| | 3/31/2007 | 3/31/2006 | 3/31/2007 | 3/31/2006 |
| Financial expenses: | | | | |
| Loans and financing - foreign currency | (152,836) | (165,239) | (9,365) | (46,641) |
| Loans and financing - domestic currency | (57,115) | (36,070) | (51,581) | (35,749) |
| Related parties | | | (100,919) | (58,547) |
| PIS/COFINS (taxes on revenue) on other revenues | (5,599) | (23,993) | (5,599) | (23,993) |
| Interest, fines and interest on tax in arrears | (87,539) | (81,530) | (82,792) | (80,335) |
| Other financial expenses | (34,226) | (36,974) | (24,506) | (26,154) |
| | (337,315) | (343,806) | (274,762) | (271,419) |
| Financial income: | | | | |
| Related parties | | | 4,084 | |
| Income on financial investments, net of provision for losses | 76,891 | 40,060 | 3,050 | 7,822 |
| Income on derivatives | 99,137 | (83,368) | (124,008) | (362,773) |
| Other income | 18,432 | 19,945 | 11,617 | 14,360 |
| | 194,460 | (23,363) | (105,257) | (340,591) |
| Net financial results | (142,855) | (367,169) | (380,019) | (612,010) |
| Monetary variations: | | | | |
| - Assets | 1,094 | 1,251 | 915 | 777 |
| - Liabilities | (7,150) | (9,648) | (5,734) | (10,247) |
| | (6,056) | (8,397) | (4,819) | (9,470) |
| Exchange variations: | | | | |
| - Assets | (37,478) | (173,644) | (48,613) | (145,517) |
| - Liabilities | 240,552 | 442,576 | 338,707 | 616,564 |
| | 203,074 | 268,932 | 290,094 | 471,047 |
| Net monetary and exchange variations | 197,018 | 260,535 | 285,275 | 461,577 |

22. OTHER OPERATING EXPENSES / REVENUES

| | Consolidated | Parent Company |
|--|---------------------|-----------------------|
|--|---------------------|-----------------------|

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| | 3/31/2007 | 3/31/2006 | 3/31/2007 | 3/31/2006 |
|--|------------------|-----------------|-----------------|-----------------|
| Other Operating Expenses | (164,009) | (63,999) | (40,920) | (57,565) |
| Provision for Actuarial Liabilities | 966 | (28,198) | 966 | (28,198) |
| Provision for Contingencies | 5,919 | (5,653) | 6,573 | (4,194) |
| Contractual Fines | (12,676) | | (12,676) | |
| Equipment Stoppage | (1,461) | | (1,405) | |
| Other | (156,757) | (30,149) | (34,379) | (25,172) |
| Other Operating Revenues | 241,654 | 200,254 | 2,298 | 187,630 |
| Indemnifications | 1,457 | 1,404 | 880 | 1,331 |
| Other Revenues | 240,197 | 198,850 | 1,418 | 186,299 |
| OTHER OPERATING EXPENSES / REVENUES | 77,645 | 136,255 | (38,622) | 130,065 |

On January 30, 2007, CSN participated in an auction for the acquisition of the Anglo-Dutch Corus Group PLC and had its 603 cents a pound offer surpassed by the Indian Tata Steel's offer which was of 608 cents a pound.

Due to unfavorable outcome and clauses of the intent agreement for the purchase of shares of that company, signed between CSN and Corus Group PLC -, CSN recorded in this quarter balance sheet the accounting effects of said operation, such as: (i) consolidated expenses incurred in the project in the approximate amount of R\$113 million; (ii) consolidated revenue related to the inducement fee^(a) in the amount of approximately R\$235 million. These amounts are included in the items "Other expenses" and "Other revenues", respectively.

(a) Inducement Fee (also known as break up fee) - Fee determined by the United Kingdom legislation, where, by force of agreement, the defeated party can be reimbursed of the expenses incurred in the participation in a bidding process. Such fee can be up to 1% of the value offered by the company that had its offer surpassed. In this case, the agreement between CSN and Corus Group foresaw for a maximum percentage of 1% over the offer.

23. CONSOLIDATED NON OPERATING EXPENSES AND REVENUES

On March 31, 2007, the consolidated non operating income of the Company amounted to a revenue of R\$180,241 (revenue of R\$201 on March 31, 2006). The result of this quarter includes R\$182,074, referring to the gain on sale of 34,072,613 shares of Corus Group PLC, acquired by CSN due to strategic reasons during the bidding process with Tata Steel for the acquisition of the totality of the Corus Group PLC's shares.

24. LOSS AF-III

On January 22, 2006 an accident involving equipment adjacent to Blast Furnace #3 took place, mainly affecting the powder collecting system and interrupted the equipment production until the end of the first semiannual period of that year. The Company has an insurance policy for loss of profits and equipment in the maximum amount of US\$750 million, which the Management deems as sufficient to recover any losses derived from the accident. The cause of the accident had its coverage by the policy expressly recognized by the insurance companies, and the work to calculate the losses is under the final phase.

The amount of losses subject to indemnification shown by regulating bodies up to the closing date of this quarter was US\$445 million or R\$951 million, translated by the exchange rate as of December 31, 2006. Based on insurance policy and confident as to the conclusion of studies about the loss, CSN requested and the insurance companies granted an advance of US\$237 million (equivalent to R\$515 million), of which R\$39 million was received in this quarter as advance and the remaining in 2006. The advanced total amount will be deducted from losses subject to indemnification, verified during the normal course of regulation process.

On March 31, 2007 the Company maintained balance receivable from losses claimed in the amount of R\$408,421, and the Company does not identify any risk in such credit, taking into account the international reputation and prestige of insurance and reinsurance companies.

25. STATEMENT OF VALUE ADDED

| | Consolidated | | | Parent Company |
|---|---------------------|------------------|--------------------|-----------------------|
| | 3/31/2007 | 3/31/2006 | 3/31/2007 | 3/31/2006 |
| Revenues | | | | |
| Sales of products and services (except for refunds and discounts) | 3,040,070 | 2,386,457 | 2,403,151 | 1,855,412 |
| Allowance for doubtful accounts | (1,058) | (2,103) | (1,235) | (2,531) |
| Non operating income | 180,241 | 201 | (1,023) | 104 |
| | 3,219,253 | 2,384,555 | 2,400,893 | 1,852,985 |
| Input purchased from third parties | | | | |
| Raw material used up | (705,919) | (593,115) | (539,856) | (403,244) |
| Cost of goods and services sold (except for depreciation) | (449,440) | (212,505) | (362,433) | (282,215) |
| Materials, energy, outsourced services and other | (97,071) | (179,874) | (127,303) | (128,752) |
| Assets recovery | | 176,616 | | 176,616 |
| | (1,252,430) | (808,878) | (1,029,592) | (637,595) |
| Gross value-added | 1,966,823 | 1,575,677 | 1,371,301 | 1,215,390 |
| Retentions | | | | |
| Depreciation, amortization and depletion | (245,957) | (245,880) | (198,415) | (206,979) |
| Net produced value-added | 1,720,866 | 1,329,797 | 1,172,886 | 1,008,411 |
| Value-added received (transferred) | | | | |
| Equity in the earnings of subsidiaries | (27,751) | (10,789) | 487,695 | 82,948 |
| Financial income/Exchange variations (gains) | 158,081 | (195,197) | (152,955) | (485,332) |
| | 130,330 | (205,986) | 334,740 | (402,384) |
| Total value-added to distribute | 1,851,196 | 1,123,811 | 1,507,626 | 606,027 |
| VALUE-ADDED DISTRIBUTION | | | | |
| Payroll and related charges | 123,915 | 155,443 | 103,227 | 129,646 |
| Taxes, fees and contributions | 889,278 | 746,116 | 735,596 | 537,840 |
| Interest and exchange variation | 75,100 | (118,166) | (84,685) | (359,487) |
| Interest on own capital and dividends | 31,990 | 43,796 | 31,990 | 43,796 |

| | | | | |
|---------------------------------|------------------|------------------|------------------|----------------|
| Retained earnings in the period | 721,498 | 254,232 | 721,498 | 254,232 |
| Unrealized profit in the period | 9,415 | 42,390 | | |
| | 1,851,196 | 1,123,811 | 1,507,626 | 606,027 |

26. EMPLOYEES PENSION FUND

(i) Private Pension Administration

The Company is the principal sponsor of CBS Previdência, a private non-profit pension fund established in July 1960, main purpose of which is to pay supplementary benefits to those of the official Pension Plan. CBS Previdência congregates CSN employees, of 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, as follows:

35% of average salary plan

It is a defined benefit plan (BD), which began on February 1, 1966, for the purpose of paying retirements (related to length of service, special, disability or old age) on a life-long basis, equivalent to 35% of the participant's salaries for the 12 last salaries. The plan also guarantees the payment of sickness assistance to the licensed by the Official Pension Plan and it also guarantees the payment of funeral grant and pension. The participants (active and retired) and the sponsors make thirteen contributions per year, being the same number of benefits paid. This plan became inactive on October 31, 1977, when the new benefit plan began, and it is in process of extinction.

Supplementary average salary plan

It is a defined benefit plan (BD), which began on November 1, 1977. The purpose of this plan is to complement the difference between the 12 last average salaries and the Official Pension Plan (Previdência Oficial) benefit, to the retired, and also on a life-long basis. As with the 35% Average Salary Plan, there is sickness assistance, funeral grant and pension coverage. Thirteen contributions and payment of benefits are made per year. This plan became inactive on December 26, 1995, because of the combined supplementary benefits plan creation.

Combined supplementary benefit plan

Begun on December 27, 1995, it is a combined plan, being a Variable Contribution (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 sponsor and participants contributions, totaling thirteen per year. Upon retirement of the participant, the plan becomes a defined benefit plan and thirteen benefits are paid per year.

On March 31, 2007 and December 31, 2006, the plans are as follows (unaudited):

| | 3/31/2007 | 12/31/2006 |
|---|---------------|---------------|
| Members | 20,240 | 20,060 |
| In service | 9,549 | 9,316 |
| Retired | 10,691 | 10,744 |
| Distribution of members by benefit plan | | |
| 35% of Average Salary Plan | 5,293 | 5,346 |
| Active | 16 | 16 |
| Beneficiaries | 5,277 | 5,330 |
| Supplementary Average Salary Plan | 4,954 | 4,967 |
| Active | 38 | 38 |
| Beneficiaries | 4,916 | 4,929 |
| Combined Supplementary Benefit Plan | 9,993 | 9,747 |
| Active | 9,495 | 9,261 |
| Beneficiaries | 498 | 486 |
| Linked beneficiaries: | 5,518 | 5,495 |
| 35% of average salary plan | 4,136 | 4,117 |
| Supplementary average salary plan | 1,307 | 1,305 |
| Combined supplementary benefit plan | 75 | 73 |
| Total participants (members/beneficiaries) | 25,758 | 25,555 |

(iii) Settle of actuarial deficit

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

The agreement foresees the installments prepayment in case of cash necessity in the defined benefit plan and the incorporation to the updated debit balance the eventual deficits/surpluses under the sponsors responsibility, so as to preserve the plans balance without exceeding the maximum period of amortization provided for by the agreement.

(iv) Actuarial Liabilities

As provided by CVM Deliberation 371/00, approving the NPC 26 of IBRACON Employee s Benefit Accounting that established new calculation and disclosure accounting practices, the Company s management and its external actuaries calculated the assessment of the effects arising from this practice, and records are kept in conformity with the report dated January 10, 2007.

Actuarial Liability Recognition

The Company's Management decided to recognize the actuarial liability adjustment in the results for the period of five years, from January 1, 2002, and, on December 31, 2006, the Company had recorded the totality of existing actuarial liability, remaining, as from January 1, 2007, only eventual gains and/or losses which will be calculated at the end of each year, when we will have the annual assessment of actuarial liability by means of new actuarial reports issued by independent actuaries.

In the quarter ended March 31, 2007, the Company partially used the provision, in the amount of R\$13,298, in view of payments of installments related to the actuarial liability equalization plan. The current balance of the actuarial liability amounts to R\$273,642 (R\$286,940 up to December 31, 2006), calculated according to the Report issued on January 10, 2007 by the independent actuary.

With respect to the recognition of the actuarial liability, the amortizing contribution related to the amount for the participants for determination of the reserve insufficiency was deducted from the present value of total actuarial obligation of the respective plans. A number of participants are disputing in court this amortizing contribution, but the Company, based on its legal and actuarial advisers' opinion understands that such amortizing contribution was duly approved by the Secretaria da Previdência Complementar - SPC and consequently, is legally due by the participants.

In addition, in the case of Combined Supplementary Benefit Plan, of defined contribution, which shows net asset and where the sponsor's contribution corresponds to an equal counterpart of the participants' contribution, the understanding of the actuary is that up to 50% of the net actuarial asset may be used for reduction of the sponsor's contribution. As a result, the sponsor opted for recognizing 50% of such asset on its books, in the amount of R\$7,983 in 2007 (R\$17,204 in 2006).

Main actuarial assumptions adopted in the actuarial liability calculation

| | |
|---|---|
| Methodology used | Projected credit unit method |
| Nominal discount rate for actuarial liability | 11.3% p.a. (6.3% actual and 5% inflation) |
| Expected yield rate over plan assets | 35% of Average Salary Plan: 15.02% p.a. Supplementary Average Salary Plan: 14.95% p.a. Combined Supplementary Benefit Plan: 17.5% p.a. |
| Estimated salary increase index | INPC + 1% (6.05%) |
| Estimated benefits increase index | INPC + 0% (5.00%) |
| Estimated inflation rate in the long-term | INPC + 0% (5.00%) |
| Biometric table of overall mortality | AT83 separated by gender |
| Biometric table for disability | Mercer Disability with probabilities multiplied by 2 |
| Biometric table for disability mortality | Winklevoss |
| Expected turnover rate | Fixed 2% p.a. |
| Probability of starting retirement | 35% Average Salary Plan and Supplementary Average Salary Plan: 100% in the first eligibility to a full benefit by the Plan; Combined Supplementary Benefit Plan: 55 years of age, 10 years of service and 5 years of Plan. |

CSN does not have other post-employment benefit plans.

27. SUBSEQUENT EVENT

In compliance with the determinations of the CVM Deliberation 183/95, at the Extraordinary General Meeting called to April 30, 2007, the Company's Management will submit for shareholders' approval a new revaluation of fixed assets - lands, buildings, improvements, machinery, equipment and facilities of Volta Redonda's operational units - including Central Termoelétrica named as CTE II, in addition to Arcos, Congonhas, Itaguaí, Barueri, Araucária and operational support real properties. The new amounts of the fixed assets and the resulting effect on Revaluation Reserve will be recorded on the approval date and the effects reflected in the subsequent Quarterly Information and Financial Statements.

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

**05.01 COMMENTS ON THE COMPANY S PERFORMANCE
IN THE QUARTER**

**SEE ITEM 08.01:
COMMENTS ON THE CONSOLIDATED PERFORMANCE IN THE QUARTER**

06.01 - CONSOLIDATED BALANCE SHEET - ASSETS (in thousands of reais)

| 1- CODE | 2- DESCRIPTION | 3- 3/31/2007 | 4- 12/31/2006 |
|----------------|--|---------------------|----------------------|
| 1 | Total Assets | 25,764,581 | 25,028,301 |
| 1.01 | Current Assets | 9,320,158 | 7,927,762 |
| 1.01.01 | Cash and Cash Equivalents | 77,557 | 167,288 |
| 1.01.02 | Credits | 3,203,936 | 2,363,915 |
| 1.01.02.01 | Customers | 1,113,774 | 1,292,291 |
| 1.01.02.01.01 | Domestic Market | 755,472 | 765,612 |
| 1.01.02.01.02 | Foreign Market | 468,355 | 635,920 |
| 1.01.02.01.03 | Allowance for Doubtful Accounts | (110,053) | (109,241) |
| 1.01.02.02 | Sundry Credits | 2,090,162 | 1,071,624 |
| 1.01.02.02.01 | Employees | 14,946 | 14,029 |
| 1.01.02.02.02 | Suppliers | 218,786 | 151,284 |
| 1.01.02.02.03 | Recoverable Corporate Income Tax and Social Contribution | 40,480 | 41,739 |
| 1.01.02.02.04 | Deferred Income Tax | 326,777 | 317,042 |
| 1.01.02.02.05 | Deferred Social Contribution | 116,111 | 112,588 |
| 1.01.02.02.06 | Other Taxes | 285,695 | 325,024 |
| 1.01.02.02.07 | Other Credits | 1,087,367 | 109,918 |
| 1.01.03 | Inventories | 2,457,460 | 2,435,281 |
| 1.01.04 | Others | 3,581,205 | 2,961,278 |
| 1.01.04.01 | Marketable Securities | 3,109,332 | 2,455,813 |
| 1.01.04.02 | Prepaid Expenses | 63,452 | 58,358 |
| 1.01.04.03 | Insurance Claimed | 408,421 | 447,107 |
| 1.02 | Non-Current Assets | 16,444,423 | 17,100,539 |
| 1.02.01 | Long-Term Assets | 2,008,201 | 1,927,316 |
| 1.02.01.01 | Sundry Credits | 1,077,824 | 1,025,275 |
| 1.02.01.01.01 | Loans Eletrobrás | 26,752 | 32,227 |
| 1.02.01.01.02 | Marketable Securities Receivable | 252,487 | 260,855 |
| 1.02.01.01.03 | Deferred Income Tax | 482,826 | 437,005 |
| 1.02.01.01.04 | Deferred Social Contribution | 134,896 | 119,155 |
| 1.02.01.01.05 | Other Taxes | 180,863 | 176,033 |
| 1.02.01.02 | Credits with Related Parties | 0 | 0 |
| 1.02.01.02.01 | With Associated and Related Companies | 0 | 0 |
| 1.02.01.02.02 | With Subsidiaries | 0 | 0 |
| 1.02.01.02.03 | With Other Related Parties | 0 | 0 |
| 1.02.01.03 | Others | 930,377 | 902,041 |
| 1.02.01.03.01 | Judicial Deposits | 544,055 | 519,964 |
| 1.02.01.03.02 | Marketable Securities | 140,933 | 143,123 |
| 1.02.01.03.03 | Prepaid Expenses | 85,815 | 80,669 |
| 1.02.01.03.04 | Others | 159,574 | 158,285 |
| 1.02.02 | Permanent Assets | 14,436,222 | 15,173,223 |
| 1.02.02.01 | Investments | 250,146 | 957,674 |
| 1.02.02.01.01 | In Associated/Related Companies | 0 | 0 |

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| 1- CODE | 2- DESCRIPTION | 3- 3/31/2007 | 4- 12/31/2006 |
|----------------|--|---------------------|----------------------|
| 1.02.02.01.02 | In Associated/Related Companies-Goodwill | 0 | 0 |
| 1.02.02.01.03 | In Subsidiaries | 0 | 0 |
| 1.02.02.01.04 | In Subsidiaries Goodwill | 248,091 | 277,465 |
| 1.02.02.01.05 | Other Investments | 2,055 | 680,209 |
| 1.02.02.02 | Property, Plant and Equipment | 13,937,450 | 13,948,261 |
| 1.02.02.02.01 | In Operation, Net | 12,839,417 | 12,971,477 |
| 1.02.02.02.02 | In Construction | 914,604 | 792,907 |
| 1.02.02.02.03 | Land | 183,429 | 183,877 |
| 1.02.02.03 | Intangible Assets | 0 | 0 |
| 1.02.02.04 | Deferred | 248,626 | 267,288 |

06.02 - CONSOLIDATED BALANCE SHEET - LIABILITIES (in thousands of reais)

| 1- CODE | 2- DESCRIPTION | 3- 3/31/2007 | 4- 12/31/2006 |
|----------------|-------------------------------------|---------------------|----------------------|
| 2 | Total Liabilities | 25,764,581 | 25,028,301 |
| 2.01 | Current Liabilities | 4,287,853 | 4,317,780 |
| 2.01.01 | Loans and Financing | 887,649 | 994,904 |
| 2.01.02 | Debentures | 72,414 | 85,583 |
| 2.01.03 | Suppliers | 1,448,748 | 1,568,331 |
| 2.01.04 | Taxes, Charges and Contributions | 811,422 | 624,486 |
| 2.01.04.01 | Salaries and Social Contributions | 143,986 | 91,095 |
| 2.01.04.02 | Taxes Payable | 457,774 | 406,911 |
| 2.01.04.03 | Deferred Income Tax | 154,163 | 93,000 |
| 2.01.04.04 | Deferred Social Contribution | 55,499 | 33,480 |
| 2.01.05 | Dividends Payable | 718,175 | 686,984 |
| 2.01.06 | Provisions | 8,440 | 21,871 |
| 2.01.06.01 | Contingencies | 54,322 | 54,810 |
| 2.01.06.02 | Judicial Deposits | (45,882) | (32,939) |
| 2.01.07 | Debts with Related Parties | 0 | 0 |
| 2.01.08 | Others | 341,005 | 335,621 |
| 2.02 | Non Current Liabilities | 14,688,350 | 14,586,377 |
| 2.02.01 | Long-Term Liabilities | 14,683,127 | 14,581,085 |
| 2.02.01.01 | Loans and Financing | 7,419,193 | 7,349,138 |
| 2.02.01.02 | Debentures | 998,989 | 995,679 |
| 2.02.01.03 | Provisions | 5,868,273 | 5,766,286 |
| 2.02.01.03.01 | Contingencies | 4,005,408 | 3,877,086 |
| 2.02.01.03.02 | Judicial Deposits | (128,916) | (134,372) |
| 2.02.01.03.03 | Deferred Income Tax | 1,464,592 | 1,487,932 |
| 2.02.01.03.04 | Deferred Social Contribution | 527,189 | 535,640 |
| 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 | Others | 396,672 | 469,982 |
| 2.02.01.06.01 | Provision for Pension Fund | 224,094 | 286,940 |
| 2.02.01.06.02 | Others | 172,578 | 183,042 |
| 2.02.02 | Deferred Income | 5,223 | 5,292 |
| 2.03 | Minority Interest | 0 | 0 |
| 2.04 | Shareholders Equity | 6,788,378 | 6,124,144 |
| 2.04.01 | Paid-In Capital Stock | 1,680,947 | 1,680,947 |
| 2.04.02 | Capital Reserve | 30 | 0 |
| 2.04.03 | Revaluation Reserve | 4,147,003 | 4,208,550 |
| 2.04.03.01 | Own Assets | 4,146,650 | 4,208,197 |
| 2.04.03.02 | Subsidiaries/Affiliates | 353 | 353 |
| 2.04.04 | Profit Reserves | 177,353 | 234,647 |
| 2.04.04.01 | Legal | 336,189 | 336,189 |
| 2.04.04.02 | Statutory | 0 | 0 |

| 1- CODE | 2- DESCRIPTION | 3- 3/31/2007 | 4- 12/31/2006 |
|----------------|---------------------------------------|---------------------|----------------------|
| 2.04.04.03 | For Contingencies | 0 | 0 |
| 2.04.04.04 | Unrealized Income | 0 | 0 |
| 2.04.04.05 | Profit Retention | 0 | 0 |
| 2.04.04.06 | Special For Non-Distributed Dividends | 0 | 0 |
| 2.04.04.07 | Other Profit Reserves | (158,836) | (101,542) |
| 2.04.04.07.01 | For Investments | 677,611 | 677,611 |
| 2.04.04.07.02 | Treasury Shares | (743,430) | (676,721) |
| 2.04.04.07.03 | Unrealized Income | (93,017) | (102,432) |
| 2.04.05 | Accrued Profit/Loss | 783,045 | 0 |
| 2.04.06 | Advance for Future Capital Increase | 0 | 0 |

07.01 - CONSOLIDATED STATEMENT OF INCOME (in thousands of reais)

| 1- CODE | 2- DESCRIPTION | 3- 1/1/2007 to 3/31/2007 | 4- 1/1/2007 to 3/31/2007 | 5- 1/1/2006 to 3/31/2006 | 6- 1/1/2006 to 3/31/2006 |
|----------------|--|---|---|---|---|
| 3.01 | Gross Revenue from Sales and/or Services | 3,078,691 | 3,078,691 | 2,408,857 | 2,408,857 |
| 3.02 | Deductions from Gross Revenue | (594,009) | (594,009) | (455,910) | (455,910) |
| 3.03 | Net Revenue from Sales and/or Services | 2,484,682 | 2,484,682 | 1,952,947 | 1,952,947 |
| 3.04 | Cost of Goods and/or Services Sold | (1,476,874) | (1,476,874) | (1,216,783) | (1,216,783) |
| 3.04.01 | Depreciation and Amortization | (232,996) | (232,996) | (233,128) | (233,128) |
| 3.04.02 | Others | (1,243,878) | (1,243,878) | (983,655) | (983,655) |
| 3.05 | Gross Profit | 1,007,808 | 1,007,808 | 736,164 | 736,164 |
| 3.06 | Operating Income/Expenses | (134,582) | (134,582) | (175,746) | (175,746) |
| 3.06.01 | Selling | (141,486) | (141,486) | (113,413) | (113,413) |
| 3.06.01.01 | Depreciation and Amortization | (1,907) | (1,907) | (2,471) | (2,471) |
| 3.06.01.02 | Others | (139,579) | (139,579) | (110,942) | (110,942) |
| 3.06.02 | General and Administrative | (97,153) | (97,153) | (81,165) | (81,165) |
| 3.06.02.01 | Depreciation and Amortization | (11,054) | (11,054) | (10,281) | (10,281) |
| 3.06.02.02 | Others | (86,099) | (86,099) | (70,884) | (70,884) |
| 3.06.03 | Financial | 54,163 | 54,163 | (106,634) | (106,634) |
| 3.06.03.01 | Financial Income | 194,460 | 194,460 | (23,363) | (23,363) |
| 3.06.03.02 | Financial Expenses | (140,297) | (140,297) | (83,271) | (83,271) |
| 3.06.03.02.01 | Foreign Exchange and Monetary Variation, net | 197,018 | 197,018 | 260,535 | 260,535 |
| 3.06.03.02.02 | Financial Expenses | (337,315) | (337,315) | (343,806) | (343,806) |
| 3.06.04 | Other Operating Income | 241,654 | 241,654 | 200,254 | 200,254 |
| 3.06.05 | Other Operating Expenses | (164,009) | (164,009) | (63,999) | (63,999) |
| 3.06.06 | Equity pick-up | (27,751) | (27,751) | (10,789) | (10,789) |
| 3.07 | Operating Income | 873,226 | 873,226 | 560,418 | 560,418 |

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| 1- CODE | 2- DESCRIPTION | 3- 1/1/2007 to 3/31/2007 | 4- 1/1/2007 to 3/31/2007 | 5- 1/1/2006 to 3/31/2006 | 6- 1/1/2006 to 3/31/2006 |
|--------------------|--|---|---|---|---|
| 3.08 | Non-Operating Income | 180,241 | 180,241 | 201 | 201 |
| 3.08.01 | Income | 836,598 | 836,598 | 57 | 57 |
| 3.08.02 | Expenses | (656,357) | (656,357) | 144 | 144 |
| 3.09 | Income before Taxes/Participations | 1,053,467 | 1,053,467 | 560,619 | 560,619 |
| 3.10 | Provision for Income Tax and Social Contribution | (314,771) | (314,771) | (209,611) | (209,611) |
| 3.11 | Deferred Income Tax | 24,207 | 24,207 | (10,590) | (10,590) |
| 3.11.01 | Deferred Income Tax | 18,297 | 18,297 | (5,525) | (5,525) |
| 3.11.02 | Deferred Social Contribution | 5,910 | 5,910 | (5,065) | (5,065) |
| 3.12 | Statutory Participations/Contributions | 0 | 0 | 0 | 0 |
| 3.12.01 | Participations | 0 | 0 | 0 | 0 |
| 3.12.02 | Contributions | 0 | 0 | 0 | 0 |
| 3.13 | Reversal of Interest on Own Capital | 0 | 0 | 0 | 0 |
| 3.14 | Minority Interest | 0 | 0 | 0 | 0 |
| 3.15 | Income/Loss for the Period | 762,903 | 762,903 | 340,418 | 340,418 |
| | OUTSTANDING SHARES, EX-TREASURY (in thousands) | 256,490 | 256,490 | 257,413 | 257,413 |
| | EARNINGS PER SHARE (in reais) | 2.97440 | 2.97440 | 1.32246 | 1.32246 |
| | LOSS PER SHARE (in reais) | | | | |

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

**08.01 COMMENTS ON THE CONSOLIDATED
PERFORMANCE IN THE QUARTER**

Production

First-quarter **crude steel production totaled 1.3 million tons, 145% up on the same period in 2006 and in line with the previous quarter.** It is also worth noting that inventories of slabs and coils acquired from third parties, whose production costs are higher than those produced internally, were practically exhausted.

| Production (in thousand t) | 1Q06 | 4Q06 | 1Q07 | 1Q07 x 1Q06 (Chg.%) | 1Q07 x 4Q06 (Chg.%) |
|--------------------------------------|-------------|--------------|--------------|------------------------------------|------------------------------------|
| Crude Steel (P Vargas Mill) | 540 | 1,307 | 1,321 | 145% | 1% |
| Purchased Slabs from Third Parties | 88 | 65 | 24 | -73% | -63% |
| Total Crude Steel | 628 | 1,372 | 1,345 | 114% | -2% |
| Rolled Products * (UPV) | 751 | 1,173 | 1,171 | 56% | 0% |
| Hot Coil Acquired from Third Parties | - | 32 | - | - | - |
| Total Rolled Products | 751 | 1,205 | 1,171 | 56% | -3% |

* Products delivered for sale, including shipments to CSN Paraná and GalvaSud.

Rolled Steel output totaled 1.17 million tones, 56% up year-on-year - led by hot-rolled (+52%), cold-rolled (+56%) and tin plate (+52%). In comparison with the previous quarter, production remained flat.

Production Costs (parent company)

The total production cost came to R\$ 1.19 billion in the first quarter, R\$ 295 million, or 33%, more than in the 1Q06. The increase was essentially due to the return of Blast Furnace #3 to operations, which increased production volume and, consequently, raw-material consumption.

The most significant increases in raw-material costs were as follows:

- Imported coal (R\$ 62 million), coke (R\$ 21 million), iron ore/pellets (R\$ 59 million) and zinc (R\$ 57 million). In the particular case of zinc costs, the upturn was not only due to the increase in production volume, but also to higher market prices for this metal;
- Increased expenses with fuel, electric power, supplies, outsourced services and others also contributed R\$ 85 million to the overall cost increase.

On the other hand, the reduced consumption of slabs acquired from third parties led to a cost decrease of R\$ 55 million in the same period.

It is also worth mentioning that production costs fell by around R\$120 million (-10%) over the previous quarter, mainly due to the above-mentioned reduced consumption of slabs and coils acquired from third parties (R\$ 71 million) and also to lower coal costs (R\$ 16 million).

Steel slabs unit production costs (with depreciation) fell from R\$ 778/t in the 1Q06, to R\$ 542/t (US\$257/t) in the 1Q07, returning to the Company's usual and highly competitive levels. The decline was primarily due to lower coal and coke acquisition prices, the appreciation of the Real against the US dollar and the greater dilution of fixed costs. The Company produced around 1.3 million tones of slabs in the 1Q07, versus 0.5 million in the 1Q06.

Sales

Total Sales Volume

CSN recorded total 1Q07 sales volume of 1.195 million tones, 20% up in comparison with the 1Q06 and in line with the 4Q06.

Domestic Market

Domestic market sales volume stood at 719,000 tones, 19% up year-on-year, due to a combination of heated demand in the 1Q07 and the reduced availability of products for sale in the 1Q06 due to the accident to Blast Furnace #3. In comparison with the 4Q06, sales volume remained stable.

Export Market

Export volume in the first three months of 2007 totaled 476,000 tons, 3% more than in the 4Q06 and a substantial 21% higher than the first quarter of 2006. The increase was due to strong demand in the global steel markets, which exceeded steelmakers' expectations.

Market Share and Product Mix

In the 1Q07, CSN maintained its **market share of 33%** of the domestic flat steel market (hot-rolled, cold-rolled, galvanized steel and tin mill products), an improvement over the 30% recorded in the 1Q06.

As for the product mix, the Company once again **exceeded a 52% market share** of coated products, in line with the 53% registered in the 4Q06.

Sales by products

Prices

In the domestic market, the Company's 1Q07 average prices remained at the same level as in the previous quarter. As of January 2007, the Company successfully implemented a domestic price increase of 6% for galvanized products. When compared to the 1Q06, CSN's prices increased by 7%, once again led by coated products.

In the export market, prices in US dollars and Euros also remained virtually stable over the 4Q06. When translated into Brazilian Reals, however, prices were lower due to the appreciation of the local currency, coupled with a specific effect of a temporary lower quality mix. When compared with the 1Q06, average export prices in US dollars and Euros moved up.

Prices are likely to increase in the 2Q07, both in Brazil (given still strong local demand and reduced inventories) and the international market, which is also recovering.

Net Revenue

Stable prices coupled with equally stable domestic and export sales volume in comparison with the 4Q06 led to **total 1Q07 revenue of R\$ 2.485 billion. In year-on-year terms, net revenue increased by 27%** due to the price and volume trends mentioned previously.

| Net Revenue | STEEL | | | MINING | | | OTHERS | TOTAL |
|--------------------------|----------|---------|-------|----------|---------|-------|--------|-------|
| | Domestic | Exports | Total | Domestic | Exports | Total | | |
| Volume (thousand tonnes) | 719 | 476 | 1,195 | 1,132 | 364 | 1,496 | - | - |
| Net Revenue (R\$ MM) | 1,385 | 743 | 2,128 | 48 | 31 | 80 | 277 | 2,485 |

Operating Revenue / Expenses

CSN's 1Q07 operating expenses totaled **R\$ 161 million, R\$ 103 million** up year-on-year due to the non-recurring booking of R\$177 million in provisions for lost earnings in the 1Q06, registered under other operating revenue .

In relation to the 4Q06, the Company recorded a **non-recurring positive variation of R\$ 328 million**, due to the transfer of revenue to cover material damages, totaling R\$ 193 million, from operating revenue to non-operating revenue . Throughout 2006, this amount had been recorded as operating revenue , and was reallocated to non-operating revenue in the 4Q06.

In addition, and also in the 1Q07, due to CSN's participation in the auction of the Anglo-Dutch steelmaker, Corus, and the resulting Implementation Agreement entered into by both parties on December 10, 2006, the Company recorded the accounting impact of this operation, including: (i) consolidated expenses incurred during the project in the amount of R\$ 113 million; and (ii) consolidated revenue from the break-up fee in the amount of R\$ 235 million. These amounts are booked under other operating expenses and other operating revenue , respectively.

Until now, CSN has received R\$ 515 million in advances from the insurers, R\$ 39 million of which in the 1Q07 and the rest in 2006.

EBITDA

EBITDA totaled R\$ 1.015 billion in the 1Q06, 29% up year-on-year, accompanied by **an EBITDA margin of above 40%**, more than 6 p.p. higher than the 2006 average, proof that the Company had fully recovered from the January 2006 accident to the installations adjacent to its main blast furnace (BF# 3). It is also worth noting that the 1Q07 EBITDA margin still reflected a small portion of the cost associated with the acquisition of steel slabs from third parties.

Financial Result and Indebtedness

The **1Q07 net financial result** was a **positive R\$54 million**, versus a negative R\$ 107 million in the 1Q06. In comparison with the 4Q06, when the result was a negative R\$ 255 million, the **improvement - equivalent to R\$ 309 million - was even more significant.**

This important **result** was primarily due to the **upturn in financial revenue**, reflecting **increased gains from treasury operations**, and the Company's higher close-of-quarter cash and cash equivalent position. Financial expenses were in line with the 1Q06, and **improved by R\$ 35 million** over the 4Q06, thanks to the **reduction in the weighted average carrying cost of the debt**, in turn due to the **reduced interest** rate on the Brazilian Reais portion of the debt and the impact of the **lower average dollar** on its foreign-currency portion. The overall **debt profile also improved**, through the exchange of higher for lower-interest debt instruments.

CSN's gross debt remained flat over the 4Q06, while **net debt** recorded a **substantial year-on-year reduction of R\$ 609 million** due to the increase in cash and cash equivalents.

As a result, **the net debt/EBITDA ratio fell** from 1.74x, in the 4Q06, to **1.56x**, without considering the total positive cash effect from the Corus bidding process. On March 31, 2007, CSN's weighted average financial cost in Brazilian Reais remained at around 12% p.a., whilst the average maturity of the total debt was **7.7** years.

Non-operating Revenue / Expenses

The Company recorded a 1Q07 non-operating result of **R\$ 180 million**, versus R\$18 million in the 4Q06 and R\$ 0.2 million in the 1Q06. It is worth highlighting the R\$182 million net gain from the sale of 34,072,613 shares in Corus Group PLC (3.8% of the Company's outstanding capital). Net of taxes, this amount corresponded to non-recurring revenue of **R\$ 133 million**.

Income Taxes

Consolidated first-quarter income and social contribution taxes totaled R\$ 291 million, primarily due to increased taxable income, as explained by the variations dealt with above.

Net Income

CSN's Net Income in the 1Q07 totaled R\$ 763 million, R\$ 422 million higher than in the first quarter of 2006. The main variations contributing to this improved performance were as follows:

- An increase of R\$ 272 million in gross profit;
- A R\$ 161 million improvement in the financial result;
- A gross gain of R\$ 182 million from the sale of CSN's stake in the Anglo-Dutch steelmaker, Corus, plus the break-up fee of R\$ 122 million.

It is also important, in the year-on-year comparison, to consider the non-recurring provisions for lost earnings of R\$ 177 million which impacted the bottom line in the 1Q06, plus the increase of R\$ 70 million in income and social contribution taxes in the 1Q07.

Net income was R\$ 679 million higher than in the 4Q06, due to the following factors:

- Gross profit growth of R\$ 42 million;
- A R\$ 309 million upturn in the financial result;
- A gross gain of R\$ 182 million from the sale of the Company's interest in Corus and the associated break-up fee of R\$ 122 million.

Capex

Investments in the 1Q07 totaled R\$ 234 million, mostly allocated to the following projects:

- Expansion of the Casa de Pedra iron ore mine: R\$ 59 million;
- MRS (transportation and logistics): R\$ 47 million;
- Expansion of the port of Itaguaí: R\$ 17 million;
- Cement plant: R\$ 15 million;
- Prada CSN's subsidiary (metallurgy): 14 million;
- Maintenance and repairs: R\$ 22 million.

The remainder went to smaller, but also relevant, projects geared towards improving the technology of the Company and its subsidiaries.

It is worth pointing out that, following the **completion of the first phase of the Iron Ore Terminal in the port of Itaguaí, CSN has already exported around 300,000 tons of iron ore**. The facility's current export capacity is **seven million tons per year** and is expected to reach 30 million tons on the conclusion of the second stage. After the third and final stage, annual export capacity will reach 40 million tons. Total investments in the port are estimated at US\$ 260 million.

Working Capital

On March 31, 2007, working capital invested in the business totaled R\$ 1.8 billion, 8% less than at the end of 2006. The decrease was primarily due to the reduction in the cash and cash equivalents and overseas accounts receivable lines, although the impact was almost entirely offset by the reduction in the suppliers line.

The average supplier payment period remained at around 90 days, while client payment periods fell from an average of 41 to 33 days. The average inventory period remained in line with the 4Q06 at around 150 days.

| WORKING CAPITAL | R\$ MM | | |
|---|--------------|--------------|-----------------------|
| | Dec/2006 | Mar/2007 | 1Q07 x 4Q06 Chg. % |
| Assets | 4,045 | 3,867 | 178 |
| Cash | 167 | 78 | 89 |
| Accounts Receivable | 1,292 | 1,113 | 179 |
| - Domestic Market | 766 | 756 | 11 |
| - Export Market | 635 | 468 | 167 |
| - Allowance for Debtful | (109) | (110) | 1 |
| Inventory | 2,435 | 2,457 | (22) |
| Advances to Suppliers | 151 | 219 | (68) |
| Liabilities | 2,118 | 2,100 | 18 |
| Suppliers | 1,568 | 1,449 | 119 |
| Salaries and Social Contribution | 91 | 144 | (53) |
| Taxes Payable | 407 | 458 | (51) |
| Advances from Clients | 52 | 49 | 3 |
| Working Capital | 1,927 | 1,767 | 160 |

| TURN OVER RATIO | 1Q07 x 4Q06 | | |
|---------------------------|-------------|------------|------------|
| | Dec/2006 | Mar/2007 | Chg. % |
| Average Periods | | | |
| Receivables | 41 | 33 | 8 |
| Supplier Payment | 94 | 88 | (6) |
| Inventory Turnover | 146 | 150 | (4) |

Capital Market

CSN s shares did well in the 1Q07, appreciating by close to **38%**, versus just 3% for the Ibovespa index.

The Company's ADRs, traded on the New York Stock Exchange, **did even better, moving up by around 43%**, a significant positive performance when set against the 1% fall experienced by the *Dow Jones* index in the same period.

Traded financial volume did equally well, **climbing by 90% on the BOVESPA and 60% on the NYSE.**

CSN has been one of the most outstanding companies listed on the BOVESPA, not only in terms of share appreciation, but also due to its substantial dividend payments. **In 2006, CSN led the rankings in terms of dividend payout per share.**

Capital Markets - CSNA3 / SID / IBOVESPA

| | 1Q06 | 4Q06 | 1Q07 |
|--------------------------------------|--------------------|--------------------|--------------------|
| N# of shares | 272,067,946 | 272,067,946 | 272,067,947 |
| Market Capitalization | | | |
| Closing price (R\$/share) | 63.80 | 64.50 | 88.85 |
| Closing price (US\$/share) | 31.42 | 29.98 | 42.84 |
| Market Capitalization (R\$ million) | 17,359 | 17,548 | 24,173 |
| Market Capitalization (US\$ million) | 7,991 | 8,208 | 11,792 |
| Variation | | | |
| CSNA3 (%) | 43.1 | 4.0 | 37.8 |
| SID (%) | 46.1 | 5.5 | 42.9 |
| Ibovespa - index | 37,951 | 44,473 | 45,804 |
| Ibovespa - variation (%) | 13.4 | 22.0 | 3.0 |
| Volume | | | |
| Average daily (n# of shares) | 898,787 | 585,453 | 979,193 |
| Average daily (R\$ Thousand) | 53,934 | 38,266 | 72,710 |
| Average daily (n# of ADR's) | 1,072,947 | 792,474 | 1,073,605 |
| Average daily (US\$ Thousand) | 29,711 | 24,130 | 38,595 |

Source: *Economática*

09.01 - EQUITY IN SUBSIDIARIES AND/OR AFFILIATED 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 (in thousands) | 9 - NUMBER OF SHARES HELD IN PREVIOUS QUARTER (in thousands) | | |
| 01 | CSN OVERSEAS | 05.722.388/0001-58 | PRIVATE SUBSIDIARY | 100.00 | 14.69 |
| COMMERCIAL, INDUSTRY AND OTHER TYPES OF COMPANY | | 7,173 | 7,173 | | |
| 02 | CSN STEEL | 05.706.345/0001-89 | PRIVATE SUBSIDIARY | 100.00 | 20.32 |
| COMMERCIAL, INDUSTRY AND OTHER TYPES OF COMPANY | | 480,727 | 480,727 | | |
| 04 | CSN ENERGY | 06.202.987/0001-03 | PRIVATE SUBSIDIARY | 100.00 | 5.15 |
| COMMERCIAL, INDUSTRY AND OTHER TYPES OF COMPANY | | 3,675 | 3,675 | | |
| 06 | IND. NAC. DE AÇOS LAMINADOS INAL | 02.737.015/0001-62 | PRIVATE SUBSIDIARY | 99.99 | 9.03 |
| COMMERCIAL, INDUSTRY AND OTHER TYPES OF COMPANY | | 421,366 | 421,366 | | |
| 07 | CSN CIMENTOS | 42.564.807/0001-05 | PRIVATE SUBSIDIARY | 99.99 | 0.00 |
| COMMERCIAL, INDUSTRY AND OTHER TYPES OF COMPANY | | 376 | 376 | | |
| 08 | CIA METALIC DO NORDESTE | 01.183.070/0001-95 | PRIVATE SUBSIDIARY | 99.99 | 1.68 |
| COMMERCIAL, INDUSTRY AND OTHER TYPES OF COMPANY | | 92,284 | 92,284 | | |
| 09 | INAL NORDESTE | 00.904.638/0001-57 | PRIVATE SUBSIDIARY | 99.99 | 0.53 |
| COMMERCIAL, INDUSTRY AND OTHER TYPES OF COMPANY | | 37,796 | 37,796 | | |

09.01 - EQUITY IN SUBSIDIARIES AND/OR AFFILIATED 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 (in thousands) | | 9 - NUMBER OF SHARES HELD IN PREVIOUS QUARTER (in thousands) | |
| 10 | CSN PANAMA | 05.923.777/0001-41 | PRIVATE SUBSIDIARY | 100.00 | 8.9 |
| COMMERCIAL, INDUSTRY AND OTHER TYPES OF COMPANY | | 4,240 | | | 4,240 |
| 11 | CSN ENERGIA | 03.537.249/0001-29 | PRIVATE SUBSIDIARY | 99.90 | 1.3 |
| COMMERCIAL, INDUSTRY AND OTHER TYPES OF COMPANY | | 1 | | | |
| 13 | CSN I | 04.518.302/0001-07 | PRIVATE SUBSIDIARY | 100.00 | 8.6 |
| COMMERCIAL, INDUSTRY AND OTHER TYPES OF COMPANY | | 9,996,753 | | | 9,996,753 |
| 14 | GALVASUD | 02.618.456/0001-45 | PRIVATE SUBSIDIARY | 15.29 | 9.0 |
| COMMERCIAL, INDUSTRY AND OTHER TYPES OF COMPANY | | 1,804,435 | | | 1,804,435 |
| 16 | SEPETIBA TECON | 02.394.276/0001-27 | PRIVATE SUBSIDIARY | 100.00 | 0.4 |
| COMMERCIAL, INDUSTRY AND OTHER TYPES OF COMPANY | | 62,220 | | | 12,440 |
| 17 | COMPANHIA FERROVIÁRIA DO NORDESTE-CFN | 02.281.836/0001-37 | PRIVATE SUBSIDIARY | 45.78 | 0.0 |
| COMMERCIAL, INDUSTRY AND OTHER TYPES OF COMPANY | | 54,451 | | | 54,451 |
| 18 | ITÁ ENERGÉTICA | 01.355.994/0002-02 | PUBLICLY-TRADED SUBSIDIARY | 48.75 | 8.4 |
| COMMERCIAL, INDUSTRY AND OTHER TYPES OF COMPANY | | 253,607 | | | 253,607 |

09.01 - EQUITY IN SUBSIDIARIES AND/OR AFFILIATED COMPANIES

| 1 - ITEM | 2 - NAME OF SUBSIDIARY/ASSOCIATED COMPANY | 3 - CNPJ (Corporate Taxpayer's ID) | 4 - CLASSIFICATION | 5 - PARTICIPATION IN CAPITAL OF INVESTEE - % | 6 - INVESTOR'S SHAREHOLDER EQUITY - % |
|---|---|------------------------------------|--|--|---------------------------------------|
| 7 - TYPE OF COMPANY | 8 - NUMBER OF SHARES HELD IN CURRENT QUARTER (in thousands) | | 9 - NUMBER OF SHARES HELD IN PREVIOUS QUARTER (in thousands) | | |
| 19 | MRS LOGÍSTICA | 01.417.222/0001-77 | PUBLICLY-TRADED SUBSIDIARY | 32.93 | 15.0 |
| COMMERCIAL, INDUSTRY AND OTHER TYPES OF COMPANY | | 111,962 | | 111,962 | |
| 27 | CSN EXPORT | 05.760.237/0001-94 | PRIVATE SUBSIDIARY | 100.00 | 1.4 |
| COMMERCIAL, INDUSTRY AND OTHER TYPES OF COMPANY | | 32 | | 1 | |
| 28 | CSN ISLANDS VII | 05.918.539/0001-48 | PRIVATE SUBSIDIARY | 100.00 | 0.0 |
| COMMERCIAL, INDUSTRY AND OTHER TYPES OF COMPANY | | 1 | | 1 | |
| 29 | CSN ISLANDS VIII | 06.042.103/0001-09 | PRIVATE SUBSIDIARY | 100.00 | 0.0 |
| COMMERCIAL, INDUSTRY AND OTHER TYPES OF COMPANY | | 1 | | 1 | |
| 30 | CSN ISLANDS IX | 07.064.261/0001-14 | PRIVATE SUBSIDIARY | 100.00 | 0.0 |
| COMMERCIAL, INDUSTRY AND OTHER TYPES OF COMPANY | | 1 | | 1 | |
| 31 | ERSA - ESTANHO DE RONDÔNIA | 00.684.808/0001-35 | PRIVATE SUBSIDIARY | 99.99 | 0.0 |
| COMMERCIAL, INDUSTRY AND OTHER TYPES OF COMPANY | | 34,233 | | 34,233 | |
| 32 | CSN ISLANDS X | ./.- | PRIVATE SUBSIDIARY | 100.00 | 0.0 |
| COMMERCIAL, INDUSTRY AND OTHER TYPES OF COMPANY | | 1 | | 1 | |

09.01 - EQUITY IN SUBSIDIARIES AND/OR AFFILIATED COMPANIES

| 1 - ITEM | 2 - NAME OF SUBSIDIARY/ASSOCIATED 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 (in thousands) | | 9 - NUMBER OF SHARES HELD IN PREVIOUS QUARTER (in thousands) | |
| 33 | NACIONAL MINÉRIOS | 08.446.702/0001-05 | PRIVATE SUBSIDIARY | 99.99 | 0.55 |
| COMMERCIAL, INDUSTRY AND OTHER TYPES OF COMPANY | | | | 29,997 | 0 |
| 34 | NACIONAL FERROSOS | 07.093.679/0001-50 | PRIVATE SUBSIDIARY | 100.00 | 0.00 |
| COMMERCIAL, INDUSTRY AND OTHER TYPES OF COMPANY | | | | 1 | 0 |

10.01 - CHARACTERISTICS OF PUBLIC OR PRIVATE ISSUANCE OF DEBENTURES

| | |
|--|----------------------|
| 1- ITEM | 04 |
| 2 - No. ORDER | 3 |
| 3 - No. REGISTRY AT CVM | CVM/SRE/DEB/2003/023 |
| 4 - REGISTRY DATE AT CVM | 12/19/2003 |
| 5 - ISSUED SERIES | 2A |
| 6 - TYPE OF ISSUANCE | COMMON |
| 7 - NATURE OF ISSUANCE | PUBLIC |
| 8 - DATE OF ISSUANCE | 12/1/2003 |
| 9 - EXPIRATION DATE | 12/1/2008 |
| 10 - TYPE OF DEBENTURE | WITHOUT PREFERENCE |
| 11 - CONDITION OF CURRENT REMUNERATION | IGPM + 10% p.a. |
| 12 - PREMIUM/NEGATIVE GOODWILL | |
| 13 - NOMINAL VALUE (Reais) | 10,000.00 |
| 14- AMOUNT ISSUED (Thousands of Reais) | 250,000 |
| 15- AMOUNT OF SECURITIES ISSUED (UNIT) | 25,000 |
| 16 - OUTSTANDING SECURITIES (UNIT) | 25,000 |
| 17 - TREASURY SECURITIES (UNIT) | 0 |
| 18 - CALLED AWAY SECURITIES (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 | 12/1/2007 |

10.01 - CHARACTERISTICS OF PUBLIC OR PRIVATE ISSUANCE OF DEBENTURES

| | |
|--|----------------------|
| 1- ITEM | 05 |
| 2 - No. ORDER | 4 |
| 3 - No. REGISTRY AT CVM | CVM/SRE/DEB/2006/011 |
| 4 - REGISTRY DATE AT CVM | 4/28/2006 |
| 5 - ISSUED SERIES | UN |
| 6 - TYPE OF ISSUANCE | COMMON |
| 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 OF CURRENT REMUNERATION | 103.6% CDI CETIP |
| 12 - PREMIUM/NEGATIVE GOODWILL | |
| 13 - NOMINAL VALUE (Reais) | 10,000.00 |
| 14- AMOUNT ISSUED (Thousands of Reais) | 600,000 |
| 15- AMOUNT OF SECURITIES ISSUED (UNIT) | 60,000 |
| 16 - OUTSTANDING SECURITIES (UNIT) | 60,000 |
| 17 - TREASURY SECURITIES (UNIT) | 0 |
| 18 - CALLED AWAY SECURITIES (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 | 8/1/2007 |

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COMPANHIA SIDERÚRGICA NACIONAL

33.042.730/0001-04

15.01 INVESTMENT PROJECTS**OPERATING INVESTMENTS**

Expenditures made in the first quarter of 2007, with the main investment projects in implementation were as follows:

| Description | Up to 3/31/2007 | |
|---|------------------------|--------------------|
| | R\$ thousand | |
| | Period | Accumulated |
| Mine Project Expansion of Casa de Pedra Mine | 51,840 | 168,827 |
| Setetiba Project Port Expansion | 20,329 | 416,576 |
| Development of Usina II project | 6,318 | 8,060 |
| Small Refurbishment of AF #2 | 3,395 | 4,228 |
| Campaign Extension of regenerator AF2 | 2,593 | 11,880 |
| Revamp of MCC#3 | 1,459 | 3,013 |
| General Repairs in PRs 27 and 220 | 1,401 | 3,436 |
| Installation of New Bridge 102 | 1,237 | 2,684 |
| Increase of the Casa de Pedra barrier 920 m | 797 | 5,677 |
| Drainage and crippling stalls | 739 | 2,729 |
| Pelletizing Plant Casa de Pedra | 573 | 2,206 |
| Long steel plant | 367 | 574 |
| Drainage and change in the slope geometry of the mine | 307 | 2,689 |
| Change in the veering beams of the steelmaking shop | 266 | 1,120 |
| Increase the power of PR-362 | 159 | 1,398 |
| Drawdown wells | 142 | 2,207 |
| Repair and Modification of Torpedo Cars | 72 | 3,681 |
| Campaign Extension of Batteries #4A, 4B and 5 | 64 | 7,215 |
| Development of cold pellet process | 35 | 1,777 |
| | 92,094 | 649,979 |

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COMPANHIA SIDERÚRGICA NACIONAL

33.042.730/0001-04

16.01 - OTHER INFORMATION CONSIDERED MATERIAL BY THE COMPANY

Companhia Siderúrgica Nacional
Statements of Changes in Financial Position
For the periods ended on March 31, 2007 and 2006
(In thousands of reais)

| | Consolidated | | Parent Company | |
|--|------------------|----------------|------------------|----------------|
| | 3/31/2007 | 3/31/2006 | 3/31/2007 | 3/31/2006 |
| SOURCES | | | | |
| Operations | | | | |
| Net income for the period | 762,903 | 340,418 | 753,488 | 298,028 |
| Expenses (income) not affecting net working capital | | | | |
| Monetary and exchange variation and long term accrued charges (net) | (162,768) | (256,054) | (131,067) | (289,240) |
| Equity accounting and amortization of goodwill and negative goodwill | 27,750 | 10,790 | (487,696) | (82,948) |
| Write-offs from permanent assets | 654,817 | 445 | 1,024 | |
| Depreciation, depletion and amortization | 245,957 | 245,878 | 198,415 | 210,879 |
| Deferred income tax and social contribution | (93,352) | (68,082) | (45,305) | (70,836) |
| Provision for contingencies | 41,791 | 38,174 | 49,592 | 35,423 |
| Provision for actuarial liability | (13,298) | 16,212 | (13,298) | 16,212 |
| Deferred income variation | (69) | (76) | | |
| Others | 8,108 | (9,994) | (3,930) | (7,761) |
| | 1,471,839 | 317,711 | 321,223 | 109,757 |
| Dividends and interest on own capital of subsidiaries | | | | 2,975 |
| Others | | | | |
| Resources from loans and financing | 1,070,150 | 79,193 | 1,015,925 | 7,480 |
| Debenture Issuance | | 159,753 | | 16,179 |
| Decrease in other long-term assets | 35,714 | 55,487 | 11,009 | 20,676 |
| Increase in other long-term liabilities | 15,255 | | 7,564 | |
| | 1,121,119 | 294,433 | 1,034,498 | 44,335 |
| TOTAL SOURCES | 2,592,958 | 612,144 | 1,355,721 | 157,067 |
| Application | | | | |
| Permanent assets | | | | |

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| | | | | |
|---|------------------|------------------|------------------|--------------------|
| Investments | 1 | (4,328) | 22,001 | 11,098 |
| Property, plant and equipment | 233,035 | 247,661 | 135,139 | 188,354 |
| Deferred assets | 1,300 | 1,946 | 1,149 | 904 |
| | 234,336 | 245,279 | 158,289 | 200,356 |
| Other | | | | |
| Dividends and Interest on own capital | 31,990 | 43,796 | 31,990 | 43,796 |
| Treasury shares | 66,709 | 39,110 | 66,709 | 39,110 |
| Transfer of loans and financing to short term | 774,687 | 46,143 | 318,229 | 130,737 |
| Increases in other long-term assets | 51,589 | 36,631 | 25,014 | 28,496 |
| Decreases in other long-term liabilities | 11,324 | 81,470 | 16,574 | |
| | 936,299 | 247,150 | 458,516 | 242,139 |
| TOTAL APPLICATIONS | 1,170,635 | 492,429 | 616,805 | 442,495 |
| INCREASE (DECREASE) IN NET WORKING CAPITAL | 1,422,323 | 119,715 | 738,916 | (285,428) |
| CHANGES IN NET WORKING CAPITAL | | | | |
| Current Assets | | | | |
| At end of period | 9,320,158 | 7,727,828 | 5,595,840 | 4,174,905 |
| At beginning of period | 7,927,762 | 8,164,081 | 5,008,626 | 5,545,203 |
| | 1,392,396 | (436,253) | 587,214 | (1,370,298) |
| Current Liabilities | | | | |
| At end of period | 4,287,853 | 4,263,689 | 5,369,771 | 4,215,987 |
| At beginning of period | 4,317,780 | 4,819,657 | 5,521,473 | 5,300,857 |
| | (29,927) | (555,968) | (151,702) | (1,084,870) |
| INCREASE (DECREASE) IN NET WORKING CAPITAL | 1,422,323 | 119,715 | 738,916 | (285,428) |

Companhia Siderúrgica Nacional
Statements of Cash Flows
For the periods ended on March 31, 2007 and 2006
(In thousands of reais)

| | Consolidated | | Parent Company | |
|--|------------------|------------------|------------------|-----------------|
| | 3/31/2007 | 3/31/2006 | 3/31/2007 | 3/31/2006 |
| Cash flow from operating activities | | | | |
| Net income for the period | | | | |
| Adjustments to reconcile the net income for the period | 762,903 | 340,418 | 753,488 | 298,028 |
| with the resources from operating activities: | | | | |
| - Net monetary and exchange variations | (241,389) | (462,454) | (253,506) | (512,845) |
| - Provision for loan and financing charges | 209,951 | 185,919 | 161,865 | 143,901 |
| - Depreciation, depletion and amortization | 245,957 | 245,878 | 198,415 | 210,879 |
| - Write-offs of permanent assets | 654,817 | 445 | 1,024 | |
| - Equity accounting and amortization of goodwill and negative goodwill | 27,750 | 10,790 | (487,695) | (82,948) |
| - Deferred income tax and social contribution | (24,207) | 10,592 | 25,639 | (15,611) |
| - Swap Provision | (237,261) | (187,434) | (12,123) | (5,230) |
| - Provision for actuarial liability | (966) | 16,212 | (966) | 16,212 |
| - Provision for contingencies | (11,297) | 5,653 | (6,573) | 4,194 |
| - Other provisions | 34,759 | 31,472 | 32,238 | 30,239 |
| | 1,421,017 | 197,491 | 411,806 | 86,819 |
| (Increase) decrease in assets: | | | | |
| - Accounts receivable | (803,288) | 302,637 | (129,564) | 172,105 |
| - Inventories | (32,360) | 50,315 | (43,019) | 44,218 |
| - Credits with subsidiaries | | | 10,858 | (9,927) |
| - Taxes recoverable | (22,760) | 17,738 | (9,967) | (27,090) |
| - Others | 38,347 | (86,942) | (26,125) | (192,044) |
| | (820,061) | 283,748 | (197,817) | (12,738) |
| Increase (decrease) in liabilities | | | | |
| - Suppliers | (119,583) | (207,036) | (123,559) | (216,424) |
| - Salaries and payroll charges | 52,891 | (5,322) | 56,265 | (4,408) |
| - Taxes | 51,381 | 102,576 | 62,697 | 121,897 |
| - Accounts payable - Subsidiaries | | | (14,753) | (63,430) |
| - Contingent Liabilities | 127,234 | 233,535 | 117,602 | 229,826 |
| - Charges on paid loans and financings | (233,493) | (151,156) | (176,009) | (90,148) |
| - Others | (80,989) | (301,848) | (60,444) | (21,433) |
| | (202,559) | (329,251) | (138,201) | (44,120) |
| Net cash provided by operating activities | 398,397 | 151,988 | 75,788 | 29,961 |
| Cash Flow from investing activities | | | | |
| Judicial Deposits | (25,368) | (3,347) | (24,962) | (2,478) |
| Investments | (1) | 4,328 | (22,001) | (11,098) |
| Property, plant and equipment | (233,035) | (247,661) | (135,139) | (188,354) |
| Deferred assets | (1,300) | (1,946) | (1,149) | (904) |

| | | | | |
|---|--------------------|--------------------|--------------------|--------------------|
| Net resources used on investing activities | (259,704) | (248,626) | (183,251) | (202,834) |
| Cash Flow from financing activities | | | | |
| Financial Funding | | | | |
| - Loans and Financing | 2,170,629 | 853,713 | 2,069,366 | 6,380 |
| | 2,170,629 | 853,713 | 2,069,366 | 6,380 |
| Payments | | | | |
| - Financial Institutions - principal | (1,916,033) | (178,989) | (1,487,323) | (194,339) |
| - Dividends and interest on own capital | (799) | (936,215) | (799) | (936,215) |
| - Treasury stocks | (66,709) | (39,110) | (66,709) | (39,110) |
| | (1,983,541) | (1,154,314) | (1,554,831) | (1,169,664) |
| Net cash raised (used) in | 187,088 | (300,601) | 514,535 | (1,163,284) |
| Increase (decrease) in cash and marketable securities | 325,781 | (397,239) | 407,072 | (1,336,157) |
| Cash and marketable securities, beginning of period | 2,132,722 | 3,459,006 | 588,863 | 1,495,795 |
| Cash and marketable securities (except for derivatives), end of period | 2,458,503 | 3,061,767 | 995,935 | 159,638 |

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COMPANHIA SIDERÚRGICA NACIONAL

33.042.730/0001-04

17.01 SPECIAL REVIEW REPORT UNQUALIFIED

Independent accountants special review report

(A translation of the original report in Portuguese, as filed with the Brazilian Securities and Exchange Commission (CVM) prepared in accordance with accounting principles derived from the Brazilian Corporation Law and rules of the CVM)

To
The Board of Directors and the Shareholders
Companhia Siderúrgica Nacional
Rio de Janeiro - RJ

1. We have reviewed the quarterly financial information of Companhia Siderúrgica Nacional and the consolidated quarterly financial information of the Company and its subsidiaries (consolidated information) for the quarter ended March 31, 2007, comprising the balance sheets, the statements of income, the management report and other relevant information, prepared in accordance with accounting practices adopted in Brazil and rules issued by the Brazilian Securities and Exchange Commission.
2. Our review was performed in accordance with review standards established by IBRACON - The Brazilian Institute of Independent Auditors and the Federal Council of Accounting, which comprised, mainly: (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) review of post-balance sheet information and events, which have, or may have, a material effect on the financial position and the operations of the Company and its subsidiaries.
3. Based on our special review, we are not aware of any material change which should be made to the quarterly financial information described above, for it to be in accordance with accounting practices adopted in Brazil and rules issued by the Brazilian Securities and Exchange Commission, specifically applicable to the preparation of the quarterly financial information.
4. Our special review was performed with the objective of issuing a review report on the quarterly financial information referred to in the first paragraph. The statements of cash flows, changes in financial position and added value for the quarter ended March 31, 2007 are supplementary to the aforementioned financial information, which are not required under accounting practices adopted in Brazil and are being presented to facilitate additional analysis. These supplementary information were subject to the same review procedures as applied to the quarterly financial information and, we are not aware of any material change which should be made to those statements for them to be in accordance with the accounting practices adopted in Brazil and rules issued by the Brazilian Securities and Exchange Commission.
5. The financial statements of Companhia Siderúrgica Nacional and the consolidated financial statements of this Company and its subsidiaries related to the year ended December 31, 2006, which balance sheets are being presented for comparison purposes, were examined by other independent auditors, who issued an unqualified opinion dated March 29, 2007, containing emphasis referring to the accident involving the blast furnace III, causing the stoppage of

such equipment during the first half year of 2006. The Company, maintaining

insurance policy related to loss of profits and property damages covered by indemnification, requested the recovery of losses incurred by such casualty. Likewise, the Company, based on calculations, which were confirmed by experts engaged by the insurance companies, recognized under item other operating revenues , a minimum estimate of loss of profit indemnification of R\$730 million and under item non-operating income the amount of R\$19 million for the recovery of property damages. Up to December 31, 2006, the Company had received as advances the approximate amount of R\$476 million. The quarterly financial information related to the quarter ended March 31, 2006 was reviewed by other independent auditors, who issued an unqualified special review report dated May 9, 2006.

April 24, 2007

KPMG Auditores Independentes
CRC SP014428/O-6-F-RJ

Manuel Fernandes Rodrigues de Sousa
Accountant - CRC RJ-052428/O-2

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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: May 31, 2007

COMPANHIA SIDERÚRGICA NACIONAL

By: /s/ Benjamin Steinbruch

**Benjamin Steinbruch
Chief Executive Officer and
Acting Chief Financial
Officer**

FORWARD-LOOKING STATEMENTS

This press release may contain forward-looking statements. These statements are statements that are not historical facts, and are based on management's current view and estimates of future economic circumstances, industry conditions, company performance and financial results. The words "anticipates", "believes", "estimates", "expects", "plans" and similar expressions, as they relate to the company, are intended to identify forward-looking statements. Statements regarding the declaration or payment of dividends, the implementation of principal operating and financing strategies and capital expenditure plans, the direction of future operations and the factors or trends affecting financial condition, liquidity or results of operations are examples of forward-looking statements. Such statements reflect the current views of management and are subject to a number of risks and uncertainties. There is no guarantee that the expected events, trends or results will actually occur. The statements are based on many assumptions and factors, including general economic and market conditions, industry conditions, and operating factors. Any changes in such assumptions or factors could cause actual results to differ materially from current expectations.
