NATIONAL STEEL CO
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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 6-K/A

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

For the month of April, 2011

Commission File Number 1-14732

COMPANHIA SIDERÚRGICA NACIONAL

(Exact name of registrant as specified in its charter)

National Steel Company

(Translation of Registrant's name into English)

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

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

Form 20-F ___X___ Form 40-F _______

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

Yes _______ No ___X____

1- MESSAGE FROM MANAGEMENT

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

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

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

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

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

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

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

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

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

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

Enjoy your reading.

Benjamin Steinbruch

Chairman of the Board of Directors

2- THE COMPANY

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

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

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

2.1 – Mining

2.1.1 – Iron Ore

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

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

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

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

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

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

2.1.2 – Limestone

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

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

2.1.3 – Tin

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

2.2 – Steelmaking

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

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

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

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

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

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

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

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

CSN LLC

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

Lusosider

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

Metalic Nordeste

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

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

Prada Distribuição

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

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

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

Prada Packaging

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

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

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

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

2.3 – Logistics

Ports

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

Prada Distribuição

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

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

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

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

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

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

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

Railways

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

MRS

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

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

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

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

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

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

Transnordestina

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

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

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

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

2.4 – Cement

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

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

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

2.5 – Energy

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

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

2.6- Operational Excellence

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

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

3- OUTLOOK, STRATEGY AND INVESTMENTS

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

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

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

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

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

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

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

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

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

3.1 – STEEL

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

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

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

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

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

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

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

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

3.2 – MINING

Iron ore

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

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

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

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

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

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

Coal

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

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

3.3 – CEMENT

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

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

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

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

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

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

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

3.4- TRANSNORDESTINA

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

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

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

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

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

4- ANALYSIS OF CSN’S CONSOLIDATED RESULTS

Executive Summary

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

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

Economic and Sector Scenario

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

United States

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

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

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

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

Europe

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

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

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

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

Asia

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

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

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

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

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

Brazil

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

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

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

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

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

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

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

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

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

Macroeconomic Projections

	2011	**2012**

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

Adoption of IFRS

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

Net Revenue

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

Cost of goods sold (COGS)

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

Selling, General, Administrative and Other Operating Expenses

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

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

EBITDA

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

R$ millions

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

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

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

R$ millions

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

Financial Result and Net Debt

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

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

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

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

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

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

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

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

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

Consolidated Net Income

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

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

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

R$ millions

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

Capex

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

- Transnordestina Logística: R$1,371 million;
- CSN Aços Longos: R$275 million;
- CSN Cimentos: R$249 million;
- MRS Logística: R$199 million.

15

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

ü Maintenance and repairs: R$483 million;

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

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

ü Technological improvements: R$125 million.

Working Capital

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

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

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

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

Results by Segment

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

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

16

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

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

Net revenue by segment in 2010 (R$ million)

Each segment's share of consolidated adjusted EBITDA in 2010 (R$ million)

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

R$ million								2010
Consolidated Results	**Steel**	**Mining**	**Logistics (Port)**	**Logistics (Railways)**	**Energy**	**Cement**	**Eliminations/ Corporate**	**Consolidated**
Net Revenue	**9,926**	**3,615**	**119**	**838**	**114**	**202**	**(364)**	**14,451**
Domestic Market	8,763	574	119	838	114	202	(364)	10,247
Foreign Market	1,163	3,041	-	-	-	-	-	4,204
Cost of Goods Sold	(6,095)	(1,187)	(70)	(522)	(42)	(164)	393	(7,687)
Gross Profit	**3,831**	**2,428**	**49**	**317**	**72**	**38**	**29**	**6,764**
Selling, General and Administrative Expenses	(574)	(135)	(17)	(71)	(26)	(43)	(351)	(1,215)
Depreciation	519	146	6	103	23	14	(3)	806
Adjusted EBITDA	**3,776**	**2,439**	**38**	**349**	**69**	**9**	**(325)**	**6,355**
Adjusted EBITDA Margin	**38%**	**67%**	**32%**	**42%**	**61%**	**4%**		**44%**

R$ million **2009**

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

17

Steel

Scenario

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

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

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

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

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

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

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

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

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

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

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

Segments

Automotive

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

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

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

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

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

Construction

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

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

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

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

Distribution

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

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

Agricultural machinery

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

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

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

<u>International</u>

USA

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

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

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

Europe

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

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

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

Asia

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

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

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

Analysis of Results

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

Net Revenue

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

Total Sales Volume

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

Domestic Sales Volume

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

20

Exports

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

Prices

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

Production

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

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

Cost of goods sold (COGS)

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

Production costs

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

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

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

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

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

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

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

Adjusted EBITDA

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

Mining

Scenario

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

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

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

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

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

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

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

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

Analysis of Results

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

Iron ore sales

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

The Presidente Vargas Steelworks absorbed 6.9 million tonnes in 2010.

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

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

Net Revenue

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

Cost of goods sold (COGS)

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

Adjusted EBITDA

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

Logistics

Scenario

Railway logistics

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

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

Port logistics

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

Analysis of Results

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

Railway logistics

MRS

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

Transnordestina

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

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

(Banco do Nordeste do Brasil).

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

Analysis of Results

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

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

Port logistics

TECON

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

Analysis of Results

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

25

Cement

Scenario

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

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

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

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

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

Analysis of Results

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

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

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

Energy

Industry Analysis

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

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

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

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

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

§ The Itá hydroelectric plant, in Santa Catarina;

§ The Igarapava hydroelectric plant, in Minas Gerais.

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

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

Analysis of Results

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

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

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

Capital Market

Share Performance

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

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

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

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

Source: Economática

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

5- CORPORATE GOVERNANCE

Investor Relations

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

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

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

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

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

CSN Shares

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

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

Sarbanes-Oxley Act

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

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

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

Ethics Code

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

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

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

Disclosure of Material Acts and Facts

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

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

Management

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

Annual Shareholders’ Meeting

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

Board of Directors

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

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

Board of Executive Officers

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

Audit Committee

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

Internal Audit

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

Independent Auditors

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

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

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

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

6- RISK MANAGEMENT

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

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

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

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

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

Market Risks

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

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

Raw Material Supply Risks

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

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

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

Competitive Risks

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

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

Foreign Exchange Risks

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

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

Environmental Risks

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

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

Legal Risks

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

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

Insurance Risks

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

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

Credit Risks

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

7 – INNOVATION

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

Research and Development

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

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

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

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

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

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

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

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

8- PEOPLE

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

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

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

Internal Communications

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

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

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

Training and Development

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

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

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

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

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

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

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

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

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

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

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

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

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

Managing Competencies (*Rumo Certo*)

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

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

35

Profit sharing

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

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

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

Safety in the Workplace

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

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

The following initiatives in 2010 are particularly noteworthy:

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

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

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

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

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

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

9- SOCIAL RESPONSIBILITY

Corporate Social Responsibility

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

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

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

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

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

Vocational Training

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

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

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

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

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

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

Social and Cultural Projects

Garoto Cidadão Project

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

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

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

Um Caminhão Para Jorge Amado

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

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

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

CSN Foundation Cultural Center

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

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

The CSN Foundation Youth Symphony Orchestra

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

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

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

Steel Drum Orchestra

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

Cultural Workshops

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

Sound Library (Fonoteca)

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

Social and Sporting Projects

Social Sports Program (PES)

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

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

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

10- ENVIRONMENTAL RESPONSIBILITY

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

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

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

11- DISCLAIMER

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

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

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

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

Table of Contents

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

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

Company Information / Company's ownership

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

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

Company Information / Cash Dividends

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

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

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

Parent Company Financial Statements / Balance Sheet - Assets

R$ (in thousands)

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

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

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

Parent Company Financial Statements / Balance Sheet Liabilities

R$ (in thousands)

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

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

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

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

Parent Company Financial Statements / Statement of Income

R$ (in thousands)

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

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

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

Parent Company Financial Statements / Statement of Comprehensive Income

R$ (in thousands)

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