

NATIONAL STEEL CO  
Form 6-K  
August 14, 2014

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**SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

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**FORM 6-K**

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

**For the month of August 14, 2014**  
**Commission File Number 1-14732**

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**COMPANHIA SIDERÚRGICA NACIONAL**

(Exact name of registrant as specified in its charter)

**National Steel Company**

(Translation of Registrant's name into English)

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

(Address of principal executive office)

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

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

Yes \_\_\_\_\_ No

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

ITR — Quarterly Financial Information - June 30, 2014 – CIA SIDERURGICA  
NACIONAL

**Version:  
1**

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**Company Information / Capital Breakdown**

| <b>Number of Shares</b> | <b>Current Quarter</b> |
|-------------------------|------------------------|
| <b>(Units)</b>          | <b>6/30/2014</b>       |
| <b>Paid-in Capital</b>  |                        |
| <b>Common</b>           | 1,457,970,108          |
| <b>Preferred</b>        | 0                      |
| <b>Total</b>            | 1,457,970,108          |
| <b>Treasury Shares</b>  |                        |
| <b>Common</b>           | 48.146.800             |
| <b>Preferred</b>        | 0                      |
| <b>Total</b>            | 48.146.800             |

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**Company Information / Cash  
distribution**

| <b>Event</b>                        | <b>Approval</b> | <b>Dividends</b> | <b>Inition</b> | <b>Payment</b> | <b>Type of share</b> | <b>Class of share</b> | <b>Dividends per<br/>common<br/>share<br/>(R\$/share)</b> |
|-------------------------------------|-----------------|------------------|----------------|----------------|----------------------|-----------------------|---|
| Meeting of<br>Board of<br>Directors | 02/28/2014      | Dividends        | 03/11/2014     |                | Ordinary             |                       | 0.29150   |

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NACIONAL**Version:****1****Parent Company Statements / Balance Sheet - Assets  
(R\$ thousand)**

| <i>Code</i> | <i>Description</i>            | <b>Current Quarter<br/>6/30/2014</b> | <b>YTD Previous Year<br/>12/31/2013</b> |
|-------------|-------------------------------|--------------------------------------|---|
| 1           | Total assets                  | 47,574,049                           | 48,689,176                              |
| 1.01        | Current assets                | 4,719,017                            | 5,054,174                               |
| 1.01.01     | Cash and cash equivalents     | 147,428                              | 206,624                                 |
| 1.01.03     | Trade receivables             | 1,165,868                            | 1,992,704                               |
| 1.01.04     | Inventories                   | 2,908,734                            | 2,459,230                               |
| 1.01.08     | Other current assets          | 496,987                              | 395,616                                 |
| 1.02        | Non-current assets            | 42,855,032                           | 43,635,002                              |
| 1.02.01     | Long-term receivables         | 4,265,886                            | 4,134,846                               |
| 1.02.01.06  | Deferred taxes                | 3,118,904                            | 2,612,998                               |
| 1.02.01.09  | Other non-current assets      | 1,146,982                            | 1,521,848                               |
| 1.02.02     | Investments                   | 25,823,849                           | 27,005,592                              |
| 1.02.03     | Property, plant and equipment | 12,680,210                           | 12,418,095                              |
| 1.02.04     | Intangible assets             | 85,087                               | 76,469                                  |

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NACIONAL**Version:****1****Parent Company Statements / Balance Sheet – Liabilities  
(R\$ thousand)**

| <i>Code</i>   | <i>Description</i>  | <b>Current<br/>Quarter<br/>6/30/2014</b> | <b>YTD<br/>Previous<br/>Year<br/>12/31/2013</b> |
|---------------|---|--|---|
| 2             | Total liabilities   | 47,574,049                               | 48,689,176                                      |
| 2.01          | Current liabilities   | 5,156,710                                | 6,503,789                                       |
| 2.01.01       | Payroll and related taxes   | 162,184                                  | 159,892   |
| 2.01.02       | Trade payables  | 1,259,734                                | 926,935   |
| 2.01.03       | Taxes payable   | 84,511                                   | 150,066   |
| 2.01.04       | Borrowings and financing  | 2,433,807                                | 3,854,694                                       |
| 2.01.05       | Other payables  | 856,040                                  | 1,138,956                                       |
| 2.01.06       | Provisions  | 360,434                                  | 273,246   |
| 2.01.06.01    | Provision for tax, social security, labor and civil risks                     | 360,434                                  | 273,246   |
| 2.02          | Non-current liabilities   | 35,881,801                               | 34,088,817                                      |
| 2.02.01       | Borrowings and financing  | 22,918,920                               | 21,394,660                                      |
| 2.02.02       | Other payables  | 10,611,017                               | 10,173,732                                      |
| 2.02.04       | Provisions  | 2,351,864                                | 2,520,425                                       |
| 2.02.04.01    | Provision for tax, social security, labor and civil risks                     | 330,697                                  | 438,114   |
| 2.02.04.02    | Other provisions  | 2,021,167                                | 2,082,311                                       |
| 2.02.04.02.03 | Provision for environmental liabilities and asset retirement obligation - ARO | 235,882                                  | 365,716   |
| 2.02.04.02.04 | Pension and healthcare plan   | 485,084                                  | 485,084   |
| 2.02.04.02.05 | Provision for losses on investments   | 1,300,201                                | 1,231,511                                       |
| 2.03          | Shareholders' equity  | 6,535,538                                | 8,096,570                                       |
| 2.03.01       | Issued capital  | 4,540,000                                | 4,540,000                                       |
| 2.03.02       | Capital reserves  | 30                                       | 30  |
| 2.03.04       | Earnings reserves   | 1,972,130                                | 2,839,568                                       |
| 2.03.04.01    | Legal reserve   | 361,641                                  | 361,641   |
| 2.03.04.02    | Statutory reserve   | 2,052,927                                | 2,477,927                                       |
| 2.03.04.09    | Treasury shares   | -442,438                                 | 0   |
| 2.03.05       | Retained earnings/Accumulated losses  | 77,049                                   | 0   |
| 2.03.08       | Other comprehensive income  | -53,671                                  | 716,972   |



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PREVIOUSLY ISSUED IN PORTUGUESE)**ITR — Quarterly Financial Information - June 30, 2014 – CIA SIDERURGICA  
NACIONAL**Version:****1****Parent Company Statements / Statements of Income  
(R\$ thousand)**

| Code       | Description  | Current    | YTD        | Same       | YTD        |
|------------|--|------------|------------|------------|------------|
|            |  | Quarter    | Current    | Quarter of | Previous   |
|            |  | 4/1/2014   | 1/1/2014   | 4/1/2013   | 1/1/2013   |
|            |  | to         | to         | to         | to         |
|            |  | 6/30/2014  | 6/30/2014  | 6/30/2013  | 6/30/2013  |
| 3.01       | Net revenue from sales and/or services               | 3,230,159  | 6,720,612  | 3,288,085  | 6,141,300  |
| 3.02       | Cost of sales and/or services                        | -2,060,158 | -4,371,387 | -2,416,470 | -4,621,746 |
| 3.03       | Gross profit   | 1,170,001  | 2,349,225  | 871,615    | 1,519,554  |
| 3.04       | Operating expenses/income                            | -483,847   | -1,116,623 | 695,221    | 322,343    |
| 3.04.01    | Selling expenses                                     | -114,031   | -211,408   | -130,157   | -239,424   |
| 3.04.02    | General and administrative expenses                  | -103,896   | -186,759   | -87,064    | -163,193   |
| 3.04.04    | Other operating income                               | 5,183      | 9,829      | 1,691      | 5,209      |
| 3.04.05    | Other operating expenses                             | -14,184    | -180,241   | -144,158   | -222,685   |
| 3.04.06    | Share of profits of investees                        | -256,919   | -548,044   | 1,054,909  | 942,436    |
| 3.05       | Profit before finance income (costs) and taxes       | 686,154    | 1,232,602  | 1,566,836  | 1,841,897  |
| 3.06       | Finance income (costs)                               | -738,750   | -1,317,577 | -1,314,739 | -1,779,978 |
| 3.06.01    | Finance income                                       | 17,297     | 25,866     | 45,587     | 70,620     |
| 3.06.02    | Finance costs  | -756,047   | -1,343,443 | -1,360,326 | -1,850,598 |
| 3.06.02.01 | Net exchange gains (losses) on financial instruments | 233,413    | 547,915    | -705,470   | -589,257   |
| 3.06.02.02 | Finance costs  | -989,460   | -1,891,358 | -654,856   | -1,261,341 |
| 3.07       | Loss (profit) before taxes on income                 | -52,596    | -84,975    | 252,097    | 61,919     |
| 3.08       | Income tax and social contribution                   | 74,311     | 162,024    | 242,372    | 459,876    |
| 3.09       | Profit from continuing operations                    | 21,715     | 77,049     | 494,469    | 521,795    |
| 3.11       | Profit for the period                                | 21,715     | 77,049     | 494,469    | 521,795    |
| 3.99       | Earnings per share - (R\$/share)                     |            |            |            |            |
| 3.99.01    | Basic earnings per share                             |            |            |            |            |
| 3.99.01.01 | Common shares  | 0.01505    | 0.05313    | 0.33915    | 0.35789    |





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ITR — Quarterly Financial Information - June 30, 2014 – CIA SIDERURGICA  
NACIONAL

**Version:  
1**

**Parent Company Statements / Statement of Comprehensive Income  
(R\$ thousand)**

| Code    | Description   | Current   | YTD        | San     |
|---------|---|-----------|------------|---------|
|         |   | Quarter   | Current    | Quar    |
|         |   | 4/1/2014  | 1/1/2014   | 4/1/20  |
|         |   | to        | to         | Ye      |
|         |   | 6/30/2014 | 6/30/2014  | 6/30/20 |
| 4.01    | Profit for the period   | 21,715    | 77,049     | 494,4   |
| 4.02    | Other comprehensive income  | -299,832  | -770,643   | -272,4  |
| 4.02.01 | Cumulative translation adjustments for the period   | -43,021   | -87,347    | 124,2   |
| 4.02.02 | Actuarial (losses) gains on defined benefit pension plan from investments in subsidiaries | 0         | 1,710      |         |
| 4.02.03 | Available-for-sale financial assets   | -428,462  | -1,059,465 | -455,0  |
| 4.02.04 | Income tax and social contribution on available-for-sale financial assets                 | 145,677   | 360,218    | 154,7   |
| 4.02.05 | Available-for-sale financial assets from investments in subsidiaries                      | -5,737    | -17,470    | -98,6   |
| 4.02.06 | Impairment of available-for-sale financial assets   | 48,047    | 48,047     | 3,3     |
| 4.02.07 | Income tax and social contribution on available-for-sale financial assets                 | -16,336   | -16,336    | -1,1    |
| 4.03    | Comprehensive income for the period   | -278,117  | -693,594   | 222,0   |

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ITR — Quarterly Financial Information - June 30, 2014 – CIA SIDERURGICA NACIONAL

**Version:  
1****Parent Company Statements / Statement of Cash Flows – Indirect Method  
(R\$ thousand)**

| <b>Code</b> | <b>Description</b>   | <b>YTD<br/>Current<br/>Year<br/>1/1/2014 to<br/>6/30/2014</b> | <b>YTD<br/>Previous<br/>Year<br/>1/1/2013 to<br/>6/30/2013</b> |
|-------------|--|---|--|
| 6.01        | Net cash generated by operating activities                               | 765,413   | 619,321  |
| 6.01.01     | Cash generated from operations   | 2,036,338   | 1,520,086  |
| 6.01.01.01  | Profit for the period  | 77,049  | 521,795  |
| 6.01.01.02  | Charges on borrowings and financing                                      | 1,558,999   | 1,172,598  |
| 6.01.01.03  | Charges on loans and financing granted                                   | -6,136  | -18,885  |
| 6.01.01.04  | Depreciation, depletion and amortization                                 | 477,392   | 466,832  |
| 6.01.01.05  | Share of profits of investees  | 548,044   | -942,436   |
| 6.01.01.06  | Deferred income tax and social contribution                              | -162,024  | -459,876   |
| 6.01.01.08  | Provision for tax, social security, labor, civil and environmental risks | -13,702   | 81,589   |
| 6.01.01.09  | Monetary variation and exchange differences, net                         | -557,575  | 717,004  |
| 6.01.01.10  | Gain on derivative transactions  | 943   | 2,294  |
| 6.01.01.11  | Impairment of available-for-sale financial assets                        | 48,047  | 3,369  |
| 6.01.01.12  | Residual value of permanent assets written off                           | 5,090   | 7,262  |
| 6.01.01.14  | Other provisions   | 60,211  | -31,460  |
| 6.01.02     | Changes in assets and liabilities  | -1,270,925  | -900,765   |
| 6.01.02.01  | Trade receivables - third parties  | 36,317  | -78,773  |
| 6.01.02.02  | Trade receivables - related parties                                      | -78,039   | -88,274  |
| 6.01.02.03  | Inventories  | -519,235  | 19,331   |
| 6.01.02.05  | Recoverable taxes  | -37,133   | -423   |
| 6.01.02.06  | Judicial deposits  | -22,281   | 1,125  |
| 6.01.02.07  | Dividends received from related parties                                  | 236,892   | 262,807  |
| 6.01.02.10  | Trade payables   | 346,314   | -49,798  |
| 6.01.02.11  | Payroll and related taxes  | -55,818   | 19,868   |
| 6.01.02.12  | Taxes in installments - REFIS  | -95,102   | -108,036   |
| 6.01.02.14  | Payables to related parties  | 48,136  | -1,692   |
| 6.01.02.16  | Interest paid  | -1,142,625  | -863,981   |
| 6.01.02.17  | Interest received  | 13,580  | 2,420  |
| 6.01.02.18  | Interest on swaps paid   | -633  | -2,466   |
| 6.01.02.19  | Other  | -1,298  | -12,873  |
| 6.02        | Net cash used in investing activities                                    | -543,785  | -964,922   |
| 6.02.01     | Investments  | -37,574   | -67,370  |

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|         |   |           |          |
|---------|---|-----------|----------|
| 6.02.02 | Purchase of property, plant and equipment         | -654,445  | -624,309 |
| 6.02.07 | Purchase of intangible assets                     | 0         | -11      |
| 6.02.08 | Related parties loans                             | -19,956   | -293,307 |
| 6.02.09 | Receipt of related parties loans                  | 168,190   | 20,075   |
| 6.03    | Net cash used in financing activities             | -280,824  | -556,347 |
| 6.03.01 | Borrowings and financing raised                   | 1,134,086 | 553,071  |
| 6.03.02 | Borrowings and financing raised - related parties | 382,977   | 0        |
| 6.03.03 | Repayment of borrowings                           | -874,313  | -321,345 |
| 6.03.04 | Repayment of borrowings - related parties         | -100,724  | -97,110  |
| 6.03.05 | Dividends and interest on capital paid            | -424,933  | -690,963 |
| 6.03.06 | Treasury shares                                   | -397,917  | 0        |

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NACIONAL**Version:  
1****Parent Company Statements / Statement of Cash Flows – Indirect Method  
(R\$ thousand)**

| <b>Code</b> | <b>Description</b>                                  | <b>YTD Current<br/>Year<br/>1/1/2014 to<br/>6/30/2014</b> | <b>YTD Previous<br/>Year<br/>1/1/2013 to<br/>6/30/2013</b> |
|-------------|---|---|--|
| 6.05        | Increase (decrease) in cash and cash equivalents    | -59,196   | -901,948   |
| 6.05.01     | Cash and equivalents at the beginning of the period | 206,624   | 2,995,757  |
| 6.05.02     | Cash and equivalents at the end of the period       | 147,428   | 2,093,809  |

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1****Parent Company Statements / Statement of Changes in Shareholders' Equity - 1/1/2014 to 6/30/2014  
(R\$ thousand)**

| <b>Code</b> | <b>Description</b>   | <b>Paid-in<br/>capital</b> | <b>Capital<br/>reserve,<br/>granted<br/>options<br/>and<br/>treasury<br/>shares</b> | <b>Earnings<br/>reserve<br/>(ac</b> |
|-------------|--|----------------------------|---|-------------------------------------|
| 5.01        | Opening balances   | 4,540,000                  | 302,839,568   |                                     |
| 5.03        | Adjusted opening balances  | 4,540,000                  | 302,839,568   |                                     |
| 5.04        | Capital transactions with shareholders                                 | 0                          | 0   | -867,438                            |
| 5.04.04     | Treasury shares acquired   | 0                          | 0   | -442,438                            |
| 5.04.06     | Dividends  | 0                          | 0   | -425,000                            |
| 5.05        | Total comprehensive income   | 0                          | 0   | 0                                   |
| 5.05.01     | Profit for the period  | 0                          | 0   | 0                                   |
| 5.05.02     | Other comprehensive income   | 0                          | 0   | 0                                   |
| 5.05.02.04  | Cumulative translation adjustments for the period                      | 0                          | 0   | 0                                   |
| 5.05.02.08  | Actuarial (losses) gains on defined benefit pension plan, net of taxes | 0                          | 0   | 0                                   |
| 5.05.02.09  | Available-for-sale financial assets, net of taxes                      | 0                          | 0   | 0                                   |
| 5.07        | Closing balances   | 4,540,000                  | 301,972,130   |                                     |

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NACIONAL

**Version:  
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**Parent Company Statements / Statement of Changes in Shareholders' Equity - 1/1/2013 to 6/30/2013  
(R\$ thousand)**

| <b>Code</b> | <b>Description</b>                                | <b>Paid-in<br/>capital</b> | <b>Capital reserve,<br/>granted<br/>options<br/>and<br/>treasury<br/>shares</b> | <b>Earnings<br/>reserve</b> | <b>Retained<br/>earnings/<br/>compre<br/>(accumulated<br/>losses)</b> |
|-------------|---|----------------------------|---|-----------------------------|---|
| 5.01        | Opening balances                                  | 4,540,000                  |   | 303,690,543                 | 0   |
| 5.03        | Adjusted opening balances                         | 4,540,000                  |   | 303,690,543                 | 0   |
| 5.04        | Capital transactions with shareholders            | 0                          |   | 0 -560,000                  | 0   |
| 5.04.08     | Approval of prior year's proposed dividends       | 0                          |   | 0 -560,000                  | 0   |
| 5.05        | Total comprehensive income                        | 0                          |   | 0                           | 521,795   |
| 5.05.01     | Profit for the period                             | 0                          |   | 0                           | 521,795   |
| 5.05.02     | Other comprehensive income                        | 0                          |   | 0                           | 0   |
| 5.05.02.04  | Cumulative translation adjustments for the period | 0                          |   | 0                           | 0   |
| 5.05.02.09  | Available-for-sale financial assets, net of taxes | 0                          |   | 0                           | 0   |
| 5.07        | Closing balances                                  | 4,540,000                  |   | 303,130,543                 | 521,795   |

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NACIONAL**Version:****1****Parent Company Statements / Statement of Value Added  
(R\$ thousand)**

| <b>Code</b> | <b>Description</b>                                    | <b>YTD Current</b> | <b>YTD Previous</b> |
|-------------|---|--------------------|---------------------|
|             |   | <b>year</b>        | <b>year</b>         |
|             |   | <b>1/1/2014 to</b> | <b>1/1/2013 to</b>  |
|             |   | <b>6/30/2014</b>   | <b>6/30/2013</b>    |
| 7.01        | Revenues  | 8,175,552          | 7,628,632           |
| 7.01.01     | Sales of products and services                        | 8,130,141          | 7,582,244           |
| 7.01.02     | Other revenues  | 49,740             | 45,242              |
| 7.01.04     | Allowance for (reversal of) doubtful debts            | -4,329             | 1,146               |
| 7.02        | Raw materials acquired from third parties             | -4,680,965         | -5,077,446          |
| 7.02.01     | Costs of sales and services                           | -4,070,934         | -4,465,891          |
| 7.02.02     | Materials, electric power, outside services and other | -545,092           | -622,976            |
| 7.02.03     | Impairment/recovery of assets                         | -64,939            | 11,421              |
| 7.03        | Gross value added                                     | 3,494,587          | 2,551,186           |
| 7.04        | Retentions  | -477,392           | -466,832            |
| 7.04.01     | Depreciation, amortization and depletion              | -477,392           | -466,832            |
| 7.05        | Wealth created  | 3,017,195          | 2,084,354           |
| 7.06        | Value added received as transfer                      | -544,481           | 1,183,374           |
| 7.06.01     | Share of profits of investees                         | -548,044           | 942,436             |
| 7.06.02     | Finance income  | 25,866             | 70,620              |
| 7.06.03     | Other   | -22,303            | 170,318             |
| 7.07        | Wealth for distribution                               | 2,472,714          | 3,267,728           |
| 7.08        | Wealth distributed                                    | 2,472,714          | 3,267,728           |
| 7.08.01     | Personnel   | 612,674            | 526,830             |
| 7.08.01.01  | Salaries and wages                                    | 478,017            | 402,657             |
| 7.08.01.02  | Benefits  | 102,049            | 93,188              |
| 7.08.01.03  | Severance pay fund (FGTS)                             | 32,608             | 30,985              |
| 7.08.02     | Taxes, fees and contributions                         | 459,931            | 193,531             |
| 7.08.02.01  | Federal   | 386,685            | 102,250             |
| 7.08.02.02  | State   | 61,130             | 80,168              |
| 7.08.02.03  | Municipal   | 12,116             | 11,113              |
| 7.08.03     | Lenders and lessors                                   | 1,323,060          | 2,025,572           |
| 7.08.03.01  | Interest  | 1,890,923          | 1,260,840           |
| 7.08.03.02  | Leases  | 5,032              | 5,297               |
| 7.08.03.03  | Other   | -572,895           | 759,435             |
| 7.08.04     | Shareholders  | 77,049             | 521,795             |
| 7.08.04.03  | Retained earnings (accumulated losses) for the period | 77,049             | 521,795             |





**CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL  
PREVIOUSLY ISSUED IN PORTUGUESE)**ITR — Quarterly Financial Information - June 30, 2014 – CIA SIDERURGICA  
NACIONAL**Version:****1****Consolidated Financial Statements / Balance Sheet - Assets  
(R\$ thousand)**

| <i>Code</i> | <i>Description</i>                     | <b>YTD Previous</b>    |                   |
|-------------|--|------------------------|-------------------|
|             |  | <b>Current Quarter</b> | <b>Year</b>       |
|             |  | <b>6/30/2014</b>       | <b>12/31/2013</b> |
| 1           | Total assets                           | 49,164,220             | 50,402,539        |
| 1.01        | Current assets                         | 15,591,407             | 16,402,042        |
| 1.01.01     | Cash and cash equivalents              | 9,019,972              | 9,995,672         |
| 1.01.03     | Trade receivables                      | 1,826,767              | 2,522,465         |
| 1.01.04     | Inventories                            | 3,635,724              | 3,160,985         |
| 1.01.08     | Other current assets                   | 1,108,944              | 722,920           |
| 1.02        | Non-current assets                     | 33,572,813             | 34,000,497        |
| 1.02.01     | Long-term receivables                  | 4,511,147              | 4,636,608         |
| 1.02.01.02  | Investments measured at amortized cost | 28,913                 | 30,756            |
| 1.02.01.06  | Deferred taxes                         | 3,282,979              | 2,770,527         |
| 1.02.01.09  | Other non-current assets               | 1,199,255              | 1,835,325         |
| 1.02.02     | Investments                            | 13,005,972             | 13,487,023        |
| 1.02.03     | Property, plant and equipment          | 15,130,171             | 14,911,426        |
| 1.02.04     | Intangible assets                      | 925,523                | 965,440           |

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**CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL  
PREVIOUSLY ISSUED IN PORTUGUESE)**ITR — Quarterly Financial Information - June 30, 2014 – CIA SIDERURGICA  
NACIONAL**Version:****1****Consolidated Financial Statements / Balance Sheet - Liabilities  
(R\$ thousand)**

| <i>Code</i>   | <i>Description</i>  | <b>Current<br/>Quarter<br/>3/31/2014</b> | <b>YTD<br/>Previous<br/>Year<br/>12/31/2013</b> |
|---------------|---|--|---|
| 2             | Total liabilities   | 49,164,220                               | 50,402,539                                      |
| 2.01          | Current liabilities   | 7,026,116                                | 5,564,230                                       |
| 2.01.01       | Payroll and related taxes   | 217,614                                  | 208,921   |
| 2.01.02       | Trade payables  | 1,531,076                                | 1,102,037                                       |
| 2.01.03       | Taxes payable   | 261,857                                  | 304,095   |
| 2.01.04       | Borrowings and financing  | 3,547,634                                | 2,642,807                                       |
| 2.01.05       | Other payables  | 1,040,357                                | 972,851   |
| 2.01.06       | Provisions  | 427,578                                  | 333,519   |
| 2.01.06.01    | Provision for tax, social security, labor and civil risks                     | 427,578                                  | 333,519   |
| 2.02          | Non-current liabilities   | 35,635,997                               | 36,769,250                                      |
| 2.02.01       | Borrowings and financing  | 24,019,765                               | 25,103,623                                      |
| 2.02.02       | Other payables  | 10,280,633                               | 10,061,571                                      |
| 2.02.03       | Deferred taxes  | 238,830                                  | 268,833   |
| 2.02.04       | Provisions  | 1,096,769                                | 1,335,223                                       |
| 2.02.04.01    | Provision for tax, social security, labor and civil risks                     | 370,775                                  | 479,664   |
| 2.02.04.02    | Other provisions  | 725,994                                  | 855,559   |
| 2.02.04.02.03 | Provision for environmental liabilities and asset retirement obligation - ARO | 240,889                                  | 370,454   |
| 2.02.04.02.04 | Pension and healthcare plan   | 485,105                                  | 485,105   |
| 2.03          | Shareholders' equity  | 6,502,107                                | 8,069,059                                       |
| 2.03.01       | Issued capital  | 4,540,000                                | 4,540,000                                       |
| 2.03.02       | Capital reserves  | 30                                       | 30  |
| 2.03.04       | Earnings reserves   | 1,972,130                                | 2,839,568                                       |
| 2.03.04.01    | Legal reserve   | 361,641                                  | 361,641   |
| 2.03.04.02    | Statutory reserve   | 2,052,927                                | 2,477,927                                       |
| 2.03.04.09    | Treasury shares   | -442,438                                 | 0   |
| 2.03.05       | Retained earnings/Accumulated losses  | 77,049                                   | 0   |
| 2.03.08       | Other comprehensive income  | -53,671                                  | 716,972   |
| 2.03.09       | Non-controlling interests   | -33,431                                  | -27,511   |



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

ITR — Quarterly Financial Information - June 30, 2014 – CIA SIDERURGICA  
NACIONAL

**Version:**

**1**

**Consolidated Financial Statements / Statements of Income  
(R\$ thousand)**

| Code       | Description  | Current<br>Quarter | YTD<br>Current<br>Year | Same<br>Quarter of<br>Previous<br>Year | YTD<br>Previous<br>Year |
|------------|--|--------------------|------------------------|--|-------------------------|
|            |  |                    |                        |  |                         |
| 3.01       | Net revenue from sales and/or services               | 4,052,407          | 8,423,285              | 4,060,202                              | 7,702,185               |
| 3.02       | Cost of sales and/or services                        | -2,746,592         | -5,781,121             | -3,020,222                             | -5,871,799              |
| 3.03       | Gross profit   | 1,305,815          | 2,642,164              | 1,039,980                              | 1,830,386               |
| 3.04       | Operating expenses/income                            | -456,526           | -972,425               | -242,151                               | -630,936                |
| 3.04.01    | Selling expenses                                     | -233,652           | -423,567               | -256,374                               | -457,624                |
| 3.04.02    | General and administrative expenses                  | -124,171           | -228,024               | -123,461                               | -233,047                |
| 3.04.04    | Other operating income                               | 9,753              | 17,466                 | 20,950                                 | 25,206                  |
| 3.04.05    | Other operating expenses                             | -41,067            | -225,408               | -165,851                               | -264,751                |
| 3.04.06    | Share of profits of investees                        | -67,389            | -112,892               | 282,585                                | 299,280                 |
| 3.05       | Profit before finance income (costs) and taxes       | 849,289            | 1,669,739              | 797,829                                | 1,199,450               |
| 3.06       | Finance income (costs)                               | -814,935           | -1,556,134             | -457,819                               | -985,102                |
| 3.06.01    | Finance income                                       | 53,430             | 91,482                 | 60,282                                 | 98,102                  |
| 3.06.02    | Finance costs  | -868,365           | -1,647,616             | -518,101                               | -1,083,204              |
| 3.06.02.01 | Net exchange gains (losses) on financial instruments | -60,987            | -116,203               | 63,522                                 | 34,837                  |
| 3.06.02.02 | Finance costs  | -807,378           | -1,531,413             | -581,623                               | -1,118,041              |
| 3.07       | Loss (profit) before taxes on income                 | 34,354             | 113,605                | 340,010                                | 214,348                 |
| 3.08       | Income tax and social contribution                   | -15,321            | -42,476                | 161,876                                | 303,854                 |
| 3.09       | Profit from continuing operations                    | 19,033             | 71,129                 | 501,886                                | 518,202                 |
| 3.11       | Consolidated profit for the period                   | 19,033             | 71,129                 | 501,886                                | 518,202                 |
| 3.11.01    | Attributed to owners of the Company                  | 21,715             | 77,049                 | 494,469                                | 521,795                 |
| 3.11.02    | Attributed to non-controlling interests              | -2,682             | -5,920                 | 7,417                                  | -3,593                  |
| 3.99       | Earnings per share - (R\$/share)                     |                    |                        |  |                         |
| 3.99.01    | Basic earnings per share                             |                    |                        |  |                         |
| 3.99.01.01 | Common shares  | 0.01505            | 0.05313                | 0.33915                                | 0.35789                 |



**CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL  
PREVIOUSLY ISSUED IN PORTUGUESE)**ITR — Quarterly Financial Information - June 30, 2014 – CIA SIDERURGICA  
NACIONAL**Version:  
1****Consolidated Financial Statements / Statement of Comprehensive Income  
(R\$ thousand)**

| Code    | Description   | Current   | YTD        | Sa     |
|---------|---|-----------|------------|--------|
|         |   | Quarter   | Current    | Quar   |
|         |   | 4/1/2014  | Year       | Previc |
|         |   | to        | 1/1/2014   | Y      |
|         |   | 6/30/2014 | to         | 4/1/2  |
|         |   |           | 6/30/2014  | 6/30/2 |
| 4.01    | Consolidated profit for the period  | 19,033    | 71,129     | 501,   |
| 4.02    | Other comprehensive income  | -299,832  | -770,643   | -272,  |
| 4.02.01 | Cumulative translation adjustments for the period   | -43,021   | -87,347    | 124,   |
| 4.02.02 | Actuarial (losses) gains on defined benefit pension plan from investments in subsidiaries | 0         | 1,710      |        |
| 4.02.03 | Available-for-sale financial assets   | -441,223  | -1,090,003 | -606,  |
| 4.02.04 | Income tax and social contribution on available-for-sale financial assets                 | 150,016   | 370,601    | 206,   |
| 4.02.05 | Impairment of available-for-sale financial assets   | 52,115    | 52,115     | 5,     |
| 4.02.06 | Income tax and social contribution on available-for-sale financial assets                 | -17,719   | -17,719    | -1,    |
| 4.03    | Consolidated comprehensive income for the period  | -280,799  | -699,514   | 229,   |
| 4.03.01 | Attributed to owners of the Company   | -278,117  | -693,594   | 222,   |
| 4.03.02 | Attributed to non-controlling interests   | -2,682    | -5,920     | 7,     |

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**CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL  
PREVIOUSLY ISSUED IN PORTUGUESE)**ITR — Quarterly Financial Information - June 30, 2014 – CIA SIDERURGICA  
NACIONAL**Version:****1****Consolidated Financial Statements / Statement of Cash Flows – Indirect Method  
(R\$ thousand)**

| <b>Code</b> | <b>Description</b>   | <b>YTD<br/>Current<br/>Year<br/>01/01/2014<br/>to<br/>6/30/2014</b> | <b>YTD<br/>Previous<br/>Year<br/>01/01/2013<br/>to<br/>6/30/2013</b> |
|-------------|--|---|--|
| 6.01        | Net cash generated by operating activities                               | 416,545   | 793,134  |
| 6.01.01     | Cash generated from operations   | 2,019,987   | 2,295,985  |
| 6.01.01.01  | Profit for the period attributable to owners of the Company              | 77,049  | 521,795  |
| 6.01.01.02  | Profit (loss) for the period attributable to non-controlling interests   | -5,920  | -3,593   |
| 6.01.01.03  | Charges on borrowings and financing                                      | 1,349,446   | 1,012,308  |
| 6.01.01.04  | Charges on loans and financing granted                                   | -22,359   | -22,395  |
| 6.01.01.05  | Depreciation, depletion and amortization                                 | 600,153   | 579,489  |
| 6.01.01.06  | Share of profits of investees  | 112,892   | -299,280   |
| 6.01.01.07  | Deferred income tax and social contribution                              | -177,889  | -467,700   |
| 6.01.01.08  | Provision for tax, social security, labor, civil and environmental risks | -8,035  | 36,651   |
| 6.01.01.09  | Monetary variation and exchange differences, net                         | -16,519   | 896,022  |
| 6.01.01.10  | Gain (loss) on derivative transactions                                   | -2,240  | 16,211   |
| 6.01.01.11  | Impairment of available-for-sale financial assets                        | 52,115  | 5,002  |
| 6.01.01.16  | Residual value of permanent assets written off                           | 5,821   | 25,835   |
| 6.01.01.17  | Other provisions   | 55,473  | -4,360   |
| 6.01.02     | Changes in assets and liabilities  | -1,603,442  | -1,502,851   |
| 6.01.02.01  | Trade receivables - third parties  | 16,609  | -126,459   |
| 6.01.02.02  | Trade receivables - related parties                                      | -118,099  | -3,246   |
| 6.01.02.03  | Inventories  | -549,274  | -97,457  |
| 6.01.02.04  | Receivables from related parties   | -93,380   | -4,499   |
| 6.01.02.05  | Recoverable taxes  | -47,031   | -99,277  |
| 6.01.02.06  | Judicial deposits  | -23,369   | 33,444   |
| 6.01.02.07  | Dividends received from related parties                                  | 202,015   | 240,000  |
| 6.01.02.08  | Trade payables   | 490,551   | -311,339   |
| 6.01.02.09  | Payroll and related taxes  | -46,466   | 19,236   |
| 6.01.02.10  | Taxes in installments - REFIS  | -109,009  | -35,412  |
| 6.01.02.12  | Payables to related parties  | 3,506   | -3,463   |
| 6.01.02.14  | Interest paid  | -1,331,725  | -1,098,710   |
| 6.01.02.15  | Interest received - related parties                                      | 13,580  | 17,607   |
| 6.01.02.16  | Interest on swaps paid   | -633  | -2,466   |
| 6.01.02.17  | Other  | -10,717   | -30,810  |
| 6.02        | Net cash used in investing activities                                    | -628,929  | -719,842   |
| 6.02.02     | Investments  | -5,846  | 0  |



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|         |  |           |           |
|---------|--|-----------|-----------|
| 6.02.03 | Purchase of property, plant and equipment            | -781,896  | -963,283  |
| 6.02.09 | Receipt/payment in derivative transactions           | 3,879     | 272,815   |
| 6.02.10 | Purchase of intangible assets                        | -324      | -38       |
| 6.02.11 | Related parties loans                                | -19,956   | -301      |
| 6.02.12 | Receipt of related parties loans                     | 173,371   | 0         |
| 6.02.13 | Investment, net of redeemed amount                   | 1,843     | -29,035   |
| 6.03    | Net cash used in financing activities                | -366,342  | 162,217   |
| 6.03.01 | Borrowings and financing raised                      | 1,384,720 | 1,225,822 |
| 6.03.02 | Repayment of borrowings                              | -906,748  | -378,066  |
| 6.03.04 | Dividends and interest on capital paid               | -424,933  | -690,963  |
| 6.03.05 | Capital contribution by non-controlling shareholders | 0         | 5,424     |
| 6.03.06 | Treasury shares                                      | -397,917  | 0         |

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**CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL  
PREVIOUSLY ISSUED IN PORTUGUESE)**ITR — Quarterly Financial Information - June 30, 2014 – CIA SIDERURGICA  
NACIONAL**Version:  
1****Consolidated Financial Statements / Statement of Cash Flows – Indirect Method  
(R\$ thousand)**

| <b>Code</b> | <b>Description</b>  | <b>YTD Current YTD Previous</b> |                      |
|-------------|---|---------------------------------|----------------------|
|             |   | <b>Year</b>                     | <b>Year</b>          |
|             |   | <b>01/01/2014 to</b>            | <b>01/01/2013 to</b> |
|             |   | <b>6/30/2014</b>                | <b>6/30/2013</b>     |
| 6.03.07     | Repurchase of debt securities                                 | -21,464                         | 0                    |
| 6.04        | Exchange differences on translating cash and cash equivalents | -396,974                        | 145,540              |
| 6.05        | Increase (decrease) in cash and cash equivalents              | -975,700                        | 381,049              |
| 6.05.01     | Cash and equivalents at the beginning of the period           | 9,995,672                       | 11,891,821           |
| 6.05.02     | Cash and equivalents at the end of the period                 | 9,019,972                       | 12,272,870           |

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

ITR — Quarterly Financial Information - June 30, 2014 – CIA SIDERURGICA NACIONAL

**Version:  
1****Consolidated Financial Statements / Statement of Changes in Shareholders' Equity - 1/1/2014 to 6/30/2014 (R\$ thousand)**

| Code       | Description  | Paid-in capital | Capital reserve, granted options and treasury shares | Earnings (accumulated reserve) | Retained earnings/ losses) | Other comprehensive income | Shareholders' Equity | Non-con |
|------------|--|-----------------|--|--------------------------------|----------------------------|----------------------------|----------------------|---------|
| 5.01       | Opening balances   | 4,540,000       | 302,839,568  |                                | 0                          | 716,972                    | 8,096,570            |         |
| 5.03       | Adjusted opening balances  | 4,540,000       | 302,839,568  |                                | 0                          | 716,972                    | 8,096,570            |         |
| 5.04       | Capital transactions with shareholders                                 | 0               | 0  | -867,438                       | 0                          | 0                          | -867,438             |         |
| 5.04.04    | Treasury shares acquired   | 0               | 0  | -442,438                       | 0                          | 0                          | -442,438             |         |
| 5.04.06    | Dividends  | 0               | 0  | -425,000                       | 0                          | 0                          | -425,000             |         |
| 5.05       | Total comprehensive income   | 0               | 0  | 0                              | 77,049                     | -770,643                   | -693,594             |         |
| 5.05.01    | Profit for the period  | 0               | 0  | 0                              | 77,049                     | 0                          | 77,049               |         |
| 5.05.02    | Other comprehensive income   | 0               | 0  | 0                              | 0                          | -770,643                   | -770,643             |         |
| 5.05.02.04 | Cumulative translation adjustments for the period                      | 0               | 0  | 0                              | 0                          | -87,347                    | -87,347              |         |
| 5.05.02.08 | Actuarial (losses) gains on defined benefit pension plan, net of taxes | 0               | 0  | 0                              | 0                          | 1,710                      | 1,710                |         |
| 5.05.02.09 | Available-for-sale financial assets, net of taxes                      | 0               | 0  | 0                              | 0                          | -685,006                   | -685,006             |         |

|      |                  |           |             |        |         |           |
|------|------------------|-----------|-------------|--------|---------|-----------|
| 5.07 | Closing balances | 4,540,000 | 301,972,130 | 77,049 | -53,671 | 6,535,538 |
|------|------------------|-----------|-------------|--------|---------|-----------|

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

ITR — Quarterly Financial Information - June 30, 2014 – CIA SIDERURGICA  
NACIONAL

**Version:**

**1**

**Consolidated Financial Statements / Statement of Changes in Shareholders' Equity - 1/1/2013 to 6/30/2013  
(R\$ thousand)**

| <b>Code</b> | <b>Description</b>                                | <b>Paid-in capital</b> | <b>Capital reserve, granted options and treasury shares</b> | <b>Earnings reserve</b> | <b>Retained earnings/(accumulated comprehensive losses)</b> |
|-------------|---|------------------------|---|-------------------------|---|
| 5.01        | Opening balances                                  | 4,540,000              | 303,690,543   | 0                       | 0   |
| 5.03        | Adjusted opening balances                         | 4,540,000              | 303,690,543   | 0                       | 0   |
| 5.04        | Capital transactions with shareholders            | 0                      | 0   | -560,000                | 0   |
| 5.04.08     | Approval of prior year's proposed dividends       | 0                      | 0   | -560,000                | 0   |
| 5.05        | Total comprehensive income                        | 0                      | 0   | 0                       | 521,795   |
| 5.05.01     | Profit for the period                             | 0                      | 0   | 0                       | 521,795   |
| 5.05.02     | Other comprehensive income                        | 0                      | 0   | 0                       | 0   |
| 5.05.02.04  | Cumulative translation adjustments for the period | 0                      | 0   | 0                       | 0   |
| 5.05.02.09  | Available-for-sale financial assets, net of taxes | 0                      | 0   | 0                       | 0   |
| 5.06        | Internal changes in shareholders' equity          | 0                      | 0   | 0                       | 0   |
| 5.06.04     | Non-controlling interests in subsidiaries         | 0                      | 0   | 0                       | 0   |
| 5.07        | Closing balances                                  | 4,540,000              | 303,130,543   | 0                       | 521,795   |

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**CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL  
PREVIOUSLY ISSUED IN PORTUGUESE)**ITR — Quarterly Financial Information - June 30, 2014 – CIA SIDERURGICA  
NACIONAL**Version:****1****Consolidated Financial Statements / Statement of Value Added  
(R\$ thousand)**

| <b>Code</b> | <b>Description</b>                                    | <b>YTD Current<br/>year<br/>1/1/2014 to<br/>6/30/2014</b> | <b>YTD Previous<br/>year<br/>1/1/2013 to<br/>6/30/2013</b> |
|-------------|---|---|--|
| 7.01        | Revenues  | 10,058,590  | 9,342,470  |
| 7.01.01     | Sales of products and services                        | 10,011,520  | 9,300,610  |
| 7.01.02     | Other revenues  | 52,199  | 56,368   |
| 7.01.04     | Allowance for (reversal of) doubtful debts            | -5,129  | -14,508  |
| 7.02        | Raw materials acquired from third parties             | -6,122,306  | -6,265,885   |
| 7.02.01     | Costs of sales and services                           | -5,252,473  | -5,397,367   |
| 7.02.02     | Materials, electric power, outside services and other | -799,084  | -895,501   |
| 7.02.03     | Impairment/recovery of assets                         | -70,749   | 26,983   |
| 7.03        | Gross value added                                     | 3,936,284   | 3,076,585  |
| 7.04        | Retentions  | -600,153  | -579,489   |
| 7.04.01     | Depreciation, amortization and depletion              | -600,153  | -579,489   |
| 7.05        | Wealth created  | 3,336,131   | 2,497,096  |
| 7.06        | Value added received as transfer                      | -1,691,048  | 2,010,965  |
| 7.06.01     | Share of profits of investees                         | -112,892  | 299,280  |
| 7.06.02     | Finance income  | 91,482  | 98,102   |
| 7.06.03     | Other   | -1,669,638  | 1,613,583  |
| 7.07        | Wealth for distribution                               | 1,645,083   | 4,508,061  |
| 7.08        | Wealth distributed                                    | 1,645,083   | 4,508,061  |
| 7.08.01     | Personnel   | 819,557   | 725,362  |
| 7.08.01.01  | Salaries and wages                                    | 652,074   | 575,363  |
| 7.08.01.02  | Benefits  | 129,160   | 113,557  |
| 7.08.01.03  | Severance pay fund (FGTS)                             | 38,323  | 36,442   |
| 7.08.02     | Taxes, fees and contributions                         | 771,819   | 560,536  |
| 7.08.02.01  | Federal   | 670,132   | 354,938  |
| 7.08.02.02  | State   | 82,533  | 189,492  |
| 7.08.02.03  | Municipal   | 19,154  | 16,106   |
| 7.08.03     | Lenders and lessors                                   | -17,422   | 2,703,961  |
| 7.08.03.01  | Interest  | 1,710,725   | 1,110,261  |
| 7.08.03.02  | Leases  | 7,743   | 7,815  |
| 7.08.03.03  | Other   | -1,735,890  | 1,585,885  |
| 7.08.04     | Shareholders  | 71,129  | 518,202  |
| 7.08.04.03  | Retained earnings (accumulated losses) for the period | 77,049  | 521,795  |

|            |  |        |        |
|------------|--|--------|--------|
| 7.08.04.04 | Non-controlling interests in retained earnings | -5,920 | -3,593 |
|------------|--|--------|--------|

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The outlook for the global economy is one of a gradual rally in the second half of 2014, mainly fueled by the recovery of growth in the developed countries, which performed poorly at the beginning of the year.

The IMF has reduced its 2014 global growth projection to 3.4%, 0.3 p.p. below its previous estimate, reflecting the weak first-quarter performance and the less optimistic prospects for some of the emerging nations. The institution maintained its 4% growth estimate for 2015.

The global Purchasing Managers Index (PMI) recorded its 21<sup>st</sup> consecutive monthly upturn, averaging 54.1 points in the second quarter.

## **USA**

The U.S. economy shrank by 2.1% in 1Q14 due to the lower exports and a reduction in private investments. Nevertheless, despite the exceptionally rigorous winter having jeopardized economic performance at the beginning of the year, recent indicators are pointing to positive results. The first GDP estimate for 2Q14 points to growth of 4%, fueled by private investments, exports and personal spending on consumption.

Manufacturing PMI averaged 56.4 points in 2Q14, the best result for four years, signaling a recovery in activity. Unemployment reached 6.1% in June, the lowest figure for 15 years, with the creation of 1.4 million new jobs in the first half. Installed capacity in May remained flat over April and March at 79%, while industrial production moved up by 0.6%, giving 12-month growth of 4.3%.



At its last meeting in June, the FOMC (the FED's Monetary Policy Committee), reduced its asset purchases by a further US\$10 billion, maintaining its decision to wind up the program at the end of the current year. The base rate was maintained at between 0% and 0.25%, and the Committee signaled that this level would be preserved. The FED estimates GDP growth in 2014 between 2.1% and 2.3%.

## **Europe**

The first-quarter Eurozone numbers continued pointing to a gradual economic recovery. GDP in the region edged up by 0.2% over 4Q13, very close to the 0.3% recorded in the latter quarter. Hungary and Poland recorded the biggest growth, with 1.1% each, while the Netherlands recorded the biggest decline (-1.4%). The European Central Bank (ECB) expects growth of 1.0% in 2014 and 1.7% in 2015.

Manufacturing PMI fell from 53.1 points in March to 51.8 points in June, while the quarterly average declined from 53.4 to 52.4 points between 1Q14 and 2Q14.

In the 12 months through June 2014, Eurozone inflation came to 0.5%, below the long-term target of 2% established by the ECB.

As a result, the ECB has been adopting an expansionist monetary policy, reducing the banks' overnight deposit rates and strengthening prospects of low interest rates for a lengthy period of time.

Although the job market has shown some signs of improvement, Eurozone unemployment remained flat at 11.6% in May, still high.

In the UK, preliminary estimates point to GDP growth of 0.8% in 2Q14, identical to the 1Q14 figure, pushed by the service sector which recorded period growth of 1.0%. Industrial output increased by 3.7% in the 12 months through May, while manufacturing PMI reached 57.5 points in June, indicating expansion over the last 16 months. Annualized inflation came to 1.9% in June, higher than the 1.5% recorded in May. According to the British Treasury, the consensus of estimates points to GDP growth of 3.0% in 2014.



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**Asia**

Reacting to signs of a slowdown at the beginning of the year, the Chinese government implemented a series of new measures to stimulate the economy and recent indicators suggest that they have been effective. Preliminary 2Q14 figures from the National Bureau of Statistics point to Chinese GDP growth of 7.5% over the same period last year and 2% over the previous quarter. Industrial production moved up by 8.8% in June over the same month the year before. After reaching its 48.0 points in March, the lowest level of the year, manufacturing PMI, disclosed by HSBC, began to improve as of April and closed June at 50.7 points, the first expansion since December 2013.

On the other hand, first-half investments in fixed assets grew by 17.3%, slightly less than the 17.6% recorded in 1Q14.

Given this scenario, the government maintained its 2014 GDP growth target at 7.5%.

The economic indicators in Japan point to an upturn in activity, even it is only a temporary one. Expectations of an increase in value added tax from 5% to 8% in April helped push up household consumption, which grew by 9.2% in the first quarter, resulting in annualized GDP growth of 6.7% in the same period, versus 0.3% in 4Q13.

Compound PMI reached 51.5 points in June, above the 49.9 points recorded in May, signaling an improvement in business conditions for the first time since February. Unemployment recorded 3.5% in May, the lowest rate since July 2007.

The Bank of Japan expects inflation to reach 1.25% p.a. in the midterm and 2% p.a. in the long term and is projecting GDP growth of 1.0% in 2014.

**Brazil**

May's seasonally-adjusted Central Bank Economic Activity Index (IBC-Br), used as a reference for GDP, fell by 0.18% in May over April after remaining flat since the beginning of the year. In the last 12 months, however, the IBC-Br moved up by 1.95%. The Central Bank's FOCUS report expects GDP growth of 0.90% in 2014 and 1.5% in 2015.

Inflation recorded by the IPCA consumer price index recorded 0.4% in June, giving 3.75% for the first half and 6.52% in the previous 12 months, exceeding the 6.5% ceiling of the annual inflationary target. The FOCUS report expects 2014 inflation of 6.41%, with a Selic base rate of 11.0% at year-end.

Given this scenario, and despite high inflation, the Central Bank's Monetary Policy Committee (COPOM) interrupted the series of hikes in the Selic, maintaining it at 11.0% p.a. at its last two meetings.

Industrial output in May fell by 0.6% over April and 3.2% over the same month last year, giving a decline of 1.6% in the first five months. Most of the downward pressure in May came from consumer durables production, which fell by 3.6%.

On the foreign exchange front, the Brazilian real appreciated by 2.7% against the U.S. dollar in 2Q14, closing June at R\$2.2025, reflecting higher market liquidity and the difference between real domestic and international interest rates.

**Macroeconomic Projections**

|                                 | 2014                | 2015  |
|---------------------------------|---------------------|-------|
| IPCA (%)                        | 6.41                | 6.21  |
| Commercial dollar (final) – R\$ | 2.35                | 2.50  |
| SELIC (final - %)               | 11.00               | 12.00 |
| GDP (%)                         | 0.90                | 1.50  |
| Industrial Production (%)       | -1.15               | 1.70  |
| Source: FOCUS BACEN             | Base: July 25, 2014 |       |



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CSN posted consolidated net revenue of R\$4,052 million in 2Q14, in line with the R\$4,060 million recorded in 2Q13, and 7% down on the R\$4,371 million reported in 1Q14, basically due to the reduction in revenue from steel and mining operations.

COGS totaled R\$2,747 million in 2Q14, 9% down on the R\$3,020 million posted in 2Q13, basically due to lower COGS from steel operations, partially offset by the upturn in mining COGS. In comparison with the R\$3,034 million registered in the previous quarter, COGS also fell by 9%.

Consolidated SG&A expenses totaled R\$358 million in 2Q14, 6% less than the R\$380 million reported in 2Q13, chiefly due to the reduction in selling expenses, and 22% up on the R\$294 million registered in the previous quarter, essentially due to higher freight and administrative expenses.

Other Operating Revenue/Expenses totaled R\$31 million in 2Q14, versus R\$145 million in 2Q13 and R\$177 million in 1Q14, mainly due to the reversal of provisions.

The Company uses Adjusted EBITDA to measure the segments' performance and operating cash flow capacity. It comprises net income before the net financial result, income and social contribution taxes, depreciation and amortization, results from investees and other operating revenue

(expenses), plus the proportional EBITDA of the jointly-owned subsidiaries, Namisa, MRS Logística and CBSI.

Second-quarter adjusted EBITDA amounted to R\$1,303 million, 19% up on the R\$1,095 million posted in 2Q13, basically due to the contribution from steel and mining operations, accompanied by an EBITDA margin of 30%, up by 6 p.p.

In comparison with 1Q14, adjusted EBITDA fell by 9%, chiefly influenced by the mining segment result, partially offset by the increase in EBITDA from steel, while the adjusted EBITDA margin remained at 30%.

In 2Q14, CSN's consolidated net financial result was negative by R\$815 million, mainly due to the following factors:

- Interest on loans and financing totaling R\$691 million;
- Expenses of R\$40 million with the monetary restatement of tax payment installments;
- Other financial expenses totaling R\$76 million;
- Monetary and foreign exchange variations amounting to R\$61 million;

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These negative effects were partially offset by consolidated financial revenue of R\$53 million.

Gross debt, net debt and the net debt/EBITDA ratio presented below reflect the Company's proportional interest in Namisa, MRS Logística and CBSI, as well as the impact from the partial spin-off of Transnordestina Logística S/A.

On June 30, 2014, the Company's gross debt totaled R\$28.6 billion, almost identical to the figure on March 31, 2014, while net debt amounted to R\$16.7 billion, R\$900 million more than at the close of 1Q14. On the other hand, the net debt/EBITDA ratio based on LTM adjusted EBITDA closed the second quarter at 2.71x, virtually flat over the 2.66x recorded at the end of the previous quarter. Net debt was impacted by the following factors:

- Investments of R\$0.6 billion in fixed assets;
- A R\$0.6 billion effect related to the cost of debt;
- A R\$0.2 billion increase in working capital;
- Disbursements of R\$0.4 billion on the share buyback program;
- Foreign exchange variation of R\$0.1 billion;
- Other effects totaling R\$0.3 billion;

These negative effects were partially offset by 2Q14 EBITDA of R\$1.3 billion.

Indebtedness (R\$ million) and Net Debt /Adjusted EBITDA ratio



CSN's equity result was negative by R\$67 million in 2Q14, basically due to the result of the jointly-owned subsidiary Namisa.

CSN posted consolidated net income of R\$19 million in 2Q14, for the reasons mentioned above.

Investments reflect the Company's proportional interest in Namisa, MRS Logística and CBSI. The Company has ceased consolidating its interest in Transnordestina Logística S/A, due to the latter's partial spin-off on December 27, 2013 and the consequent entry into effect of the new shareholders' agreement.

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CSN invested R\$560 million in 2Q14, R\$418 million of which in the parent company. Of this total, R\$207 million went to the Casa de Pedra mine and the Port of Itaguaí, R\$109 million to increasing cement production capacity, and R\$99 million to the steel segment, with scheduled maintenance programs.

The remaining R\$142 million went to subsidiaries or joint subsidiaries, mostly as follows:

- ü MRS: R\$67 million;
- ü Sepetiba Tecon: R\$22 million.

Working capital allocated to the Company's businesses closed 2Q14 at R\$2,732 million, R\$222 million more than at the end of 1Q14, chiefly due to the increase in inventories and accounts receivable, partially offset by the upturn in the suppliers line. The average supplier payment period increased by six days, the receivables period widened by three days and the average inventory turnover period increased by 11 days.

| <b>WORKING CAPITAL (R\$ MM)</b>         | <b>2Q13</b>  | <b>1Q14</b>  | <b>2Q14</b>  | <b>Change<br/>2Q14 x 2Q13</b> | <b>Change<br/>2Q14 x 1Q14</b> |
|---|--------------|--------------|--------------|-------------------------------|-------------------------------|
| <b>Assets</b>                           | <b>3,983</b> | <b>4,126</b> | <b>4,479</b> | <b>496</b>                    | <b>353</b>                    |
| <b>Accounts Receivable</b>              | <b>1,669</b> | <b>1,621</b> | <b>1,716</b> | <b>47</b>                     | <b>95</b>                     |
| <b>Inventory (*)</b>                    | <b>2,289</b> | <b>2,416</b> | <b>2,643</b> | <b>354</b>                    | <b>227</b>                    |
| <b>Advances to Taxes</b>                | <b>25</b>    | <b>89</b>    | <b>120</b>   | <b>95</b>                     | <b>31</b>                     |
| <b>Liabilities</b>                      | <b>2,041</b> | <b>1,616</b> | <b>1,747</b> | <b>(294)</b>                  | <b>131</b>                    |
| <b>Suppliers</b>                        | <b>1,547</b> | <b>1,105</b> | <b>1,257</b> | <b>(290)</b>                  | <b>152</b>                    |
| <b>Salaries and Social Contribution</b> | <b>205</b>   | <b>196</b>   | <b>218</b>   | <b>13</b>                     | <b>22</b>                     |
| <b>Taxes Payable</b>                    | <b>253</b>   | <b>286</b>   | <b>241</b>   | <b>(12)</b>                   | <b>(45)</b>                   |
| <b>Advances from Clients</b>            | <b>36</b>    | <b>30</b>    | <b>31</b>    | <b>(5)</b>                    | <b>1</b>                      |
| <b>Working Capital</b>                  | <b>1,942</b> | <b>2,510</b> | <b>2,732</b> | <b>790</b>                    | <b>222</b>                    |

| <b>TURNOVER RATIO</b>        |             |             |             |                               |                               |
|------------------------------|-------------|-------------|-------------|-------------------------------|-------------------------------|
| <b>Average Periods</b>       | <b>2Q13</b> | <b>1Q14</b> | <b>2Q14</b> | <b>Change<br/>2Q14 x 2Q13</b> | <b>Change<br/>2Q14 x 1Q14</b> |
| <b>Receivables</b>           | <b>32</b>   | <b>28</b>   | <b>31</b>   | <b>(1)</b>                    | <b>3</b>                      |
| <b>Supplier Payment</b>      | <b>48</b>   | <b>33</b>   | <b>39</b>   | <b>(9)</b>                    | <b>6</b>                      |
| <b>Inventory Turnover</b>    | <b>71</b>   | <b>72</b>   | <b>83</b>   | <b>12</b>                     | <b>11</b>                     |
| <b>Cash Conversion Cycle</b> | <b>55</b>   | <b>67</b>   | <b>75</b>   | <b>20</b>                     | <b>8</b>                      |

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

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

|  |                      |                         |                      |                    |
|--|----------------------|-------------------------|----------------------|--------------------|
| <b>Usina Presidente</b>                  |                      |                         |                      |                    |
| <b>Vargas</b>                            | <b>Casa de Pedra</b> | <b>Railways</b>         | <b>Volta Redonda</b> | <b>CSN Energia</b> |
| <b>Porto Real</b>                        | <b>Namisa (60%)</b>  | <b>- MRS</b>            | <b>Arcos</b>         | <b>Itasa</b>       |
| <b>Paraná</b>                            | <b>Tecar</b>         | <b>- FTL</b>            |                      |                    |
| <b>LLC</b>                               | <b>ERSA</b>          | <b>- TLSA</b>           |                      |                    |
| <b>Lusosider</b>                         |                      | <b>Port:</b>            |                      |                    |
| <b>Prada (Distribuição e Embalagens)</b> |                      | <b>- Sepetiba Tecon</b> |                      |                    |
| <b>Metalic</b>                           |                      |                         |                      |                    |
| <b>SWT</b>                               |                      |                         |                      |                    |

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. Results by segment reflect the Company's proportional interest in Namisa, MRS Logística and CBSI, as well as the full consolidation of FTL.



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**Net revenue by segment (R\$ million)**

**Adjusted EBITDA by segment (R\$ million)**

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1****Result by segment**

| R\$ million   |              |              |                  |                      |           |            |                         | 2Q14         |
|---|--------------|--------------|------------------|----------------------|-----------|------------|-------------------------|--------------|
| Consolidated Results                                | Steel        | Mining       | Logistics (Port) | Logistics (Railways) | Energy    | Cement     | Corporate/ Eliminations | Consolidated |
| <b>Net Revenue</b>                                  | <b>2,843</b> | <b>1,117</b> | <b>47</b>        | <b>226</b>           | <b>87</b> | <b>113</b> | <b>(380)</b>            | <b>4,052</b> |
| Domestic Market                                     | 2,185        | 82           | 47               | 226                  | 87        | 113        | (211)                   | 2,529        |
| Foreign Market                                      | 657          | 1,035        | -                | -                    | -         | -          | (169)                   | 1,523        |
| Cost of Goods Sold                                  | (2,083)      | (740)        | (31)             | (156)                | (49)      | (72)       | 385                     | (2,747)      |
| <b>Gross Profit</b>                                 | <b>759</b>   | <b>377</b>   | <b>16</b>        | <b>70</b>            | <b>38</b> | <b>42</b>  | <b>5</b>                | <b>1,306</b> |
| Selling, General and Administrative Expenses        | (168)        | (20)         | (0)              | (21)                 | (5)       | (17)       | (126)                   | (358)        |
| Depreciation  | 202          | 85           | 2                | 39                   | 4         | 9          | (45)                    | 296          |
| Proportional EBITDA of Jointly Controlled Companies |              |              |                  |                      |           |            | 58                      | 58           |
| <b>Adjusted EBITDA</b>                              | <b>793</b>   | <b>442</b>   | <b>18</b>        | <b>87</b>            | <b>37</b> | <b>34</b>  | <b>(107)</b>            | <b>1,303</b> |

| R\$ million                                  |              |            |                  |                      |           |            |                         | 2Q13         |
|--|--------------|------------|------------------|----------------------|-----------|------------|-------------------------|--------------|
| Consolidated Results                         | Steel        | Mining     | Logistics (Port) | Logistics (Railways) | Energy    | Cement     | Corporate/ Eliminations | Consolidated |
| <b>Net Revenue</b>                           | <b>3,147</b> | <b>984</b> | <b>43</b>        | <b>263</b>           | <b>53</b> | <b>105</b> | <b>(535)</b>            | <b>4,060</b> |
| Domestic Market                              | 2,488        | 68         | 43               | 263                  | 53        | 105        | (238)                   | 2,782        |
| Foreign Market                               | 659          | 916        | -                | -                    | -         | -          | (297)                   | 1,278        |
| Cost of Goods Sold                           | (2,527)      | (601)      | (22)             | (178)                | (34)      | (70)       | 411                     | (3,020)      |
| <b>Gross Profit</b>                          | <b>620</b>   | <b>383</b> | <b>21</b>        | <b>85</b>            | <b>20</b> | <b>35</b>  | <b>(124)</b>            | <b>1,040</b> |
| Selling, General and Administrative Expenses | (180)        | (37)       | (5)              | (24)                 | (5)       | (19)       | (110)                   | (380)        |
| Depreciation                                 | 179          | 53         | 2                | 36                   | 4         | 8          | (18)                    | 264          |
| EBITDA proporcional de controladas em        |              |            |                  |                      |           |            | 171                     | 171          |

conjunto

|                        |            |            |           |           |           |           |             |              |
|------------------------|------------|------------|-----------|-----------|-----------|-----------|-------------|--------------|
| <b>Adjusted EBITDA</b> | <b>619</b> | <b>398</b> | <b>18</b> | <b>97</b> | <b>19</b> | <b>24</b> | <b>(80)</b> | <b>1,095</b> |
|------------------------|------------|------------|-----------|-----------|-----------|-----------|-------------|--------------|

## **Scenario**

According to the World Steel Association (WSA), global crude steel production totaled 821 million tonnes in the first half of 2014, 2.5% higher than in 2H13, with China, responsible for 411 million tonnes, recording growth of 3.0%. Global capacity use reached 78% in June, 1 p.p. down on March, which was the highest monthly figure of the year so far. The WSA expects global apparent steel consumption to grow by 3.1% in 2014, with apparent consumption in China moving up by 3%.

According to the Brazilian Steel Institute (IABr), domestic crude steel production came to 16.7 million tonnes in 1H14, 1.5% down on 1H13, while rolled flat output totaled 7.0 million tonnes, down by 6.3%.

Apparent domestic flat steel consumption amounted to 6.2 million tonnes in the first half, 1.4% more than in 1H13, while domestic sales fell by 4.3% to 5.8 million tonnes. On the other hand, flat steel imports climbed by 45.6% to 1.1 million tonnes in the 1H14, while exports fell by 26.5% to 0.7 million tonnes.

The IABr estimates domestic sales of 23.7 million tonnes in 2014, with apparent consumption of 27.2 million tonnes.

## **Automotive**

According to ANFAVEA (the Auto Manufacturers' Association), light vehicle production totaled 1.5 million units in 1H14, 17% down on the same period last year, with sales of 1.6 million units, fell by 7%. The association estimates annual light vehicle production and sales growth of 10% and 5.4%, respectively, over 2013.

According to FENABRAVE (the Vehicle Distributors' Association), the number of vehicles licensed in 1H14 fell by 7.3% year-on-year. The association expects 2014 light vehicle sales to fall by 10.5% over last year.



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**Construction**

According to ABRAMAT (the Construction Material Manufacturers' Association), first-half sales of building materials increased by 3.7% year-on-year. The association is maintaining its 2014 sales growth estimate of 4.5%.

**Home Appliances**

According to the IBGE (Brazilian Institute of Geography and Statistics), home appliance production fell by 1.6% year-on-year in the first five months of 2014.

**Distribution**

According to INDA (the Brazilian Steel Distributors' Association), domestic flat steel sales by distributors totaled 2.2 million tonnes in 1H14, 3.5% up on 1H13. For 2014 as a whole, the association has revised its sales growth estimate to 1%.

First-half purchases by the associated network came to 2.1 million tonnes, 7.4% less than in the same period last year. On the other hand, inventories closed June at 1.06 million tonnes, representing 3.3 months of sales.

**Sales Volume**

In 2Q14, CSN's steel sales totaled 1.26 million tonnes. Of this total, 73% went to the domestic market, 25% were sold by overseas subsidiaries and 2% went to exports.

**Domestic Sales Volume**

Domestic steel sales totaled 918,000 tonnes in 2Q14, 9% less than in 1Q14, basically due to the reduced pace of economic activity, impacted by the lower number of business days in the quarter.

**Foreign Sales Volume**

Foreign sales amounted to 345,000 tonnes in 2Q14, 8% less than in the previous quarter. Of this total, the overseas subsidiaries sold 321,000 tonnes, 184,000 of which by SWT. Direct exports came to 24,000 tonnes.

**Prices**

Net revenue per tonne averaged R\$2,214 in 2Q14, in line with 1Q14.

**Net Revenue**

Net revenue from steel operations totaled R\$2,843 million in 2Q14, 9% down on the R\$3,127 million recorded in 1Q14, essentially due to the reduction in sales volume.

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1****Cost of Goods Sold (COGS)**

Steel segment COGS came to R\$2,083 million in 2Q14, 13% down on the previous quarter, basically due to lower production costs and sales volume.

**Adjusted EBITDA**

Adjusted steel segment EBITDA totaled R\$793 million in 2Q14, 4% up on the R\$761 million recorded in 1Q14, essentially due to the reduction in COGS and the highest quarterly figure since 3Q10. The adjusted EBITDA margin came to 28%, 4 p.p. up on 1Q14.

**Production**

The Presidente Vargas Steelworks (UPV) produced 1.1 million tonnes of crude steel in 2Q14, 2% more than in 1Q14, while slab purchases from third parties remained in line with 1Q14. Second-quarter rolled steel output totaled 1.1 million tonnes, 4% up on the quarter before.

| Production (in thousand t)         | 1Q14  | 2Q14  | First Six Months of |       | Change      |             |
|------------------------------------|-------|-------|---------------------|-------|-------------|-------------|
|                                    |       |       | 1H13                | 1H14  | 2Q14 x 1Q14 | 1H14 x 1H13 |
| Crude Steel (P. Vargas Mill)       | 1,098 | 1,120 | 2,204               | 2,217 | 2%          | 1%          |
| Purchased Slabs from Third Parties | 102   | 103   | 283                 | 204   | 1%          | -28%        |
| Total Crude Steel                  | 1,200 | 1,222 | 2,486               | 2,422 | 2%          | -3%         |
| Total Rolled Products              | 1,053 | 1,098 | 2,278               | 2,151 | 4%          | -6%         |

**Production Costs (Parent Company)**

In 2Q14, the Presidente Vargas Steelworks' total production costs came to R\$1,643 million, 1% down on 1Q14, chiefly due to the reduced consumption of coke acquired from third parties

and lower coal costs.

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**Scenario**

In 2Q14, seaborne iron ore prices were negatively impacted by increased supply, chiefly fueled by Australian exporters. In regard to Chinese demand, the increased credit restrictions, the reduced pace of investments and the high level of iron ore stocks in the ports also contributed to the price slide.

In this scenario, the Platts Fe62% CFR China index averaged US\$102.60/dmt in 2Q14, 14.8% down on the 1Q14 average. The iron ore quality premium varied between US\$2.10/dmt and US\$1.70/dmt per 1% of Fe content, while freight costs on the Tubarão/Qingdao route averaged US\$20.31/wmt, 9% less than the previous quarter's average.

Brazil exported 80 million tonnes of iron ore in the second quarter, 12% up on 1Q14.

**Iron ore sales**

In 2Q14, sales of finished iron ore products totaled 7.2 million tonnes, 20% up on the 6.0 million tonnes sold in 2Q13 and 13% up on the 6.4 million tonnes recorded in the previous quarter. Of this total, 2.4 million tonnes were sold by Namisa<sup>1</sup>. Virtually all iron ore sold in 2Q14 was exported.

Iron ore volume for own consumption reached 1.5 million tonnes in 2Q14.

<sup>1</sup> Sales volumes include 100% of the stake in NAMISA.

**Net Revenue**

Net revenue from mining operations totaled R\$1,117 million in 2Q14, 14% more than in 2Q13, primarily due to the upturn in sales volume.

In relation to the R\$1,247 million posted in 1Q14, net revenue fell by 10%, due to lower market prices, partially offset by the upturn in sales volume.

### **Cost of Goods Sold (COGS)**

Mining COGS came to R\$740 million in 2Q14, 23% up on 2Q13, mostly due to the increase in iron ore sales volume, and 3% more than the R\$716 million recorded in 1Q14, also due to higher sales volume.

### **Adjusted EBITDA**

Adjusted EBITDA from mining operations totaled R\$442 million in 2Q14, 11% up on the R\$398 million reported in 2Q13, for the same reasons mentioned above, accompanied by an adjusted EBITDA margin of 39%. In relation to the R\$585 million recorded in 1Q14, adjusted EBITDA fell by 25%.

## **Scenario**

### **Railway Logistics**

According to the ANTF (National Rail Transport Association), the Brazilian railways transported 115.3 million tonnes in 1Q14. The association expects rail cargo volume to move up by around 12% to 550 million tonnes between 2014 and 2016.

### **Port Logistics**

According to ANTAQ (the National Waterway Transport Agency), Brazil's port installations handled around 215 million tonnes in 1Q14, 5% up on the same period the year before.

Also in 1Q14, bulk solids totaled 128 million tonnes, 5.7% more than in 1Q13, while container handling came to 2.1 million TEUs<sup>1</sup>, 10.5% up year-on-year.

<sup>1</sup> TEU (Twenty-Foot Equivalent Unit) – transportation unit equivalent to a standard 20-foot intermodal container



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**Analysis of Results**

**Railway Logistics**

In 2Q14, net revenue from railway logistics totaled R\$226 million, COGS came to R\$156 million and adjusted EBITDA amounted to R\$87 million, accompanied by an EBITDA margin of 39%.

**Port Logistics**

Net revenue from port logistics amounted to R\$47 million in 2Q14, COGS totaled R\$31 million and adjusted EBITDA came to R\$18 million, with an adjusted EBITDA margin of 38%.

**Scenario**

Preliminary figures from SNIC (the Cement Industry Association) indicate local cement sales of 29 million tonnes in the first five months of 2014, 2.8% more than in the same period last year.

**Analysis of Results**

Cement sales reached the record level of 564,000 tonnes in 2Q14, with record net revenue of R\$113 million, while COGS came to R\$72 million, generating record EBITDA of R\$34 million, with a record margin of 30%.

**Scenario**



According to the Energy Research Company (EPE), Brazilian electricity consumption increased by 4.4% year-on-year in the first five months of 2014, led by the commercial and residential segments, with respective growth of 9.3% and 8.1%.

### **Analysis of Results**

In 2Q14, net revenue from electricity reached the record amount of R\$87 million. COGS came to R\$49 million, generating record adjusted EBITDA of R\$37 million, with an adjusted EBITDA margin of 43%.

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CSN's shares depreciated by 4% in 2Q14, while the Company's ADRs fell by 2% on the NYSE.

Daily traded volume in CSN's shares averaged R\$52 million in 2Q14, from 5.7 million shares traded. On the NYSE, daily traded volume in CSN's ADRs averaged US\$16 million, from 3.9 million ADRs traded.

|  |                      |
|--|----------------------|
| <b>N° of shares</b>  | <b>1,457,970,108</b> |
| <b>Market Capitalization</b>                                   |                      |
| Closing price (R\$/share)                                      | 9.40                 |
| Closing price (US\$/share)                                     | 4.26                 |
| Market Capitalization (R\$ million)                            | 13,705               |
| Market Capitalization (US\$ million)                           | 6,211                |
| <b>Total return including dividends and interest on equity</b> |                      |
| CSNA3 (%)  | -4%                  |
| SID (%)  | -2%                  |
| Ibovespa   | 5%                   |
| Dow Jones  | 2%                   |
| <b>Volume</b>  |                      |
| Average daily (thousand shares)                                | 5,693                |
| Average daily (R\$ Thousand)                                   | 52,435               |
| Average daily (thousand ADRs)                                  | 3,904                |
| Average daily (US\$ Thousand)                                  | 16,170               |
| <i>Source: Economática</i>                                     |                      |

In the first half of 2014, CSN's Board of Directors approved four share buyback programs. By the end of the fourth program, the Company had acquired 70,205,661 shares.

On July 18, 2014, the Board of Directors authorized:

- The cancellation of sixty million (60,000,000) shares held in treasury. As a result, CSN's capital stock is currently represented by 1,397,970,108 book-entry common shares;
- The launch of a new share buyback program between July 18, 2014 and August 18, 2014, limited to the repurchase of up to 64,205,661 shares.

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## **1. DESCRIPTION OF BUSINESS**

Companhia Siderúrgica Nacional “CSN”, also referred to as the Company or Parent Company, is a publicly-held company incorporated on April 9, 1941, under the laws of the Federative Republic of Brazil (Companhia Siderúrgica Nacional, its subsidiaries, associates and jointly controlled entities collectively referred to herein as the “Group”). The Company’s registered office is located in São Paulo, SP, Brazil.

CSN has shares listed on the São Paulo Stock Exchange (BM&F BOVESPA) and the New York Stock Exchange (NYSE). Accordingly, it reports its information to the Brazilian Securities Commission (CVM) and the U.S. Securities and Exchange Commission (SEC).

The Group's main operating activities are divided into five (5) operating segments as follows:

- **Steel:**

The Company’s main industrial facility is the Presidente Vargas Steel Mill (“UPV”), located in the city of Volta Redonda, State of Rio de Janeiro. This segment consolidates the operations related to the production, distribution and sale of flat steel, long steel, metallic containers and galvanized steel. In addition to the facilities in Brazil, CSN has operations in the United States, Portugal and Germany aimed at gaining markets and performing excellent services for final consumers. Its steels are used in the home appliances, civil construction and automobile industries.

- **Mining:**

The production of iron ore is developed in the city of Congonhas, in the State of Minas Gerais. It further mines tin in the State of Rondônia to supply the needs of UPV, with the excess of these raw materials being sold to subsidiaries and third parties. CSN holds the concession to operate TECAR, a solid bulk terminal, one of the 4 (four) terminals that comprise the Itaguaí Port, in Rio de Janeiro. Importations of coal and coke are carried out through this terminal.

- **Cement:**

CSN entered the cement market boosted by the synergy between this new activity and its already existing businesses. Next to the Presidente Vargas Steel Mill in Volta Redonda (RJ), it installed a new business unit: CSN Cimentos, which produces CP-III type cement by using slag produced by the UPV blast furnaces in Volta Redonda. It also explores limestone and dolomite at the Arches drive in the State of Minas Gerais, to supply the needs of UPV and of the cement plant.

- **Logistics**

*Railroads:*

CSN has equity interests in three railroad companies: MRS Logística S. A., which manages the former Southeast Railway System of Rede Ferroviária Federal S.A., Transnordestina Logística S. A. (“TLSA”) and FTL - Ferrovia Transnordestina Logística S.A. (“FTL”), which operate the Northeast Railway System of RFFSA, in the States of Maranhão, Piauí, Ceará, Rio Grande do Norte, Paraíba, Pernambuco and Alagoas, with TLSA being responsible for the stretches of Missão Velha - Salgueiro, Salgueiro - Trindade, Trindade - Eliseu Martins, Salgueiro - Porto de Suape and Missão Velha - Porto de Pecém (Railway System II) and FTL being responsible for the stretches of São Luiz - Mucuripe, Arrojado - Recife, Itabaiana - Cabedelo, Paula Cavalcante - Macau and Propriá - Jorge Lins (Railway System I).

*Ports:*

In the State of Rio de Janeiro, by means of its subsidiary Sepetiba Tecon S. A., the Company operates the Container Terminal (Tecon) at the Itaguaí Port. Located in the Bay of Sepetiba, this port has privileged highway, railroad and maritime access.



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Tecon handles the shipments of CSN steel products, movement of containers, as well as storage, consolidation and deconsolidation of cargo.

- **Energy:**

As energy is fundamental in its production process, the Company has assets for generation of electric power to guarantee its self-sufficiency.

For further details on the Group's segments, see Note 24 - Business Segment Reporting.

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **(a) Basis of preparation**

The consolidated condensed interim financial statements have been prepared and are being presented in accordance with the International Accounting Standards (IAS 34 – Interim Financial Reporting) issued by the International Accounting Standards Board (IASB), which correlate in Brazil is the CPC 21 (R1) (Interim Financial Statements and Consolidated Interim Financial Statements) issued by the CPC (Accounting Pronouncements Committee) and approved by CVM (Brazilian Securities Commission).

The individual condensed interim financial statements have been prepared in accordance with the standards issued by the CPC and the CVM applicable to the preparation of the financial statements.

The significant accounting policies applied in these condensed interim financial statements are consistent with the policies described in Note 2 to the Company's financial statements for the year ended December

31, 2013, filed with the CVM.

These condensed interim financial statements do not include all requirements of annual or full financial statements and, accordingly, should be read together with the Company's financial statements for the year ended December 31, 2013.

Therefore, in these condensed interim financial statements the following notes were not repeated, either due to redundancy or to relevance in relation to those already presented in the annual financial statements:

Note 02 – Summary of significant accounting policies

Note 03 – Changes in accounting policies

Note 04 – Business combination

Note 28 – Employee benefits

The individual and consolidated condensed interim financial statements were approved by the Board of Directors on August 1, 2014.

**(b) Basis of presentation**

The consolidated condensed interim financial statements are presented in Brazilian reais (R\$), which is the Company's functional currency and the Group's presentation currency.

Transactions in foreign currencies are translated into the functional currency using the exchange rates in effect at the dates of the transactions or valuation on which items are remeasured. The asset and liability balances are translated at the exchange rate in effect at the end of the reporting period. As of June 30, 2014, US\$1 is equivalent to R\$2.2025 (R\$2.3426 as of December 31, 2013), €1 is equivalent to R\$3.0150 (R\$3.2265 as of December 31, 2013), and ¥1 is equivalent to R\$0.02175 (R\$0.02233 as of December 31, 2013).





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**(c) Basis of consolidation**

The consolidated condensed interim financial statements for the period ended June 30, 2014 and the year ended December 31, 2013 include the following direct and indirect subsidiaries and jointly controlled entities, as well as the exclusive funds as described below:

- **Companies**

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| Companies  | Equity interests (%) |            | Core business              |
|--|----------------------|------------|----------------------------|
|  | 6/30/2014            | 12/31/2013 |                            |
| <b>Direct interest in subsidiaries: full consolidation</b>   |                      |            |                            |
| CSN Islands VII Corp.  | 100.00               | 100.00     | Financial transactions     |
| CSN Islands VIII Corp.                                       | 100.00               | 100.00     | Financial transactions     |
| CSN Islands IX Corp.   | 100.00               | 100.00     | Financial transactions     |
| CSN Islands X Corp.  | 100.00               | 100.00     | Financial transactions     |
| CSN Islands XI Corp.   | 100.00               | 100.00     | Financial transactions     |
| CSN Islands XII Corp.  | 100.00               | 100.00     | Financial transactions     |
| CSN Minerals S.L.U.  | 100.00               | 100.00     | Equity interests           |
| CSN Export Europe, S.L.U.                                    | 100.00               | 100.00     | Financial transactions and |
| CSN Metals S.L.U.  | 100.00               | 100.00     | Equity interests and finan |
| CSN Americas S.L.U.  | 100.00               | 100.00     | Equity interests and finan |
| CSN Steel S.L.U.   | 100.00               | 100.00     | Equity interests and finan |
| TdBB S.A   | 100.00               | 100.00     | Dormant company            |
| Sepetiba Tecon S.A.  | 99.99                | 99.99      | Port services              |
| Mineração Nacional S.A.                                      | 99.99                | 99.99      | Mining and equity interest |
| Companhia Florestal do Brasil                                | 99.99                | 99.99      | Reforestation              |
| Estanho de Rondônia S.A.                                     | 99.99                | 99.99      | Tin mining                 |
| Cia Metalic Nordeste   | 99.99                | 99.99      | Manufacture of packaging   |
| Companhia Metalúrgica Prada                                  | 99.99                | 99.99      | Manufacture of packaging   |
| CSN Cimentos S.A.  | 100.00               | 99.99      | Cement manufacturing       |
| CSN Gestão de Recursos Financeiros Ltda.                     | 99.99                | 99.99      | Dormant company            |
| Congonhas Minérios S.A.                                      | 99.99                | 99.99      | Mining and equity interest |
| CSN Energia S.A.   | 99.99                | 99.99      | Sale of electric power     |
| FTL - Ferrovia Transnordestina Logística S.A.                | 88.41                | 88.41      | Railroad logistics         |
| <b>Indirect interest in subsidiaries: full consolidation</b> |                      |            |                            |
| CSN Aceros S.A.  | 100.00               | 100.00     | Equity interests           |
| Companhia Siderúrgica Nacional LLC                           | 100.00               | 100.00     | Steel                      |
| CSN Europe Lda.  | 100.00               | 100.00     | Financial transactions, pr |
| CSN Ibéria Lda.  | 100.00               | 100.00     | Financial transactions, pr |
| CSN Portugal, Unipessoal Lda.                                | 100.00               | 100.00     | Financial transactions and |
| Lusosider Projectos Siderúrgicos S.A.                        | 99.99                | 99.99      | Equity interests           |
| Lusosider Aços Planos, S. A.                                 | 99.99                | 99.98      | Steel and equity interests |
| CSN Acquisitions, Ltd.                                       | 100.00               | 100.00     | Financial transactions and |
| CSN Resources S.A.   | 100.00               | 100.00     | Financial transactions and |
| CSN Holdings (UK) Ltd  | 100.00               | 100.00     | Financial transactions and |
| CSN Handel GmbH  | 100.00               | 100.00     | Financial transactions, pr |
| Companhia Brasileira de Latas                                | 59.17                | 59.17      | Sale of cans and containe  |

|  |        |   |
|--|--------|---|
| Rimet Empreendimentos Industriais e Comerciais S. A. | 58.96  | 58.96 Production and sale of steel      |
| Companhia de Embalagens Metálicas MMSA               | 58.98  | 58.98 Production and sale of containers |
| Empresa de Embalagens Metálicas - LBM Ltda.          | 58.98  | 58.98 Sales of containers and h         |
| Empresa de Embalagens Metálicas - MUD Ltda.          | 58.98  | 58.98 Production and sale of ho         |
| Companhia de Embalagens Metálicas - MTM do Nordeste  | 58.98  | 58.98 Production and sale of ca         |
| Companhia de Embalagens Metálicas - MTM              | 58.98  | 58.98 Production and sale of ca         |
| CSN Steel Comercializadora, S.L.U.                   | 100.00 | 100.00 Financial transactions, pr       |
| CSN Steel Holdings 1, S.L.U.                         | 100.00 | 100.00 Financial transactions, pr       |
| CSN Steel Holdings 2, S.L.U.                         | 100.00 | 100.00 Financial transactions, pr       |
| Stalwerk Thüringen GmbH                              | 100.00 | 100.00 Production and sale of lon       |
| CSN Steel Sections UK Limited                        | 100.00 | 100.00 Financial transactions, pr       |
| CSN Steel Sections Czech Republic s.r.o.             | 100.00 | 100.00 Financial transactions, pr       |
| CSN Steel Sections Polska Sp.Z.o.o                   | 100.00 | 100.00 Financial transactions, pr       |
| CSN Asia Limited (1)                                 | 100.00 | Commercial representatio                |

**Direct interest in jointly controlled entities: proportionate consolidation**

|  |       |                                 |
|--|-------|---------------------------------|
| Itá Energética S.A.                          | 48.75 | 48.75 Electric power generation |
| CGPAR - Construção Pesada S.A.               | 50.00 | 50.00 Mining support services a |
| Consórcio da Usina Hidrelétrica de Igarapava | 17.92 | 17.92 Electric power consortium |

**Direct interest in jointly controlled entities: equity method**

|   |       |                                  |
|---|-------|----------------------------------|
| Nacional Minérios S.A.                                    | 60.00 | 60.00 Mining and equity interest |
| MRS Logística S.A.  | 27.27 | 27.27 Railroad transportation    |
| Aceros Del Orinoco S.A. (2)                               | 31.82 | 22.73 Dormant company            |
| CBSI - Companhia Brasileira de Serviços de Infraestrutura | 50.00 | 50.00 Provision of services      |
| Transnordestina Logística S.A.                            | 62.68 | 77.30 Railroad logistics         |

**Indirect interest in jointly controlled entities: equity method**

|                                   |       |                                  |
|-----------------------------------|-------|----------------------------------|
| Namisa International Minérios SLU | 60.00 | 60.00 Financial transactions, pr |
| Namisa Europe, Unipessoal Lda.    | 60.00 | 60.00 Equity interests and sales |
| Namisa Handel GmbH                | 60.00 | 60.00 Financial transactions, pr |
| MRS Logística S.A.                | 6.00  | 6.00 Railroad transportation     |
| Aceros Del Orinoco S.A. (2)       |       | 9.08 Dormant company             |

**Direct interest in associates: equity method**

|                                |       |                                  |
|--------------------------------|-------|----------------------------------|
| Arvedi Metalfer do Brasil S.A. | 20.00 | 20.00 Steel and equity interests |
|--------------------------------|-------|----------------------------------|

(1) Company established on June 30, 2014.

(2) Transfer to CSN of the rights to subscribe to the shares of Aceros del Orinoco S. A. held by CSN Aceros, S.A.

- Exclusive funds**



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| <b>Exclusive funds</b>                              | <b>Equity interests (%)</b> |                   | <b>Core business</b> |
|---|-----------------------------|-------------------|----------------------|
|   | <b>6/30/2014</b>            | <b>12/31/2013</b> |                      |
| <b>Direct interest: full consolidation</b>          |                             |                   |                      |
| Diplic - Private credit balanced mutual fund        | 100.00                      | 100.00            | Investment fund      |
| Mugen - Private credit balanced mutual fund         | 100.00                      | 100.00            | Investment fund      |
| Caixa Vértice - Private credit balanced mutual fund | 100.00                      | 100.00            | Investment fund      |

**3. CASH AND CASH EQUIVALENTS**

|                                     | <b>6/30/2014</b> | <b>Consolidated<br/>12/31/2013</b> | <b>Parent Company</b> |                   |
|-------------------------------------|------------------|------------------------------------|-----------------------|-------------------|
|                                     |                  |                                    | <b>6/30/2014</b>      | <b>12/31/2013</b> |
| <b>Current</b>                      |                  |                                    |                       |                   |
| <b>Cash and cash equivalents</b>    |                  |                                    |                       |                   |
| <b>Cash and banks</b>               | <b>176,003</b>   | <b>178,920</b>                     | <b>52,041</b>         | <b>36,553</b>     |
| <b>Short-term investments</b>       |                  |                                    |                       |                   |
| <b>In Brazil:</b>                   |                  |                                    |                       |                   |
| Government securities               | 159,885          | 48,206                             | 22,583                | 42,575            |
| Private securities                  | 227,122          | 240,852                            | 60,925                | 57,564            |
|                                     | <b>387,007</b>   | <b>289,058</b>                     | <b>83,508</b>         | <b>100,139</b>    |
| <b>Abroad:</b>                      |                  |                                    |                       |                   |
| Time deposits                       | 8,456,962        | 9,527,694                          | 11,879                | 69,932            |
| <b>Total short-term investments</b> | <b>8,843,969</b> | <b>9,816,752</b>                   | <b>95,387</b>         | <b>170,071</b>    |
| <b>Cash and cash equivalents</b>    | <b>9,019,972</b> | <b>9,995,672</b>                   | <b>147,428</b>        | <b>206,624</b>    |

The funds available in the Company and subsidiaries set up in Brazil are basically invested in investment funds, classified as exclusive, which were consolidated, with repurchase agreements backed by government and private bonds, with fixed rate yield and immediate liquidity.

Private securities are short-term investments in Bank Deposit Certificates (CDBs) with yields pegged to the Interbank Deposit Certificate (CDI) fluctuation, and government securities are basically repurchase agreements backed by National Treasury Notes and National Treasury Bills. The exclusive funds managed by BTG Pactual Serviços Financeiros S.A. DTVM and Caixa Econômica Federal and their assets collateralize possible losses on investments and transactions carried out. Investments in funds were consolidated.

In addition, a significant part of the funds of the Company and its foreign subsidiaries is invested in Time Deposits with leading banks, bearing fixed rates.

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**4. TRADE RECEIVABLES**

|  | <b>Consolidated</b> |                   | <b>Parent Company</b> |                   |
|--|---------------------|-------------------|-----------------------|-------------------|
|  | <b>6/30/2014</b>    | <b>12/31/2013</b> | <b>6/30/2014</b>      | <b>12/31/2013</b> |
| <b>Trade receivables</b>               |                     |                   |                       |                   |
| <b>Third parties</b>                   |                     |                   |                       |                   |
| Domestic market                        | 925,318             | 790,225           | 552,081               | 545,927           |
| Foreign market                         | 806,517             | 950,145           | 49,557                | 80,434            |
| Estimated losses on doubtful debts     | -119,301            | -114,172          | -92,847               | -88,518           |
|  | <b>1,612,534</b>    | <b>1,626,198</b>  | <b>508,791</b>        | <b>537,843</b>    |
| Related parties (Note 17 - b)          | <b>103,135</b>      | <b>107,443</b>    | <b>512,767</b>        | <b>632,645</b>    |
|  | <b>1,715,669</b>    | <b>1,733,641</b>  | <b>1,021,558</b>      | <b>1,170,488</b>  |
| <b>Other receivables</b>               |                     |                   |                       |                   |
| Dividends receivable (*) (Note 17 - b) | 61,970              | 717,595           | 111,418               | 774,147           |
| Other receivables                      | 49,128              | 71,229            | 32,892                | 48,069            |
|  | <b>111,098</b>      | <b>788,824</b>    | <b>144,310</b>        | <b>822,216</b>    |
|  | <b>1,826,767</b>    | <b>2,522,465</b>  | <b>1,165,868</b>      | <b>1,992,704</b>  |

(\*) Reversal of dividends of the jointly controlled entity Nacional Minérios S.A., as mentioned in note 7 c.

The breakdown of gross trade receivables from third parties is as follows:

|                        | <b>Consolidated</b> |                   | <b>Parent Company</b> |                   |
|------------------------|---------------------|-------------------|-----------------------|-------------------|
|                        | <b>6/30/2014</b>    | <b>12/31/2013</b> | <b>6/30/2014</b>      | <b>12/31/2013</b> |
| Falling due            | 1,234,648           | 1,339,481         | 281,092               | 373,190           |
| Overdue until 180 days | 240,115             | 216,392           | 86,270                | 90,165            |
| Overdue above 180 days | 257,072             | 184,497           | 234,276               | 163,006           |
|                        | <b>1,731,835</b>    | <b>1,740,370</b>  | <b>601,638</b>        | <b>626,361</b>    |



In order to meet the needs of some customers in the domestic market, related to the extension of the payment term for billing of steel, in common agreement with CSN's internal commercial policy and maintenance of its very short-term receipts (up to 7 days), at the request of the customer, transactions are carried out for assignment of receivables without co-obligation negotiated between the customer and banks with common relationship, where CSN assigns the trade notes/bills that it issues to the banks with common relationship.

Due to the characteristics of the transactions for assignment of receivables without co-obligation, after assignment of the customer's trade notes/bills and receipt of the funds from the closing of each transaction, CSN settles the trade receivables and becomes entirely free of the credit risk on the transaction. This transaction totals R\$424,674 as of June 30, 2014 (R\$386,732 as of December 31, 2013), less the trade receivables.

The changes in the Company's allowance for doubtful debts are as follows:

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|   | <b>Consolidated</b> |                   | <b>Parent Company</b> |                   |
|---|---------------------|-------------------|-----------------------|-------------------|
|   | <b>6/30/2014</b>    | <b>12/31/2013</b> | <b>6/30/2014</b>      | <b>12/31/2013</b> |
| <b>Opening balance</b>                    | <b>-114,172</b>     | <b>-111,532</b>   | <b>-88,518</b>        | <b>-86,391</b>    |
| Allowance for losses on trade receivables | -8,810              | -17,988           | -7,233                | -13,902           |
| Recovery of receivables                   | 3,681               | 15,348            | 2,904                 | 11,775            |
| <b>Closing balance</b>                    | <b>-119,301</b>     | <b>-114,172</b>   | <b>-92,847</b>        | <b>-88,518</b>    |

**5. INVENTORIES**

|                       | <b>Consolidated</b> |                   | <b>Parent Company</b> |                   |
|-----------------------|---------------------|-------------------|-----------------------|-------------------|
|                       | <b>6/30/2014</b>    | <b>12/31/2013</b> | <b>6/30/2014</b>      | <b>12/31/2013</b> |
| Finished products     | 1,032,346           | 743,831           | 811,233               | 529,068           |
| Work in process       | 769,596             | 650,311           | 652,793               | 550,227           |
| Raw materials         | 735,883             | 714,365           | 446,993               | 436,283           |
| Storeroom supplies    | 998,899             | 1,003,473         | 879,705               | 877,944           |
| Iron ore              | 170,320             | 139,275           | 170,320               | 139,275           |
| Advances to suppliers | 40,432              | 11,915            | 39,294                | 9,859             |
| (-) Estimated losses  | -111,752            | -102,185          | -91,604               | -83,426           |
|                       | <b>3,635,724</b>    | <b>3,160,985</b>  | <b>2,908,734</b>      | <b>2,459,230</b>  |

Changes in the allowance for inventory losses are as follows:

|   | <b>Consolidated</b> |                   | <b>Parent Company</b> |                   |
|---|---------------------|-------------------|-----------------------|-------------------|
|   | <b>6/30/2014</b>    | <b>12/31/2013</b> | <b>6/30/2014</b>      | <b>12/31/2013</b> |
| <b>Opening balance</b>  | <b>-102,185</b>     | <b>-108,160</b>   | <b>-83,426</b>        | <b>-90,344</b>    |
| Allowance for/reversals of slow-moving inventories and obsolescence | -9,567              | 5,975             | -8,178                | 6,918             |
| <b>Closing balance</b>  | <b>-111,752</b>     | <b>-102,185</b>   | <b>-91,604</b>        | <b>-83,426</b>    |

As of June 30, 2014, the Company has long-term iron ore inventories amounting to R\$144,483, classified in other non-current assets (R\$144,483 as of December 31, 2013), as described in note 6.

**6. OTHER CURRENT AND NON-CURRENT ASSETS**

The group of other current and non-current assets is comprised as follows:

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|  | <b>Current</b>   |                   | <b>Consolidated<br/>Non-current</b> |                   | <b>Current</b>   |                   |
|--|------------------|-------------------|-------------------------------------|-------------------|------------------|-------------------|
|  | <b>6/30/2014</b> | <b>12/31/2013</b> | <b>6/30/2014</b>                    | <b>12/31/2013</b> | <b>6/30/2014</b> | <b>12/31/2013</b> |
| Judicial deposits (Note 15)                        |                  |                   | 561,479                             | 693,714           |                  |                   |
| Credits with the PGFN (*)                          |                  |                   | 91,723                              | 88,921            |                  |                   |
| Recoverable taxes (**)                             | 499,571          | 480,495           | 162,156                             | 112,788           | 331,702          | 29                |
| Prepaid expenses                                   | 40,719           | 37,369            | 35,651                              | 38,117            | 29,051           | 2                 |
| Actuarial asset - related party (Note 17 b)        |                  |                   | 97,051                              | 97,051            |                  |                   |
| Derivative financial instruments (Note 11 I)       | 1,975            | 9,681             |                                     | 3,879             |                  |                   |
| Securities held for trading (Note 11 I)            | 18,489           | 9,906             |                                     |                   | 12,772           |                   |
| Ore inventory (Note 5)                             |                  |                   | 144,483                             | 144,483           |                  |                   |
| Northeast Investment Fund (FINOR)                  |                  |                   | 8,452                               | 8,452             |                  |                   |
| Other receivables (Note 11 I)                      |                  |                   | 962                                 | 9,970             |                  |                   |
| Loans with related parties (Note 17 b)             | 507,623          | 147,273           | 67,326                              | 603,862           | 108,762          | 4                 |
| Other receivables from related parties (Note 17 b) | 12,177           | 15,658            | 14,266                              | 18,129            | 14,700           | 1                 |
| Other  | 28,390           | 22,538            | 15,706                              | 15,959            |                  |                   |
|  | <b>1,108,944</b> | <b>722,920</b>    | <b>1,199,255</b>                    | <b>1,835,325</b>  | <b>496,987</b>   | <b>39</b>         |

(\*) Refers to the excess judicial deposit originated by the 2009 REFIS (Tax Debt Refinancing Program).

(\*\*) Refers mainly to taxes on revenue (PIS/COFINS) and State VAT (ICMS) on the acquisition of fixed assets which will be recovered over a 48-month period, and income tax and social contribution for offset.

**7. INVESTMENTS**

The information related to the description of activities of subsidiaries, jointly controlled entities, associates and other investments did not have changes in relation to that disclosed in the Company's financial statements as of December 31, 2013. and, accordingly, the Company decided not to repeat it in the condensed interim financial statements as of June 30, 2014.

**a) Direct equity interests in subsidiaries, jointly controlled entities, joint operations and associates**

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| Companies                           | Number of<br>shares held by CSN<br>in units) |           | %<br>Direct equity<br>interest | Assets    | Liabilities | Shareholders'<br>equity | 6/30/2014      | Profit<br>(loss) Dire |
|-------------------------------------|--|-----------|--------------------------------|-----------|-------------|-------------------------|----------------|-----------------------|
|                                     | Common                                       | Preferred |                                |           |             |                         | for the period |                       |
| <b>Subsidiaries</b>                 |  |           |                                |           |             |                         |                |                       |
| CSN Islands<br>VII Corp.            | 20,001,000                                   |           | 100.00                         | 6,706,113 | 7,436,642   | -730,529                |                | -35,308               |
| CSN Islands<br>VIII Corp.           | 2,501,000                                    |           | 100.00                         | 15,376    | 17.0        | 15,359                  |                | -877                  |
| CSN Islands IX<br>Corp.             | 3,000,000                                    |           | 100.00                         | 922,956   | 921,247     | 1,709                   |                | -260                  |
| CSN Islands X<br>Corp.              | 1,000  |           | 100.00                         | 36        | 50,403      | -50,367                 |                | 2,425                 |
| CSN Islands XI<br>Corp.             | 50,000                                       |           | 100.00                         | 1,689,043 | 1,681,713   | 7,330                   |                | -610                  |
| CSN Islands<br>XII Corp.            | 1,540  |           | 100.00                         | 1,695,360 | 2,203,832   | -508,472                |                | -33,157               |
| International<br>Investment<br>Fund |  |           |                                |           |             |                         |                |                       |
| CSN Minerals<br>S.L.U.              | 131,649,926                                  |           | 100.00                         | 4,218,308 | 118         | 4,218,190               |                | -338,739              |
| CSN Export<br>Europe, S.L.U.        | 35,924,748                                   |           | 100.00                         | 890,906   | 71          | 890,835                 |                | -51,010               |
| CSN Metals<br>S.L.U.                | 256,951,582                                  |           | 100.00                         | 1,365,336 | 1,645       | 1,363,691               |                | -85,633               |
| CSN Americas<br>S.L.U.              | 151,877,946                                  |           | 100.00                         | 1,850,348 | 1,458       | 1,848,890               |                | -118,647              |
| CSN Steel<br>S.L.U.                 | 454,072,527                                  |           | 100.00                         | 2,551,367 | 417,811     | 2,133,556               |                | -71,858               |
| Sepetiba Tecon<br>S.A.              | 254,015,052                                  |           | 99.99                          | 363,834   | 92,413      | 271,421                 |                | 28,696                |
| Mineração<br>Nacional S.A.          | 999,999                                      |           | 99.99                          | 1,114     | 25          | 1,089                   |                | 38                    |
| Florestal<br>Nacional S.A.          |  |           |                                |           |             |                         |                |                       |
| Estanho de<br>Rondônia S.A.         | 34,236,306                                   |           | 99.99                          | 34,299    | 16,142      | 18,157                  |                | -6,336                |

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|   |               |            |        |           |           |           |         |
|---|---------------|------------|--------|-----------|-----------|-----------|---------|
| Companhia Metalic Nordeste                                | 92,459,582    |            | 99.99  | 184,098   | 40,771    | 143,327   | 2,211   |
| Companhia Metalúrgica Prada                               | 675,317       |            | 99.99  | 742,807   | 452,159   | 290,648   | -45,723 |
| CSN Cimentos S.A.   | 3,734,582,665 |            | 100.00 | 1,043,238 | 88,790    | 954,448   | 44,200  |
| Congonhas Minérios S.A.                                   | 64,610,862    |            | 99.99  | 1,998,134 | 2,008,967 | -10,833   | -2,650  |
| CSN Energia S.A.  | 43,149        |            | 99.99  | 66,410    | 14,762    | 51,648    | 32,082  |
| FTL - Ferrovia Transnordestina Logística S.A.             | 306,241,571   |            | 88.41  | 547,975   | 248,853   | 299,122   | -3,458  |
| Companhia Florestal do Brasil                             | 21,120,514    |            | 99.99  | 27,819    | 6,781     | 21,038    | -14     |
| <b>Jointly controlled entities</b>                        |               |            |        |           |           |           |         |
| Nacional Minérios S.A.                                    | 285,040,443   |            | 60.00  | 9,373,351 | 422,953   | 8,950,398 | 119,065 |
| Itá Energética S.A.                                       | 253,606,842   |            | 48.75  | 318,859   | 15,297    | 303,562   | 3,443   |
| MRS Logística S.A.  | 52,414,152    | 40,301,916 | 27.27  | 1,859,379 | 1,116,119 | 743,260   | 45,874  |
| CBSI - Companhia Brasileira de Serviços de Infraestrutura | 1,876,146     |            | 50.00  | 20,541    | 17,366    | 3,175     | -5      |
| CGPAR - Construção Pesada S.A.                            | 50,000        |            | 50.00  | 50,095    | 44,492    | 5,603     | 5,543   |
| Transnordestina Logística S.A.                            | 22,714,245    | 1,397,545  | 62.68  | 3,544,060 | 2,231,302 | 1,312,758 | -12,357 |
| <b>Associates</b>   |               |            |        |           |           |           |         |
| Arvedi Metalfer do Brasil                                 | 27,239,971    |            | 20.00  | 58,698    | 38,100    | 20,598    | -177    |

The number of shares, the balances of assets, liabilities and shareholders' equity, and the amounts of profit or loss for the year refer to the equity interests held by CSN in those companies.

**b) Events in 2013**

- Transnordestina Logística S.A. (“TLSA”)

On September 20, 2013, the Company signed (i) An Addendum to the Concession Agreement of the Northeast Railway System, which encompasses the stretches between the cities of São Luís to Mucuripe, Arrojado to Recife, Itabaiana to Cabedelo, Paula Cavalcante to Macau, and Propriá to Jorge Lins (“Railway System I”) and the stretches between the cities of Missão Velha to Salgueiro, Salgueiro to Trindade, Trindade to Eliseu Martins, Salgueiro to Porto de Suape, and Missão Velha to Porto de Pecém (“Railway System II”), to include therein obligations assumed by TLSA related to the implementation of the Railway System II, as well as the adaptation of the stretches that comprise it and (ii) Conduct Adjustment Agreement between ANTT and TLSA, with the purpose of resolving pending items existing between the parties.

On that date the following agreements were also signed (i) a new Shareholders' Agreement of TLSA between CSN, Valec Engenharia, Construções e Ferrovias S.A. (“Valec”), Fundo de Desenvolvimento do Nordeste – FDNE (“FDNE”) and BNDES Participações S.A. – BNDESPAR (“BNDESPAR”), with the intervenience of TLSA, whose effectiveness was conditioned to the disproportionate spin-off of TLSA, to be implemented under the terms of ANTT Resolution 4,042/2013; and (ii) Investment Agreement between CSN, Valec and FDNE, with the intervenience of TLSA, which besides other matters, deals with the new budget and the sources of funds that will have to be contributed to TLSA or financed for implementation of the Railway System II.



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At the Extraordinary Shareholders' Meeting held on December 27, 2013, as part of the reorganization process described above, the shareholders approved the disproportionate spin-off of TLISA, completing the segregation of Railway System I and Railway System II.

The purpose of this restructuring was to rebalance economically and financially the Northeast Railway System concession, leading to the extension of the Railway System II operation concession, which could reach 2057, and the segregation of the assets related to Railway System I, which were merged into subsidiary FTL - Ferrovia Transnordestina Logística S.A. ("FTL"), with the maintenance of the assets related to Railway System II in TLISA.

As a result of the spin-off, CSN became the holder of an 88.41% stake in FTL and a 77.30% stake in TLISA.

In April 2014, the shareholders of Transnordestina approved a capital increase in the amount of R\$400,000, through the issuance of 7,278,020 class "A" preferred shares, which were fully subscribed by the shareholder Valec and paid up through the capitalization of credits from Advances for Future Capital Increase held by such shareholder with Transnordestina. As a result of such increase CSN no longer holds a 77.30% interest, it currently holds 62.68% of the total capital of Transnordestina.

With the completion of the spin-off, the new Shareholders' Agreement became effective and control is now jointly held with the shareholders part of the public block, which became the holders of substantive rights to make certain material company decisions and influence the ordinary course of business, as well as CSN, by influencing budgeting, internal policies, capital expenditures, debt, etc., thus typifying the loss of control by CSN, pursuant to specific IFRS criteria.

Accordingly, as of December 31, 2013, in accordance with IFRS 10, corresponding to CPC 36(R3), CSN reversed all TLISA assets and liabilities and non-controlling interests and started to recognize the remaining stake in this investment at fair value on the date control was lost. After this initial recognition, the investment starts to be measured under the equity method.

The gain generated by the loss of control over the investment recognized in the income statement, in other operating income in 2013, is broken down as follows:

|   | <b>Consolidated</b> | <b>Parent Company</b> |
|---|---------------------|-----------------------|
|   | <b>12/31/2013</b>   | <b>12/31/2013</b>     |
| (+) Fair value of the remaining investment                                    | 1,984,204           | 1,984,204             |
| (-) Carrying amount of net assets   | 1,714,232           | 1,325,099             |
| (+) Carrying amount of non-controlling interests                              | 389,133             |                       |
| Gain on loss of control over Transnordestina                                  | <b>659,105</b>      | <b>659,105</b>        |
| <br>  |                     |                       |
| (-) Capitalized interest written off  | 185,206             | 185,206               |
| <br>  |                     |                       |
| <b>Gain on loss of control over Transnordestina</b>                           | <b>473,899</b>      | <b>473,899</b>        |
| <br>  |                     |                       |
| (-) Income tax and social contribution  | 161,126             | 161,126               |
| <br>  |                     |                       |
| <b>Gain on loss of control, net of income tax and social contribution (*)</b> | <b>312,773</b>      | <b>312,773</b>        |

(\*) the goodwill will be amortized monthly, from the completion of the construction work to the final concession date.

**c) Changes in investments in subsidiaries, jointly controlled entities, joint ventures, associates, and other investments**

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|   |                   | <b>Consolidated</b> |                   | <b>Parent Company</b> |  |
|---|-------------------|---------------------|-------------------|-----------------------|--|
|   | <b>6/30/2014</b>  | <b>12/31/2013</b>   | <b>6/30/2014</b>  | <b>12/31/2013</b>     |  |
| <b>Opening balance of investments</b>               | <b>13,487,023</b> | <b>10,839,787</b>   | <b>27,005,592</b> | <b>23,356,506</b>     |  |
| <b>Opening balance of impairment loss allowance</b> |                   |                     | <b>-1,231,511</b> | <b>-851,298</b>       |  |
| Transnordestina Investment balance at 12.31.2012    |                   | 1,452,074           |                   |                       |  |
| Capital increase/acquisition of shares              | 2,614             | 164,941             | 34,346            | 654,692               |  |
| Capital reduction                                   |                   | -153,305            |                   |                       |  |
| Merger and partial spin-off of subsidiaries         |                   |                     |                   | 132,725               |  |
| Dividends (1)                                       | 453,611           | -85,998             | 425,837           | -139,887              |  |
| Comprehensive income (2)                            | -1,088,269        | 73,213              | -1,162,572        | 456,978               |  |
| Share of profits of investees (3)                   | 150,993           | 542,711             | -548,044          | 1,502,450             |  |
| Gain on loss of control over Transnordestina        |                   | 659,106             |                   | 659,106               |  |
| Other   |                   | -5,506              |                   | 2,809                 |  |
| <b>Closing balance of investments</b>               | <b>13,005,972</b> | <b>13,487,023</b>   | <b>25,823,849</b> | <b>27,005,592</b>     |  |
| <b>Closing balance of impairment loss allowance</b> |                   |                     | <b>-1,300,201</b> | <b>-1,231,511</b>     |  |

1. On March 28, 2014, the Annual General Meeting of the jointly controlled entity Nacional Minérios S.A. decided to allocate fully the profit (loss) for 2012 to the Investment Reserve and Contingencies Reserve accounts. In view of this decision of the general meeting, the company reversed the dividends receivable in the amount of R\$484,946 that had been recorded according to NAMISA's management proposal and that were not approved by such meeting.

2. Refers to the mark-to-market of investments classified as available for sale and translation to the reporting currency of the foreign investments, the functional currency of which is not the Brazilian reais.

3. Below is the reconciliation of the share of profit of jointly controlled entities with the share of profit of investees recognized in the balance sheet after the reclassifications:

|   | <b>6/30/2014</b> | <b>Consolidated<br/>12/31/2013</b> |
|---|------------------|------------------------------------|
| <b>Share of profit of jointly controlled entities</b> | <b>150,993</b>   | <b>542,711</b>                     |
| <b>Reclassifications</b>                              |                  |                                    |

|  |                 |                |
|--|-----------------|----------------|
| To cost of sales                             | -73,435         | -137,418       |
| To finance costs                             | -326,391        | -624,096       |
| To taxes                                     | 135,941         | 258,914        |
| <b>Other</b>                                 |                 |                |
| Elimination of Transnordestina's profit      |                 | 120,102        |
| Other  |                 | -2,075         |
| <b>Adjusted share of profit of investees</b> | <b>-112,892</b> | <b>158,138</b> |

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**d) Investments in joint ventures and joint operations**

The balances of the balance sheets and income statements of the companies under shared control are stated below:

|   | <b>Nacional<br/>Minérios<br/>(*)</b> | <b>Itá<br/>Energética</b> | <b>MRS<br/>Logística</b> | <b>CBSI</b>   | <b>CGPAR</b>   | <b>Trans<br/>Lo</b> |
|---|--------------------------------------|---------------------------|--------------------------|---------------|----------------|---------------------|
| <b>Equity interest (%)</b>                        | <b>60.00%</b>                        | <b>48.75%</b>             | <b>27.27%</b>            | <b>50.00%</b> | <b>50.00%</b>  | <b>6</b>            |
| <b>Balance sheet</b>                              |                                      |                           |                          |               |                |                     |
| <b>Current assets</b>                             |                                      |                           |                          |               |                |                     |
| Cash and cash equivalents                         | 4,553,728                            | 20,867                    | 461,646                  | 7,542         | 11,307         |                     |
| Other current assets                              | 884,193                              | 14,063                    | 577,525                  | 27,179        | 37,308         |                     |
| <b>Total current assets</b>                       | <b>5,437,921</b>                     | <b>34,930</b>             | <b>1,039,171</b>         | <b>34,721</b> | <b>48,615</b>  |                     |
| <b>Non-current assets</b>                         |                                      |                           |                          |               |                |                     |
| Long-term assets                                  | 8,777,715                            | 33,374                    | 416,292                  | 27            | 21             |                     |
| Investments, PP&E and intangible assets           | 1,383,206                            | 585,766                   | 5,363,091                | 6,334         | 51,554         |                     |
| <b>Total non-current assets</b>                   | <b>10,160,921</b>                    | <b>619,140</b>            | <b>5,779,383</b>         | <b>6,361</b>  | <b>51,575</b>  |                     |
| <b>Total assets</b>                               | <b>15,598,842</b>                    | <b>654,070</b>            | <b>6,818,554</b>         | <b>41,082</b> | <b>100,190</b> |                     |
| <b>Current liabilities</b>                        |                                      |                           |                          |               |                |                     |
| Borrowings and financing                          | 343,905                              |                           | 374,419                  |               | 25,943         |                     |
| Other current liabilities                         | 221,493                              | 31,379                    | 805,533                  | 28,603        | 34,943         |                     |
| <b>Total current liabilities</b>                  | <b>565,398</b>                       | <b>31,379</b>             | <b>1,179,952</b>         | <b>28,603</b> | <b>60,886</b>  |                     |
| <b>Non-current liabilities</b>                    |                                      |                           |                          |               |                |                     |
| Borrowings and financing                          | 31,850                               |                           | 2,494,233                |               | 15,460         |                     |
| Other non-current liabilities                     | 84,264                               |                           | 418,750                  | 6,129         | 12,638         |                     |
| <b>Total non-current liabilities</b>              | <b>116,114</b>                       |                           | <b>2,912,983</b>         | <b>6,129</b>  | <b>28,098</b>  |                     |
| <b>Shareholders' equity</b>                       | <b>14,917,330</b>                    | <b>622,691</b>            | <b>2,725,619</b>         | <b>6,350</b>  | <b>11,206</b>  |                     |
| <b>Total liabilities and shareholders' equity</b> | <b>15,598,842</b>                    | <b>654,070</b>            | <b>6,818,554</b>         | <b>41,082</b> | <b>100,190</b> |                     |

|                            | <b>Nacional<br/>Minérios<br/>(*)</b> | <b>Itá<br/>Energética</b> | <b>MRS<br/>Logística</b> | <b>CBSI</b>   | <b>CGPAR</b>  | <b>Trans<br/>Lo</b> |
|----------------------------|--------------------------------------|---------------------------|--------------------------|---------------|---------------|---------------------|
| <b>Equity interest (%)</b> | <b>60.00%</b>                        | <b>48.75%</b>             | <b>27.27%</b>            | <b>50.00%</b> | <b>50.00%</b> | <b>6</b>            |

1/1/2014 to

**Statements of Income**

|   |                |              |                |           |               |
|---|----------------|--------------|----------------|-----------|---------------|
| Net revenue   | 841,439        | 72,799       | 1,400,424      | 70,488    | 122,458       |
| Cost of sales and services                              | -660,435       | -41,869      | -977,661       | -66,522   | -102,638      |
| Gross profit  | 181,004        | 30,930       | 422,763        | 3,966     | 19,820        |
| Operating (expenses) income                             | -79,958        | -22,225      | -104,327       | -4,091    | -1,706        |
| Finance income (costs), net                             | 331,036        | 2,078        | -59,735        | 175       | -576          |
| Income before income tax and social contribution        | 432,082        | 10,783       | 258,701        | 50        | 17,538        |
| Current and deferred income tax and social contribution | -233,640       | -3,721       | -90,477        | -59       | -6,452        |
| <b>Profit for the period</b>                            | <b>198,442</b> | <b>7,062</b> | <b>168,224</b> | <b>-9</b> | <b>11,086</b> |

(\*) Refer to the consolidated balances and profit or loss of Nacional Minérios S. A.

The balance sheet and income statement amounts refer to 100% of the companies' results.

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1****8. PROPERTY, PLANT AND EQUIPMENT**

The information related to property, plant and equipment did not have significant changes in relation to that disclosed in the Company's financial statements as of December 31, 2013.

|  | Land           | Buildings and infrastructure | Machinery, equipment and facilities | Furniture and fixtures | Construction in progress | Other (*)      |
|--|----------------|------------------------------|-------------------------------------|------------------------|--------------------------|----------------|
| <b>Balance at December 31, 2013</b>    | <b>213,301</b> | <b>1,826,519</b>             | <b>7,782,833</b>                    | <b>34,127</b>          | <b>4,771,635</b>         | <b>283,011</b> |
| Cost                                   | 213,301        | 2,196,994                    | 12,968,200                          | 151,479                | 4,771,635                | 627,845        |
| Accumulated depreciation               |                | -370,475                     | -5,185,367                          | -117,352               |                          | -344,834       |
| <b>Balance at December 31, 2013</b>    | <b>213,301</b> | <b>1,826,519</b>             | <b>7,782,833</b>                    | <b>34,127</b>          | <b>4,771,635</b>         | <b>283,011</b> |
| Effect of foreign exchange differences | -3,383         | -11,157                      | -46,441                             | -217                   | -980                     | -722           |
| Acquisitions                           | 3              | 298                          | 145,817                             | 1,882                  | 601,706                  | 32,190         |
| Capitalized interest (Notes 23 and 29) |                |                              |                                     |                        | 73,770                   |                |
| Write-offs                             |                | -47                          | -5,600                              | -7                     | -43                      | -124           |
| Depreciation                           |                | -34,180                      | -520,868                            | -3,272                 |                          | -20,359        |
| Transfers to other asset categories    | 8,200          | 91,902                       | 2,525,038                           | 923                    | -2,816,290               | 190,227        |
| Transfers to intangible assets         |                |                              |                                     |                        | -12,734                  |                |
| Other                                  |                |                              | 71,903                              | 1                      | -34,583                  | -14,108        |
| <b>Balance at June 30, 2014</b>        | <b>218,121</b> | <b>1,873,335</b>             | <b>9,952,682</b>                    | <b>33,437</b>          | <b>2,582,481</b>         | <b>470,115</b> |
| Cost                                   | 218,121        | 2,273,276                    | 15,600,951                          | 153,282                | 2,582,481                | 830,595        |
| Accumulated depreciation               |                | -399,941                     | -5,648,269                          | -119,845               |                          | -360,480       |
| <b>Balance at June 30, 2014</b>        | <b>218,121</b> | <b>1,873,335</b>             | <b>9,952,682</b>                    | <b>33,437</b>          | <b>2,582,481</b>         | <b>470,115</b> |

(\*) In consolidated, refer basically to railway assets, such as yards, tracks and railway sleepers.

|  | Land           | Buildings and<br>infrastructure | Machinery,<br>equipment<br>and<br>facilities | Furniture<br>and<br>fixtures | Construction<br>in progress | Other (*)      |
|--|----------------|---------------------------------|--|------------------------------|-----------------------------|----------------|
| <b>Balance at December 31, 2013</b>    | <b>107,475</b> | <b>1,225,222</b>                | <b>6,355,738</b>                             | <b>26,409</b>                | <b>4,345,142</b>            | <b>358,109</b> |
| Cost                                   | 107,475        | 1,390,013                       | 10,423,838                                   | 129,930                      | 4,345,142                   | 467,481        |
| Accumulated depreciation               |                | -164,791                        | -4,068,100                                   | -103,521                     |                             | -109,372       |
| <b>Balance at December 31, 2013</b>    | <b>107,475</b> | <b>1,225,222</b>                | <b>6,355,738</b>                             | <b>26,409</b>                | <b>4,345,142</b>            | <b>358,109</b> |
| Acquisitions                           |                | 280                             | 125,320                                      | 1,499                        | 499,921                     | 27,425         |
| Capitalized interest (Notes 23 and 29) |                |                                 |  |                              | 73,770                      |                |
| Write-offs                             |                |                                 | -5,042                                       | -6                           | -41                         | -1             |
| Depreciation                           |                | -19,679                         | -441,041                                     | -2,340                       |                             | -10,216        |
| Transfers to other asset categories    | 7,779          | 88,229                          | 2,510,366                                    | 906                          | -2,717,714                  | 110,434        |
| Transfers to intangible assets         |                |                                 |  |                              | -12,734                     |                |
| Other                                  |                |                                 | 74,165                                       |                              | -31,593                     | -17,572        |
| <b>Balance at June 30, 2014</b>        | <b>115,254</b> | <b>1,294,052</b>                | <b>8,619,506</b>                             | <b>26,468</b>                | <b>2,156,751</b>            | <b>468,179</b> |
| Cost                                   | 115,254        | 1,478,511                       | 13,115,420                                   | 132,106                      | 2,156,751                   | 587,646        |
| Accumulated depreciation               |                | -184,459                        | -4,495,914                                   | -105,638                     |                             | -119,467       |
| <b>Balance at June 30, 2014</b>        | <b>115,254</b> | <b>1,294,052</b>                | <b>8,619,506</b>                             | <b>26,468</b>                | <b>2,156,751</b>            | <b>468,179</b> |

(\*) includes leasehold improvements, vehicles, hardware, mines and ore bodies and replacement storeroom supplies.



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The breakdown of the projects comprising construction in progress is as follows:

|                  | Project objective   | Start date | Completion date | Consolidated     |                  |         |          |
|------------------|---|------------|-----------------|------------------|------------------|---------|----------|
|                  |   |            |                 | 6/30/2014        | 12/31/2013       |         |          |
| <b>Logistics</b> | Equalization of Berth 301.<br>Current investments for maintenance of current operations.  | 2012       | 2014            | 185,689          | 151,932          |         |          |
|                  |   |            |                 | 193,005          | 231,832          |         |          |
|                  |   |            |                 | <b>378,694</b>   | <b>383,764</b>   |         |          |
| <b>Mining</b>    | Expansion of Casa de Pedra Mine capacity production.<br>Expansion of TECAR's export capacity.<br>Current investments for maintenance of current operations.   | 2007       | 2015/2016 (1)   | 765,661          | 1,090,568        |         |          |
|                  |   |            |                 | 2009             | 2016 (2)         | 410,475 | 404,374  |
|                  |   |            |                 |                  |                  | 57,165  | 42,866   |
|                  |   |            |                 | <b>1,233,301</b> | <b>1,537,808</b> |         |          |
| <b>Steel</b>     | Construction of a long steel plant to produce rebar and machine wire.<br>Implementation of the AF#3's gas pressure recovery.<br>Expansion of the service center/Mogi.<br>Current investments for maintenance of current operations. | 2008       | 2014 (3)        | 157,287          | 1,592,016        |         |          |
|                  |   |            |                 | 2006             | 2014             | 387     | 74,337   |
|                  |   |            |                 |                  |                  | 2013    | 2015 (4) |
|                  |   |            |                 |                  |                  |         |          |
|                  |   |            |                 | <b>288,851</b>   | <b>2,345,848</b> |         |          |
| <b>Cement</b>    | Construction of cement plants.<br>Current investments for maintenance of current  | 2011       | 2016 (5)        | 676,967          | 476,076          |         |          |
|                  |   |            |                 | 4,668            | 28,139           |         |          |

operations.

|                                       |                  |                  |
|---------------------------------------|------------------|------------------|
|                                       | <b>681,635</b>   | <b>504,215</b>   |
| <b>Total Construction in Progress</b> | <b>2,582,481</b> | <b>4,771,635</b> |

(1) Expected date for completion of the Central Plant Stage 1 and Magnetic Separators;

(2) Expected date for completion of the 60 Mtpa stage

(3) Started in January 2014.

(4) Expected date for completion of Service Center/Mogi;

(5) Expected date for completion of Minas Gerais unit.

a) Additions to depreciation, amortization and depletion for the year were distributed as follows:

|                                     | Six-month period ended |                | Three-month period ended |                | Consolidate |
|-------------------------------------|------------------------|----------------|--------------------------|----------------|-------------|
|                                     | 6/30/2014              | 6/30/2013      | 6/30/2014                | 6/30/2013      |             |
| Production cost                     | 569,819                | 538,406        | 290,355                  | 257,355        |             |
| Selling expenses                    | 4,447                  | 4,175          | 2,230                    | 2,100          |             |
| General and administrative expenses | 7,328                  | 7,963          | 3,663                    | 3,850          |             |
|                                     | <b>581,594</b>         | <b>550,544</b> | <b>296,248</b>           | <b>263,305</b> |             |
| Other operating expenses (*)        | 18,559                 | 28,945         | 9,499                    | 21,900         |             |
|                                     | <b>600,153</b>         | <b>579,489</b> | <b>305,747</b>           | <b>285,205</b> |             |

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|                                     | Six-month period ended |                | Three-month period ended |                | Parent (C) |
|-------------------------------------|------------------------|----------------|--------------------------|----------------|------------|
|                                     | 6/30/2014              | 6/30/2013      | 6/30/2014                | 6/30/2013      |            |
| Production cost                     | 468,423                | 445,308        | 237,862                  | 237,862        |            |
| Selling expenses                    | 3,389                  | 3,251          | 1,702                    | 1,702          |            |
| General and administrative expenses | 4,866                  | 4,124          | 2,453                    | 2,453          |            |
|                                     | <b>476,678</b>         | <b>452,683</b> | <b>242,017</b>           | <b>242,017</b> |            |
| Other operating expenses (*)        | 714                    | 14,149         | 714                      | 714            |            |
|                                     | <b>477,392</b>         | <b>466,832</b> | <b>242,731</b>           | <b>242,731</b> |            |

(\*) Refers to the depreciation of unused equipment (see note 22).

**9. INTANGIBLE ASSETS**

The information related to intangible assets did not have significant changes in relation to that disclosed in the Company's financial statements as of December 31, 2013 and, accordingly, the Company decided not to repeat it fully in the condensed interim financial statements as of June 30, 2014.

|  | Consolidated   |                    |               |                |                |               |
|--|----------------|--------------------|---------------|----------------|----------------|---------------|
|  | Goodwill       | Customer relations | Software      | Other          | Total          | Goodwill      |
| <b>Balance at December 31, 2013</b>          | <b>407,434</b> | <b>381,480</b>     | <b>67,354</b> | <b>109,172</b> | <b>965,440</b> | <b>13,091</b> |
| Cost   | 666,768        | 415,899            | 107,416       | 109,172        | 1,299,255      | 14,135        |
| Accumulated amortization                     | -150,004       | -34,419            | -40,062       |                | -224,485       | -1,044        |
| Adjustment for accumulated recoverable value | -109,330       |                    |               |                | -109,330       |               |
| <b>Balance at December 31, 2013</b>          | <b>407,434</b> | <b>381,480</b>     | <b>67,354</b> | <b>109,172</b> | <b>965,440</b> | <b>13,091</b> |
| Effect of foreign exchange differences       |                | -24,295            | -50           | -7,156         | -31,501        |               |
| Acquisitions and expenditures                |                |                    | 324           |                | 324            |               |
| Transfer of property, plant and equipment    |                |                    | 12,734        |                | 12,734         |               |
| Amortization                                 |                | -16,793            | -4,681        |                | -21,474        |               |
| <b>Balance at June 30, 2014</b>              | <b>407,434</b> | <b>340,392</b>     | <b>75,681</b> | <b>102,016</b> | <b>925,523</b> | <b>13,091</b> |
| Cost   | 666,768        | 388,637            | 141,459       | 102,016        | 1,298,880      | 14,135        |
| Accumulated amortization                     | -150,004       | -48,245            | -65,778       |                | -264,027       | -1,044        |

|  |                |                |               |                |  |                |               |
|--|----------------|----------------|---------------|----------------|--|----------------|---------------|
| Adjustment for accumulated recoverable value | -109,330       |                |               |                |  | -109,330       |               |
| <b>Balance at June 30, 2014</b>              | <b>407,434</b> | <b>340,392</b> | <b>75,681</b> | <b>102,016</b> |  | <b>925,523</b> | <b>13,091</b> |

**10. BORROWINGS, FINANCING AND DEBENTURES**

The information related to borrowings, financing and debentures did not have significant changes in relation to that disclosed in the Company's financial statements as of December 31, 2013.

The balances of borrowings, financing and debentures, which are carried at amortized cost, are as follows:

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|   | Rates p.a. (%)                                 | Consolidated        |                  |                         |                   |                     |                  |
|---|--|---------------------|------------------|-------------------------|-------------------|---------------------|------------------|
|   |  | Current liabilities |                  | Non-current liabilities |                   | Current liabilities |                  |
|   |  | 6/30/2014           | 12/31/2013       | 6/30/2014               | 12/31/2013        | 6/30/2014           | 12/31/2013       |
| <b>FOREIGN CURRENCY</b>                                   |  |                     |                  |                         |                   |                     |                  |
| Prepayment  | 1% to 3.5%                                     | 47,348              | 105,874          | 1,738,249               | 1,166,615         | 47,108              | 105,874          |
| Prepayment  | 3.51% to 7.5%                                  | 228,363             | 207,331          | 1,200,363               | 1,276,717         | 137,985             | 343,911          |
| Perpetual bonds   | 7%   | 2,998               | 3,189            | 2,202,500               | 2,342,600         |                     |                  |
| Fixed rate notes  | 4.14 to 10%                                    | 1,027,946           | 156,868          | 4,273,951               | 5,505,110         | 18,276              | 19,437           |
| BNDES/FINAME  |  |                     | 12,356           |                         |                   |                     | 11,333           |
| Intercompany  | 6M Libor + 2.25 and 3%                         |                     |                  |                         |                   | 51,699              | 737,291          |
| Other   | 1.2% up to 8%                                  | 125,182             | 49,306           | 361,800                 | 442,843           | 44,299              |                  |
|   |  | <b>1,431,837</b>    | <b>534,924</b>   | <b>9,776,863</b>        | <b>10,733,885</b> | <b>299,367</b>      | <b>1,217,851</b> |
| <b>LOCAL CURRENCY</b>                                     |  |                     |                  |                         |                   |                     |                  |
|   |  | 67,205              | 97,044           | 963,220                 | 962,684           | 29,289              | 57,750           |
|   | TJLP + 1.5% to 3.2% and 2.5% to 10% fixed rate |                     |                  |                         |                   |                     |                  |
| BNDES/FINAME  |  | 863,831             | 846,387          | 1,800,000               | 1,932,500         | 863,831             | 846,387          |
| Debentures  | 105.8% to 111.20% CDI                          | 109,239             | 101,330          | 5,345,000               | 5,345,000         | 84,782              | 79,300           |
| Prepayment  | 106.5% to 110.79% CDI and 8% fixed rate        | 1,094,983           | 1,085,436        | 6,200,000               | 6,200,000         | 1,094,983           | 1,085,436        |
| CCB   | 112.5% CDI                                     |                     |                  |                         |                   | 80,738              | 591,420          |
| Intercompany  | 110.79% CDI                                    | 7,491               | 8,527            | 13,658                  | 15,505            | 2,204               | 2,111            |
| Other   |  | <b>2,142,749</b>    | <b>2,138,724</b> | <b>14,321,878</b>       | <b>14,455,689</b> | <b>2,155,827</b>    | <b>2,662,420</b> |
| <b>Total borrowings and financing</b>                     |  | <b>3,574,586</b>    | <b>2,673,648</b> | <b>24,098,741</b>       | <b>25,189,574</b> | <b>2,455,194</b>    | <b>3,880,280</b> |
| Transaction costs and issue premiums                      |  | -26,952             | -30,841          | -78,976                 | -85,951           | -21,387             | -25,580          |
| <b>Total borrowings and financing + transaction costs</b> |  | <b>3,547,634</b>    | <b>2,642,807</b> | <b>24,019,765</b>       | <b>25,103,623</b> | <b>2,433,807</b>    | <b>3,854,699</b> |

The balances of prepaid related parties borrowings total R\$3,100,705 as of June 30, 2014 (R\$2,943,964 as of December 31, 2013) and the balances of Fixed Rate Notes and related parties Bonds total R\$2,306,256 (R\$2,452,956 as of December 31, 2013), see note 17.

- **Maturities of borrowings, financing and debentures presented in non-current liabilities**

As of June 30, 2014, the inflation-adjusted principal of long-term borrowings, financing and debentures by maturity year is as follows:

|                 |                   | <b>Consolidated</b> |                   | <b>Parent Company</b> |
|-----------------|-------------------|---------------------|-------------------|-----------------------|
| 2015            | 1,574,507         | 7%                  | 2,610,320         | 11%                   |
| 2016            | 2,487,748         | 10%                 | 3,718,908         | 16%                   |
| 2017            | 3,792,516         | 16%                 | 3,595,152         | 16%                   |
| 2018            | 4,177,594         | 17%                 | 3,824,913         | 17%                   |
| 2019            | 4,817,064         | 20%                 | 3,510,420         | 15%                   |
| After 2019      | 5,046,812         | 21%                 | 5,726,227         | 25%                   |
| Perpetual bonds | 2,202,500         | 9%                  |                   |                       |
|                 | <b>24,098,741</b> | <b>100%</b>         | <b>22,985,940</b> | <b>100%</b>           |

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- **Amortizations and new borrowings, financing and debentures**

The table below shows the amortizations and new funding in the current period:

|                                     | <b>Consolidated</b> |                   | <b>Parent Company</b> |                   |
|-------------------------------------|---------------------|-------------------|-----------------------|-------------------|
|                                     | <b>6/30/2014</b>    | <b>12/31/2013</b> | <b>6/30/2014</b>      | <b>12/31/2013</b> |
| <b>Opening balance</b>              | <b>27,746,430</b>   | <b>29,304,704</b> | <b>25,249,354</b>     | <b>24,139,992</b> |
| Funding                             | 1,384,720           | 1,697,363         | 1,517,063             | 1,363,253         |
| Amortization                        | -2,238,473          | -4,300,240        | -2,117,662            | -3,991,884        |
| Loss of control over Trasnordestina |                     | -3,180,821        |                       |                   |
| Other (*)                           | 674,722             | 4,225,424         | 703,972               | 3,737,993         |
| <b>Closing balance</b>              | <b>27,567,399</b>   | <b>27,746,430</b> | <b>25,352,727</b>     | <b>25,249,354</b> |

(\*) Includes unrealized foreign exchange and monetary variations.

Borrowing and financing contracts with certain financial institutions contain some covenants that are usual in financial agreements in general and the Company is compliant with them as of June 30, 2014.

- **Debentures**

**7th issue**

In March 2014 the Company issued 40,000 nonconvertible, unsecured debentures, in single series, with a unit face value of R\$10 totaling R\$400,000 that pay interest equivalent to 111.20% of the CDI Cetip rate per year, maturing in March 2021, with early redemption option.

- **Guarantees provided**

Guarantees provided for the borrowings comprise property, plant and equipment items and sureties and do not include guarantees provided for subsidiaries and jointly controlled entities. As of June 30, 2014, the amount is R\$3,304 (R\$4,234 as of December 31, 2013).

## **11. FINANCIAL INSTRUMENTS**

The information related to financial instruments did not have significant changes in relation to that disclosed in the Company's financial statements as of December 31, 2013 and, accordingly, the Company decided not to repeat it fully in the condensed interim financial statements as of June 30, 2014.

### **I - Identification and measurement of financial instruments**

The Company enters into transactions involving various financial instruments, mainly cash and cash equivalents, including short-term investments, marketable securities, trade receivables, trade payables, and borrowings and financing. Additionally, it also carries out transactions involving derivative financial instruments, especially exchange and interest rate swaps.



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• **Classification of financial instruments**

| Consolidated                     | Notes | Available<br>for sale | Fair<br>value<br>through<br>profit or<br>loss | Loans and<br>receivables<br>- effective<br>interest rate | Other<br>liabilities -<br>amortized<br>cost<br>method | 6/30/2014         |                       | Fair<br>value<br>through<br>profit or<br>loss | Loans and<br>receivable<br>- effective<br>interest rate |
|----------------------------------|-------|-----------------------|---|--|---|-------------------|-----------------------|---|---|
|                                  |       |                       |   |  |   | Balances          | Available<br>for sale |   |   |
| <b>Assets</b>                    |       |                       |   |  |   |                   |                       |   |   |
| <b>Current assets</b>            |       |                       |   |  |   |                   |                       |   |   |
| Cash and cash equivalents        | 3     |                       |   | 9,019,972  |   | 9,019,972         |                       |   | 9,995,67  |
| Trade receivables, net           | 4     |                       |   | 1,715,669  |   | 1,715,669         |                       |   | 1,733,64  |
| Derivative financial instruments | 6     |                       | 1,975   |  |   | 1,975             |                       | 9,681   |   |
| Trading securities               | 6     |                       | 18,489  |  |   | 18,489            |                       | 9,906   |   |
| <b>Total</b>                     |       |                       | <b>20,464</b>                                 | <b>10,735,641</b>  |   | <b>10,756,105</b> |                       | <b>19,587</b>                                 | <b>11,729,31</b>  |
| <b>Non-current assets</b>        |       |                       |   |  |   |                   |                       |   |   |
| Other trade receivables          | 6     |                       |   | 962  |   | 962               |                       |   | 9,97  |
| Investments                      |       | 1,315,172             |   |  |   | 1,315,172         | 2,405,174             |   |   |
| Derivative financial instruments | 6     |                       |   |  |   |                   |                       | 3,879   |   |
| Short-term investments           |       |                       |   | 28,913   |   | 28,913            |                       |   | 30,75   |
| <b>Total</b>                     |       | <b>1,315,172</b>      |   | <b>29,875</b>  |   | <b>1,345,047</b>  | <b>2,405,174</b>      | <b>3,879</b>                                  | <b>40,72</b>  |
| <b>Total assets</b>              |       | <b>1,315,172</b>      | <b>20,464</b>                                 | <b>10,765,516</b>  |   | <b>12,101,152</b> | <b>2,405,174</b>      | <b>23,466</b>                                 | <b>11,770,03</b>  |

**Liabilities****Current liabilities**

|                                  |    |               |                  |                  |              |
|----------------------------------|----|---------------|------------------|------------------|--------------|
| Borrowings and financing         | 10 |               | 3,574,586        | 3,574,586        |              |
| Derivative financial instruments | 12 | 93,236        |                  | 93,236           | 6,822        |
| Trade payables                   |    |               | 1,531,076        | 1,531,076        |              |
| <b>Total</b>                     |    | <b>93,236</b> | <b>5,105,662</b> | <b>5,198,898</b> | <b>6,822</b> |

**Non-current liabilities**

|                                  |    |               |                   |                   |               |
|----------------------------------|----|---------------|-------------------|-------------------|---------------|
| Borrowings and financing         | 10 |               | 24,098,741        | 24,098,741        |               |
| Derivative financial instruments | 12 | 14,192        |                   | 14,192            | 17,375        |
| <b>Total</b>                     |    | <b>14,192</b> | <b>24,098,741</b> | <b>24,112,933</b> | <b>17,375</b> |

|                          |  |                |                   |                   |               |
|--------------------------|--|----------------|-------------------|-------------------|---------------|
| <b>Total liabilities</b> |  | <b>107,428</b> | <b>29,204,403</b> | <b>29,311,831</b> | <b>24,197</b> |
|--------------------------|--|----------------|-------------------|-------------------|---------------|

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- **Fair value measurement**

The following table shows the financial instruments recognized at fair value through profit or loss using a valuation method:

| Consolidated  | 6/30/2014        |                |         | Level 1          | Level 2          |
|---|------------------|----------------|---------|------------------|------------------|
|   | Level 1          | Level 2        | Level 3 |                  |                  |
| <b>Assets</b>   |                  |                |         |                  |                  |
| <b>Current assets</b>   |                  |                |         |                  |                  |
| <b>Financial assets at fair value through profit or loss</b>      |                  |                |         |                  |                  |
| Derivative financial instruments                                  |                  | 1,975          |         | 1,975            | 9,681            |
| Trading securities  | 18,489           |                |         | 18,489           | 9,906            |
| <b>Non-current assets</b>   |                  |                |         |                  |                  |
| <b>Available-for-sale financial assets</b>                        |                  |                |         |                  |                  |
| Investments   | 1,315,172        |                |         | 1,315,172        | 2,405,174        |
| <b>Financial assets at fair value through profit or loss</b>      |                  |                |         |                  |                  |
| Derivative financial instruments                                  |                  |                |         |                  | 3,879            |
| <b>Total assets</b>   | <b>1,333,661</b> | <b>1,975</b>   |         | <b>1,335,636</b> | <b>2,415,080</b> |
| <b>Liabilities</b>  |                  |                |         |                  |                  |
| <b>Current liabilities</b>  |                  |                |         |                  |                  |
| <b>Financial liabilities at fair value through profit or loss</b> |                  |                |         |                  |                  |
| Derivative financial instruments                                  |                  | 93,236         |         | 93,236           | 6,822            |
| <b>Non-current liabilities</b>                                    |                  |                |         |                  |                  |
| <b>Financial liabilities at fair value through profit or loss</b> |                  |                |         |                  |                  |
| Derivative financial instruments                                  |                  | 14,192         |         | 14,192           | 17,375           |
| <b>Total liabilities</b>  |                  | <b>107,428</b> |         | <b>107,428</b>   | <b>24,197</b>    |

## **II – Investments in financial instruments classified as available for sale and measured at fair value through OCI**

These consist mainly of investments in shares acquired in Brazil involving top ranked companies, which are recognized in non-current assets, and any gains or losses are recognized in shareholders' equity, where they will remain until actual realization of the securities or when any loss is considered unrecoverable.

### ***Potential impairment of financial assets classified as available for sale***

The Company has investments in common (USIM3) and preferred (USIM5) shares (“Usiminas Shares”), designated as available-for-sale financial assets as they do not meet the criteria to be classified within any of the other categories of financial instruments (loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss). The asset is classified as a non-current asset under line item “investments” and is carried at fair value based on the quoted price on the stock exchange (BM&FBOVESPA).

Considering the volatility of the quotations of Usiminas shares, the Company evaluated whether, at the end of the reporting period, there was objective evidence of impairment of these financial assets, i.e., the Company’s management evaluated if the decline in the market value of Usiminas shares should be considered either significant or prolonged. In turn, this valuation requires judgment based on CSN’s policy, prepared according to practices used in the domestic and international markets, and consists of an instrument by instrument analysis based on quantitative and qualitative information available in the market, from the time an instrument shows a drop of 20% or more in its market value or from the time there is a significant drop in its market value as compared to its acquisition price during more than twelve months.

However, as of June 30, 2013, there was an additional decline in the quotation of the common shares (USIM3) as compared with the quotation as of June 30, 2012 which, according to the Company's accounting policy, generated a loss of R\$5,002, recorded directly in other operating expenses.

As of June 30, 2014, after a new decline in the common shares prices (USIM3) in comparison with the prices as of June 30, 2013, according to its accounting policy, the Company reclassified the accumulated losses recognized in other comprehensive income, in the amount of R\$34,396, net of income tax and social contribution, to profit (loss) for the period, recognizing R\$52,115 in other operating expenses and R\$17,719 in deferred taxes.



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Beginning this date, pursuant to a Company's policy, gains and losses arising from the variation of the quotation of shares were recognized in other comprehensive income.

On April 9, 2014, the Administrative Council for Economic Defense (CADE - Conselho Administrativo de Defesa Econômica) issued its decision on the matter and a commitment agreement (Performance Commitment Agreement), or TCD, was signed between CADE and CSN. Under the terms of the decision of CADE and TCD, CSN must reduce its interest in Usiminas within a specified term. The term and percentage of reduction are confidential. Moreover, the political rights at Usiminas will continue suspended until the Company reaches the limits established in the TCD.

The Company's interest in Usiminas has not changed as compared with the percentage disclosed in the financial statements as of December 31, 2013.

The Company will continue to evaluate strategic alternatives with respect to its investment in Usiminas.

**III – Fair values of assets and liabilities as compared to their carrying amounts**

The estimated fair values of consolidated long-term borrowings and financing were calculated at prevailing market rates, taking into consideration the nature, terms and risks similar to those of the recorded contracts, as compared below:

|                  |                 | 6/30/2014  |                 | 12/31/2013 |  |
|------------------|-----------------|------------|-----------------|------------|--|
|                  | Carrying amount | Fair value | Carrying amount | Fair value |  |
| Perpetual bonds  | 2,205,498       | 2,078,390  | 2,345,789       | 1,938,780  |  |
| Fixed Rate Notes | 5,301,897       | 5,512,104  | 5,661,978       | 6,032,207  |  |

**IV Financial risk management policy**

As of June 30, 2014, there were no changes in the financial risk management policies in relation to those disclosed in the Company's financial statements for the year ended December 31, 2013.

- **Foreign exchange exposure**

The consolidated net exposure as of June 30, 2014 is as follows:

| <b>Foreign Exchange Exposure</b>              | <b>(Amounts in US\$<br/>thousands)</b> | <b>6/30/2014<br/>(Amounts in €<br/>thousands)</b> |
|---|--|---|
| Cash and cash equivalents overseas            | 3,861,541                              | 2,019   |
| Trade receivables - foreign market            | 274,044                                | 11,703  |
| Related parties borrowings                    | 154,071                                | 81,126  |
| Other assets                                  | 186                                    | 75,629  |
| <b>Total assets</b>                           | <b>4,289,842</b>                       | <b>170,477</b>                                    |
| Borrowings and financing                      | -4,879,459                             | -121,079  |
| Trade payables                                | -192,035                               | -7,564  |
| Other liabilities                             | -15,126                                | -22,019   |
| Related parties borrowings                    | -34,071                                |   |
| <b>Total liabilities</b>                      | <b>-5,120,691</b>                      | <b>-150,662</b>                                   |
| <b>Gross exposure</b>                         | <b>-830,849</b>                        | <b>19,815</b>                                     |
| Notional amount of derivatives contracted (*) | 913,000                                | -90,000   |
| <b>Net exposure</b>                           | <b>82,151</b>                          | <b>-70,185</b>                                    |

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- Exchange swap transactions**

| Counterparties                             | Transaction maturity           | Functional currency | Notional amount | Appreciation (R\$) |                    | 6/30/2014                        | Notional amount | Appreciation   |                    |
|--|--------------------------------|---------------------|-----------------|--------------------|--------------------|----------------------------------|-----------------|----------------|--------------------|
|  |                                |                     |                 | Asset position     | Liability position | Fair value (market)              |                 | Asset position | Liability position |
|  |                                |                     |                 |                    |                    | Amounts receivable/<br>(payable) |                 |                |                    |
| <i>Santander</i>                           | 01/02/15                       | US dollar           | 10,000          | 25,229             | -23,758            | 1,471                            | 10,000          | 26,512         | -2                 |
| <i>Deutsche</i>                            | 11/10/14                       | US dollar           | 20,000          | 44,623             | -49,491            | -4,868                           |                 |                |                    |
| <i>Goldman Sachs</i>                       |                                | US dollar           |                 |                    |                    |                                  | 10,000          | 23,697         | -2                 |
| <i>HSBC</i>                                |                                | US dollar           |                 |                    |                    |                                  | 90,000          | 213,306        | -20                |
| <b>Total dollar-to-CDI swap</b>            |                                |                     | <b>30,000</b>   | <b>69,852</b>      | <b>-73,249</b>     | <b>-3,397</b>                    | <b>110,000</b>  | <b>263,515</b> | <b>-25</b>         |
| <i>Itaú BBA</i>                            | 10/01/2014<br>to<br>01/30/2015 | US dollar           | 348,000         | 768,091            | -795,595           | -27,504                          | 85,000          | 199,753        | -19                |
| <i>HSBC</i>                                | 10/01/2014<br>to<br>01/30/2015 | US dollar           | 385,000         | 849,370            | -894,420           | -45,050                          | 208,000         | 488,843        | -48                |
| <i>Deutsche</i>                            | 10/01/2014<br>to<br>01/30/2015 | US dollar           | 150,000         | 330,942            | -345,863           | -14,921                          |                 |                |                    |
| <b>Total dollar-to-real swap<br/>(NDF)</b> |                                |                     | <b>883,000</b>  | <b>1,948,403</b>   | <b>-2,035,878</b>  | <b>-87,475</b>                   | <b>293,000</b>  | <b>688,596</b> | <b>-68</b>         |
| <i>Itaú BBA</i>                            | 08/22/2014                     | Euro                | 90,000          | 270,555            | -271,448           | -893                             | 30,000          | 94,858         | -9                 |
| <i>HSBC</i>                                |                                | Euro                |                 |                    |                    |                                  | 30,000          | 94,900         | -9                 |
| <i>Goldman Sachs</i>                       |                                | Euro                |                 |                    |                    |                                  | 30,000          | 94,880         | -9                 |
| <b>Total dollar-to-euro swap<br/>(NDF)</b> |                                |                     | <b>90,000</b>   | <b>270,555</b>     | <b>-271,448</b>    | <b>-893</b>                      | <b>90,000</b>   | <b>284,638</b> | <b>-28</b>         |
| <i>BES</i>                                 | 08/26/14 to<br>11/28/14        | US dollar           | 44,790          | 98,874             | -98,370            | 504                              | 11,801          | 27,878         | -2                 |
| <b>Total dollar-to-euro swap</b>           |                                |                     | <b>44,790</b>   | <b>98,874</b>      | <b>-98,370</b>     | <b>504</b>                       | <b>11,801</b>   | <b>27,878</b>  | <b>-2</b>          |
| <i>CSFB</i>                                |                                |                     |                 |                    |                    |                                  | 21,500          | 36,526         | -3                 |



|   |                         |      |                |                |                 |                |                  |                   |                 |
|---|-------------------------|------|----------------|----------------|-----------------|----------------|------------------|-------------------|-----------------|
| <b>Total LIBOR-to-CDI interest rate swap</b>      |                         |      |                |                |                 |                | <b>21,500</b>    | <b>36,526</b>     | <b>-3</b>       |
| <i>Itaú BBA</i>                                   | 03/01/16                | Real | 150,000        | 162,260        | -167,927        | -5,667         | 150,000          | 152,610           | -15             |
| <i>HSBC</i>                                       | 02/05/16 to<br>03/01/16 | Real | 185,000        | 199,117        | -207,244        | -8,127         | 185,000          | 187,395           | -19             |
| <i>Deutsche Bank</i>                              | 03/01/16                | Real | 10,000         | 10,754         | -11,152         | -398           | 10,000           | 10,114            | -1              |
| <b>Total fixed rate-to-CDI interest rate swap</b> |                         |      | <b>345,000</b> | <b>372,131</b> | <b>-386,323</b> | <b>-14,192</b> | <b>345,000</b>   | <b>350,119</b>    | <b>-36</b>      |
|   |                         |      |                |                |                 |                | <b>2,759,815</b> | <b>-2,865,268</b> | <b>-105,453</b> |
|   |                         |      |                |                |                 |                |                  | <b>1,651,272</b>  | <b>-1,66</b>    |

- Classification of the derivatives in the balance sheet and statement of income**

| Instruments                      | Assets       |             |              | Liabilities   |               |                | 6/30/2014<br>Finance<br>income<br>(costs), net<br>(Note 23) |
|----------------------------------|--------------|-------------|--------------|---------------|---------------|----------------|---|
|                                  | Current      | Non-current | Total        | Current       | Non-current   | Total          |   |
| <i>Dollar-to-CDI swap</i>        | 1,471        |             | 1,471        | 4,868         |               | 4,868          | -22,087   |
| <i>Dollar-to-real swap (NDF)</i> |              |             |              | 87,475        |               | 87,475         | -158,796  |
| <i>Dollar-to-euro swap (NDF)</i> |              |             |              | 893           |               | 893            | 675   |
| <i>Dollar-to-real swap</i>       | 504          |             | 504          |               |               |                | 463   |
| <i>Libor-to-CDI swap</i>         |              |             |              |               |               |                | -943  |
| <i>Fixed rate-to-CDI swap</i>    |              |             |              |               | 14,192        | 14,192         | 3,183   |
|                                  | <b>1,975</b> |             | <b>1,975</b> | <b>93,236</b> | <b>14,192</b> | <b>107,428</b> | <b>-177,505</b>   |

| Instruments                      | Assets  |             |        | Liabilities |             |       | 12/31/2013<br>6/30/2013<br>Finance<br>income<br>(costs), net<br>(Note 23) |
|----------------------------------|---------|-------------|--------|-------------|-------------|-------|---|
|                                  | Current | Non-current | Total  | Current     | Non-current | Total |   |
| <i>Dollar-to-CDI swap</i>        | 9,033   | 3,879       | 12,912 |             |             |       | 1,038   |
| <i>Dollar-to-real swap (NDF)</i> | 631     |             | 631    | 1,228       |             | 1,228 |   |
| <i>Dollar-to-euro swap (NDF)</i> |         |             |        | 5,258       |             | 5,258 | 2,025   |
| <i>Yen-to-dollar swap (*)</i>    |         |             |        |             |             |       | -60   |
|                                  | 17      |             | 17     |             |             |       | 4,276   |

|                               |              |              |               |              |               |               |               |
|-------------------------------|--------------|--------------|---------------|--------------|---------------|---------------|---------------|
| <i>Dollar-to-euro swap</i>    |              |              |               |              |               |               |               |
| <i>Libor-to-CDI swap</i>      |              |              |               | 336          |               | 336           | -2,294        |
| <i>Fixed rate-to-CDI swap</i> |              |              |               |              | 17,375        | 17,375        | -13,917       |
|                               | <b>9,681</b> | <b>3,879</b> | <b>13,560</b> | <b>6,822</b> | <b>17,375</b> | <b>24,197</b> | <b>-8,932</b> |

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(\*) The positions of the swap transactions were settled in May 2014, together with their prepayment.

(\*) The positions of the swap transactions were settled in December 2013, together with their guarantee deposit.

- **Sensitivity analysis of exchange rate swaps**

The Company considered scenarios 1 and 2 as 25% and 50% of appreciation for volatility of the currency, using as reference the closing exchange rate as of June 30, 2014 for dollar-to-real exchange swap R\$2.2025, and for dollar-to-euro exchange swap US\$1.3689.

| Instruments                        | Notional amount | Risk  | Probable scenario (*) | 6/30/2014  |            |
|------------------------------------|-----------------|-------|-----------------------|------------|------------|
|                                    |                 |       |                       | Scenario 1 | Scenario 2 |
| Dollar-to-CDI exchange swap        | 30,000          | Dólar | -3,397                | -16,519    | -33,038    |
| Dollar-to-real exchange swap (NDF) | 883,000         | Dólar | -87,475               | -486,202   | -972,404   |
| Dollar-to-euro exchange swap (NDF) | -90,000         | Euro  | -893                  | 67,837     | 135,676    |
| Dollar-to-euro exchange swap (NDF) | 44,790          | Dólar | 504                   | -46,214    | -92,431    |

(\*) The sensitivity analysis is based on the assumption of maintaining, as a probable scenario, the market values as of June 30, 2014 recognized in the company's assets and liabilities.

- **Sensitivity analysis of interest rate swaps**

The Company considered scenarios 1, 2, 3 and 4 as 25% and 50% of appreciation and devaluation for volatility of the interest as of June 30, 2014.

| Instruments                          | Notional amount | Risk | 6/30/2014  |            |            |            |
|--------------------------------------|-----------------|------|------------|------------|------------|------------|
|                                      |                 |      | Scenario 1 | Scenario 2 | Scenario 3 | Scenario 4 |
| Fixed rate-to-CDI interest rate swap | 345,000         | CDI  | -15,870    | -25,185    | 2,760      | 12,075     |

- Sensitivity analysis of changes in interest rates**

The Company considers the effects of a 5% increase or decrease in interest rates on its outstanding borrowings, financing and debentures as of June 30, 2014 in the condensed interim financial statements.

| Changes in interest rates | % p.a | Impact on profit or loss |            |
|---------------------------|-------|--------------------------|------------|
|                           |       | 6/30/2014                | 12/31/2013 |
| TJLP                      | 5.00  | 2,450                    | 2,521      |
| Libor                     | 0.33  | 6,318                    | 5,725      |
| CDI                       | 10.80 | 78,008                   | 71,507     |

- Share market price risks**

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The Company is exposed to the risk of changes in equity prices due to the investments made and classified as available-for-sale. Equity investments refer to blue chips traded on BM&F BOVESPA.

The following table shows the impact of the net changes in the market value of financial instruments classified as available-for-sale on shareholders' equity, in other comprehensive income (note 30).

|   | <b>6/30/2014</b> | <b>Other comprehensive income<br/>12/31/2013</b> | <b>Consolidated<br/>Net change</b> |
|---|------------------|--|------------------------------------|
| Net change in available-for-sale financial assets | 94,520           | 779,526  | -685,006                           |

The Company considers as probable scenario the amounts recognized at market prices as of June 30, 2014, net of tax. Sensitivity analysis is based on the assumption of maintaining as probable scenario the market values as of June 30, 2014. Therefore, there is no impact on the financial instruments classified as available for sale already presented above. The Company considered scenarios 1 and 2 as 25% and 50% of appreciation for volatility of the shares.

| <b>Companies</b> | <b>Probable</b> | <b>Impact on equity</b> |                   |
|------------------|-----------------|-------------------------|-------------------|
|                  |                 | <b>Scenario 1</b>       | <b>Scenario 2</b> |
| Usiminas         | 87,978          | 191,112                 | 382,224           |
| Panatlântica     | 6,542           | 2,261                   | 4,521             |
|                  | <b>94,520</b>   | <b>193,373</b>          | <b>386,745</b>    |

- Liquidity risk**

**At June 30, 2014****Total**

|                                      | <b>Less than<br/>one year</b> | <b>From one<br/>to two<br/>years</b> | <b>From two<br/>to five<br/>years</b> | <b>Over five<br/>years</b> |            |
|--------------------------------------|-------------------------------|--------------------------------------|---------------------------------------|----------------------------|------------|
| Borrowings, financing and debentures | 3,574,586                     | 4,062,255                            | 12,787,174                            | 7,249,312                  | 27,673,327 |
| Derivative financial instruments     | 93,236                        | 14,192                               |                                       |                            | 107,428    |
| Trade payables                       | 1,531,076                     |                                      |                                       |                            | 1,531,076  |
| <b>At December 31, 2013</b>          |                               |                                      |                                       |                            |            |
| Borrowings, financing and debentures | 2,673,648                     | 6,391,523                            | 11,439,993                            | 7,358,058                  | 27,863,222 |
| Derivative financial instruments     | 6,822                         | 17,375                               |                                       |                            | 24,197     |
| Trade payables                       | 1,102,037                     |                                      |                                       |                            | 1,102,037  |

**12. OTHER PAYABLES**

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The group of other payables classified in current and non-current liabilities is comprised as follows:

|  | <b>Current</b>   |                   | <b>Conso<br/>Non-current</b> |                   |
|--|------------------|-------------------|------------------------------|-------------------|
|  | <b>6/30/2014</b> | <b>12/31/2013</b> | <b>6/30/2014</b>             | <b>12/31/2013</b> |
| Payables to related parties (Note 17 b)                                | 442,427          | 422,150           | 8,782,719                    | 8,5               |
| Derivative financial instruments (Note 11 I)                           | 93,236           | 6,822             | 14,192                       |                   |
| Dividends and interest on capital payable non-controlling shareholders | 2,102            | 2,036             |                              |                   |
| Advances from customers  | 31,331           | 28,213            |                              |                   |
| Taxes in installments (Note 14)  | 247,402          | 247,387           | 1,422,340                    | 1,4               |
| Profit sharing - employees   | 66,305           | 121,631           |                              |                   |
| Other payables   | 157,554          | 144,612           | 61,382                       |                   |
|  | <b>1,040,357</b> | <b>972,851</b>    | <b>10,280,633</b>            | <b>10,0</b>       |

**13. INCOME TAX AND SOCIAL CONTRIBUTION**

The information related to income tax and social contribution did not have significant changes in relation to that disclosed in the Company's financial statements as of December 31, 2013 and, accordingly, the Company decided not to repeat it fully in the condensed interim financial statements as of June 30, 2014.

**(a) Income tax and social contribution recognized in profit or loss:**

The income tax and social contribution recognized in profit or loss for the period are as follows:

|  | <b>Six-month period</b> |                  | <b>Consolidated<br/>Three-month period</b> |                  |
|--|-------------------------|------------------|--|------------------|
|  | <b>ended</b>            | <b>ended</b>     | <b>ended</b>                               | <b>ended</b>     |
|  | <b>6/30/2014</b>        | <b>6/30/2013</b> | <b>6/30/2014</b>                           | <b>6/30/2013</b> |
|  |                         |                  |  |                  |

**Income tax and social contribution (expenses) income**

|          |                |                |                |                |
|----------|----------------|----------------|----------------|----------------|
| Current  | -220,365       | -163,846       | -96,354        | -86,011        |
| Deferred | 177,889        | 467,700        | 81,033         | 247,887        |
|          | <b>-42,476</b> | <b>303,854</b> | <b>-15,321</b> | <b>161,876</b> |

|          | Six-month period ended                           |                | Parent Company<br>Three-month period ended |                |
|----------|--|----------------|--|----------------|
|          | 6/30/2014  | 6/30/2013      | 6/30/2014                                  | 6/30/2013      |
|          | <b>Income tax and social contribution income</b> |                |  |                |
| Current  |  |                | 11,717                                     |                |
| Deferred | 162,024  | 459,876        | 62,594                                     | 242,372        |
|          | <b>162,024</b>                                   | <b>459,876</b> | <b>74,311</b>                              | <b>242,372</b> |

The reconciliation of Company and consolidated income tax and social contribution expenses and income and the result from applying the effective rate on profit before income tax (IRPJ) and social contribution (CSLL) are as follows:



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|  | Six-month period ended |                | Three-month period ended |           | Consolidated    |
|--|------------------------|----------------|--------------------------|-----------|-----------------|
|  | 6/30/2014              | 6/30/2013      | 6/30/2014                | 6/30/2013 | 6/30/2013       |
| <b>Profit before income tax and social contribution</b>              | <b>113,605</b>         | <b>214,348</b> | <b>34,354</b>            |           | <b>340,010</b>  |
| Tax rate   | 34%                    | 34%            | 34%                      |           | 34%             |
| <b>Income tax and social contribution at combined statutory rate</b> | <b>-38,626</b>         | <b>-72,878</b> | <b>-11,680</b>           |           | <b>-115,600</b> |
| <b>Adjustment to reflect effective rate:</b>                         |                        |                |                          |           |                 |
| Interest on capital benefit  |                        | 190,400        |                          |           |                 |
| Share of profits of investees  | -38,383                | 101,755        | -22,912                  |           | 96,070          |
| Income subject to special tax rates or untaxed                       | 70,328                 | 125,316        | 42,034                   |           | 214,200         |
| Transfer pricing adjustment  | -11,509                |                | -6,583                   |           |                 |
| Tax loss carryforwards without recognizing deferred taxes            | -21,281                | -7,367         | -8,929                   |           | 4,280           |
| Other permanent deductions (add-backs)                               | -3,005                 | -33,372        | -7,251                   |           | -37,080         |
| <b>Income tax and social contribution in profit for the period</b>   | <b>-42,476</b>         | <b>303,854</b> | <b>-15,321</b>           |           | <b>161,870</b>  |
| <b>Effective tax rate</b>  | <b>37%</b>             | <b>-142%</b>   | <b>45%</b>               |           | <b>-48%</b>     |

|  | Six-month period ended |                | Three-month period ended |           | Parent Company |
|--|------------------------|----------------|--------------------------|-----------|----------------|
|  | 6/30/2014              | 6/30/2013      | 6/30/2014                | 6/30/2013 | 6/30/2013      |
| <b>Loss (profit) before income tax and social contribution</b>       | <b>-84,975</b>         | <b>61,919</b>  | <b>-52,596</b>           |           | <b>252,000</b> |
| Tax rate   | 34%                    | 34%            | 34%                      |           |                |
| <b>Income tax and social contribution at combined statutory rate</b> | <b>28,892</b>          | <b>-21,052</b> | <b>17,883</b>            |           | <b>-85,000</b> |
| <b>Adjustment to reflect effective rate:</b>                         |                        |                |                          |           |                |
| Interest on capital benefit  |                        | 190,400        |                          |           |                |
| Share of profits of investees  | 156,009                | 320,428        | 79,276                   |           | 358,000        |
| Transfer pricing adjustment  | -11,509                |                | -6,583                   |           |                |
| Other permanent deductions (add-backs)                               | -11,368                | -29,900        | -16,265                  |           | -30,000        |
| <b>Income tax and social contribution in profit for the period</b>   | <b>162,024</b>         | <b>459,876</b> | <b>74,311</b>            |           | <b>242,000</b> |
| <b>Effective tax rate</b>  | <b>191%</b>            | <b>-743%</b>   | <b>141%</b>              |           | <b>-</b>       |

**(b) Deferred income tax and social contribution:**

The deferred income tax and social contribution are calculated on income tax and social contribution loss carryforwards and related temporary differences between the tax bases of assets and liabilities and the

accounting balances of the condensed interim financial statements. They are presented at net amounts when related to a sole jurisdiction.

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|  | Opening balance<br>12/31/2013 | Moveme<br>Comprehensive income |
|--|-------------------------------|--------------------------------|
| <b>Deferred tax assets</b>   |                               |                                |
| Income tax loss carryforwards  | 1,132,296                     | -13,1                          |
| Social contribution loss carryforwards                                     | 389,306                       |                                |
| <b>Temporary differences</b>   | <b>1,248,925</b>              | <b>361,3</b>                   |
| - Provision for tax, social security, labor, civil and environmental risks | 207,507                       |                                |
| - Provision for environmental liabilities                                  | 117,795                       |                                |
| - Asset impairment losses  | 53,450                        |                                |
| - Inventory impairment losses  | 28,556                        |                                |
| - (Gains) losses on financial instruments                                  | -4,722                        | 3                              |
| - (Gains) losses on available-for-sale financial assets                    | 287,876                       | 352,8                          |
| - Actuarial liability (pension and healthcare plan)                        | 131,938                       |                                |
| - Accrued supplies and services  | 91,807                        |                                |
| - Estimated losses on doubtful debts                                       | 27,749                        |                                |
| - Goodwill on merger   | -123,172                      | 8,1                            |
| - Unrealized exchange differences (*)                                      | 546,041                       |                                |
| - (Gain) on loss of control over Transnordestina                           | -224,096                      |                                |
| - Other  | 108,196                       |                                |
| <b>Non-current assets</b>  | <b>2,770,527</b>              | <b>348,1</b>                   |
| <b>Deferred tax liabilities</b>  |                               |                                |
| - Business combination   | 252,109                       | -15,2                          |
| - Other  | 16,724                        | -1,0                           |
| <b>Non-current liabilities</b>   | <b>268,833</b>                | <b>-16,3</b>                   |

|  | Opening balance<br>12/31/2013 | Movemen<br>Comprehensive income |
|--|-------------------------------|---------------------------------|
| <b>Deferred tax assets</b>   |                               |                                 |
| Income tax loss carryforwards  | 919,910                       |                                 |
| Social contribution loss carryforwards                                     | 389,306                       |                                 |
| <b>Temporary differences</b>   | <b>1,303,782</b>              | <b>343,88</b>                   |
| - Provision for tax, social security, labor, civil and environmental risks | 199,445                       |                                 |
| - Provision for environmental liabilities                                  | 117,795                       |                                 |
| - Asset impairment losses  | 47,087                        |                                 |
| - Inventory impairment losses  | 28,365                        |                                 |
| - (Gains) losses on financial instruments                                  | -3,875                        |                                 |
| - (Gains) losses on available-for-sale financial assets                    | 264,172                       | 343,88                          |

|   |                  |               |
|---|------------------|---------------|
| - Actuarial liability (pension and healthcare plan) | 132,063          |               |
| - Accrued supplies and services                     | 89,767           |               |
| - Estimated losses on doubtful debts                | 26,179           |               |
| - Unrealized exchange differences (*)               | 546,041          |               |
| - (Gain) on loss of control over Transnordestina    | -224,096         |               |
| - Other   | 80,839           |               |
| <b>Non-current assets</b>                           | <b>2,612,998</b> | <b>343,88</b> |

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(\*) The Company taxes foreign exchange differences on a cash basis to calculate income tax and social contribution.

Some Group companies recognized tax credits on income tax and social contribution loss carryforwards not subject to statute of limitations and based on the history of profitability and expected future taxable profits determined in technical studies approved by Management.

Since they are subject to significant factors that may change the projections for realization, the carrying amounts of deferred tax assets and projections are reviewed annually. These studies indicate the realization of these tax assets within the term stipulated by CVM Instruction 371/02 and the limit of 30% of the taxable profit.

Certain group companies have income tax and social contribution loss carryforwards in the amounts of R\$2,734,361 and R\$375,007, respectively, for which no deferred taxes were set up, of which R\$137,792 expire in 2015, R\$41,049 in 2018, R\$233,172 in 2015, and R\$77,994 in 2030.

The Company's corporate structure includes foreign subsidiaries whose profits are subject to income tax levied by the related countries, recognized at tax rates lower than in Brazil.

For the years from 2011 to 2014 these subsidiaries generated profits amounting to R\$3,570,425, which tax authorities may understand that have already been distributed, hence, it would be subject to additional taxation in Brazil, in the approximate amount of R\$1,213,944. The Company, based on its legal counsel's opinion, assessed the likelihood of loss in a potential challenge by tax authorities as possible and, therefore, no provision was recognized in the condensed interim financial statements.

- **Law 12,973/14**

Provisional Act 627, converted into Law 12,973 in May 2014, which abrogates the Transition Tax Regime (RTT) and introduces other measures, such as: (i) amendments to Decree-Law 1,598/77, which addresses the corporate income tax and social contribution on net income Law; (ii) definition that any change in or the adoption of accounting methods and criteria through administrative acts issued based on a competence attributed by the commercial law shall not have any impact on the calculation of federal taxes; (iii) inclusion of a specific treatment on the taxation of profits or dividends; (iv) inclusion of provisions on the calculation of interest on capital; and (v) new considerations about investments accounted for under the equity method of accounting. The provisions established in the law are effective starting 2015, however, companies may opt for their early adoption, on an irreversible basis, in 2014.

The Company prepared studies on the possible effects that could arise from the application of the provisions of Law 12,973 and concluded that they do not result in material adjustments to its financial statements as of June 30, 2014 and December 31, 2013.

Management is still awaiting the regulation of such law, as well as the accessory obligation to be provided by the Federal Revenue of Brazil and the term to apply for the adoption or not of the law still in 2014.

**(c) Income tax and social contribution recognized in shareholders' equity:**

The income tax and social contribution recognized directly in shareholders' equity are as follows:

|  | Consolidated    |                 | Parent Comp     |                 |
|--|-----------------|-----------------|-----------------|-----------------|
|  | 6/30/2014       | 12/31/2013      | 6/30/2014       | 12/31/2013      |
| <b>Income tax and social contribution</b>                        |                 |                 |                 |                 |
| Actuarial gains on defined benefit pension plan                  | 33,012          | 33,012          | 32,876          | 32,876          |
| Changes in the fair value on available-for-sale financial assets | -48,692         | -401,574        | -48,692         | -392,574        |
| Exchange differences on translating foreign operations           | -425,510        | -425,510        | -425,510        | -425,510        |
|  | <b>-441,190</b> | <b>-794,072</b> | <b>-441,326</b> | <b>-785,208</b> |

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1****14. TAXES IN INSTALLMENTS**

The information related to taxes in installments did not have significant changes in relation to that disclosed in the Company's financial statements as of December 31, 2013 and, accordingly, the Company decided not to repeat it fully in the condensed interim financial statements as of June 30, 2014.

The position of the Refis debts and other tax installment plans, recorded in taxes in installments in current and non-current liabilities, as mentioned in note 12, is as follows:

|                                 | Current        |                | Consolidated Non-current |                  | Current        |                | 6/30/2014      |
|---------------------------------|----------------|----------------|--------------------------|------------------|----------------|----------------|----------------|
|                                 | 6/30/2014      | 12/31/2013     | 6/30/2014                | 12/31/2013       | 6/30/2014      | 12/31/2013     |                |
| Federal REFIS Law 11,941/09 (a) | 145,073        | 140,446        | 978,808                  | 1,001,630        | 125,445        | 121,399        | 828,2          |
| Federal REFIS Law 12,865/13 (a) | 28,899         | 27,124         | 388,304                  | 384,872          | 29,123         | 27,167         | 388,3          |
| Other taxes in installments (b) | 73,430         | 79,817         | 55,228                   | 68,336           | 64,728         | 70,101         | 54,1           |
|                                 | <b>247,402</b> | <b>247,387</b> | <b>1,422,340</b>         | <b>1,454,838</b> | <b>219,296</b> | <b>218,667</b> | <b>1,270,7</b> |

**a) Tax Recovery Program (Federal Refis) – Law 11,941/09 and Law 12,865/13**

- **New deadline – Law 11,941/09**

On November 26, 2009, the Group companies joined the Tax Recovery Programs established by Law 11,941/09 and Provisional Act 470/2009, aimed at settling tax liabilities through a special payment system and installment plan for the settlement of tax and social security obligations.

With the new deadline to join the Law 11,941/09 tax installment program established by the RFB/PGFN, pursuant to Law 12,865/13, the Company analyzed with its legal counsel the lawsuits that could have changed or be subject to new jurisprudence, the Company concluded that some tax debts could be included in the new tax installment plan on December 27, 2013. After the analysis, the Company concluded that there were debts that could be included in the program and applied for installment payment on December 27, 2013.

- **Overseas profits – Law 12,865/13**

Under Article 40 of Law 12,865/13, the federal government allowed the payment in installments of income tax and social contribution arising from the application of Article 74 of Provisional Act 2158-35/2001, the so-called overseas profits, which requires that profits earned by foreign subsidiaries or associates be taxed at year end.

The Company elected to join the amounts corresponding to the assessed period (2004-2009), on November 29, 2013.

Both programs provide for reductions in fines and interest, however, only income tax and social contribution debt arising from the application of Law 12,865/13 could be settled with tax credits claimed on tax loss carryforwards of subsidiaries and the parent company. The tax credit utilized by the subsidiaries total R\$565,273, of which R\$550,270 did not have a recognized tax credit.

The remaining balance was divided into 179 monthly installments adjusted by the SELIC and the amount determined pursuant to Laws 11,941/09 and 12,865/13 is subject to approval by the tax authorities.

- b) Other tax installments (regular and other)**

The Group companies also joined the Regular social security tax (INSS) installment plan and other plans.





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**15. PROVISION FOR TAX, SOCIAL SECURITY, LABOR, CIVIL AND ENVIRONMENTAL RISKS AND  
JUDICIAL DEPOSITS**

As of June 30, 2014, the information related to judicial deposits and proceedings did not have significant changes in relation to that disclosed in the Company's financial statements as of December 31, 2013.

Details of the accrued amounts and related judicial deposits are as follows:

|                           | 6/30/2014              |                      | Consolidated<br>12/31/2013 |                      | 6/30/2014              |                      | Parent<br>12/31/2013   |                      |
|---------------------------|------------------------|----------------------|----------------------------|----------------------|------------------------|----------------------|------------------------|----------------------|
|                           | Accrued<br>liabilities | Judicial<br>deposits | Accrued<br>liabilities     | Judicial<br>deposits | Accrued<br>liabilities | Judicial<br>deposits | Accrued<br>liabilities | Judicial<br>deposits |
| Tax                       | 310,070                | 336,831              | 428,141                    | 469,692              | 270,752                | 327,113              | 387,315                |                      |
| Social security and labor | 407,358                | 190,116              | 298,637                    | 185,104              | 355,621                | 163,307              | 254,116                |                      |
| Civil                     | 78,722                 | 24,911               | 82,143                     | 29,022               | 62,555                 | 21,148               | 65,667                 |                      |
| Environmental             | 2,203                  | 961                  | 4,262                      | 961                  | 2,203                  | 892                  | 4,262                  |                      |
| Escrow deposits           |                        | 8,660                |                            | 8,935                |                        | 5,177                |                        |                      |
|                           | <b>798,353</b>         | <b>561,479</b>       | <b>813,183</b>             | <b>693,714</b>       | <b>691,131</b>         | <b>517,637</b>       | <b>711,360</b>         |                      |

The changes in the provisions for tax, social security, labor, civil and environmental risks in the period ended June 30, 2014 were as follows:

| Nature          | 12/31/2013 | Additions | Net<br>adjustment | Net<br>utilization<br>of<br>reversal | Consolidated          |
|-----------------|------------|-----------|-------------------|--------------------------------------|-----------------------|
|                 |            |           |                   |                                      | Current + Non-current |
|                 |            |           |                   |                                      | 6/30/2014             |
| Tax             | 428,141    | 27,420    | 27,017            | -172,508                             | 310,070               |
| Social security | 47,261     | 12,197    | 2,284             | -3,240                               | 58,502                |

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|               |                |                |               |                 |                |
|---------------|----------------|----------------|---------------|-----------------|----------------|
| Labor         | 251,376        | 127,019        | 26,976        | -56,515         | 348,856        |
| Civil         | 82,143         | 4,874          | 16,648        | -24,943         | 78,722         |
| Environmental | 4,262          | 443            | 292           | -2,794          | 2,203          |
|               | <b>813,183</b> | <b>171,953</b> | <b>73,217</b> | <b>-260,000</b> | <b>798,353</b> |

| Nature          | 12/31/2013     | Additions      | Net<br>adjustment | Net<br>utilization<br>of<br>reversal | Parent Company        |
|-----------------|----------------|----------------|-------------------|--------------------------------------|-----------------------|
|                 |                |                |                   |                                      | Current + Non-current |
|                 |                |                |                   |                                      | 6/30/2014             |
| Tax             | 387,315        | 27,420         | 26,667            | -170,650                             | 270,752               |
| Social security | 46,537         | 12,197         | 2,248             | -3,240                               | 57,742                |
| Labor           | 207,579        | 118,301        | 22,140            | -50,141                              | 297,879               |
| Civil           | 65,667         | 3,880          | 15,903            | -22,895                              | 62,555                |
| Environmental   | 4,262          | 443            | 292               | -2,794                               | 2,203                 |
|                 | <b>711,360</b> | <b>162,241</b> | <b>67,250</b>     | <b>-249,720</b>                      | <b>691,131</b>        |

The provision for tax, social security, labor, civil and environmental liabilities was estimated by management and is mainly based on the legal counsel's assessment. Only proceedings for which the risk is classified as probable loss are accrued. Moreover, this provision includes tax liabilities resulting from contingencies filed by the Company, subject to SELIC (Central Bank's policy rate).

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§ Other administrative and judicial proceedings

The Group is a defendant in other administrative and judicial proceedings (tax, social security, labor, civil, and environmental), in the approximate amount of R\$13,667,160, of which

(a) R\$6,784,953 refers to the tax assessment notice issued against the Company for an alleged sale of 40% of the shares of its subsidiary NAMISA to a Japanese-Korean consortium, thus failing to determine and pay taxes on the capital gain resulting from this transaction, and in May 2013, the São Paulo (SP) Regional Judgment Office (lower administrative court) issued a decision favorable to the Company and cancelled the tax assessment notice. In light of this decision, an ex-officio appeal was filed that will be judged by the Administrative Board of Tax Appeals (CARF).

(b) R\$710,190 refers to tax foreclosures filed to require the Company to pay the ICMS, as liable party, allegedly due on the electricity purchased from a Generating Plant and fully consumed in the manufacturing of steel products. The tax auditors believe that the use of electricity in the production process does not exclude the Company responsibility for withholding ICMS levied on delivery of this input in the plant.

(c) R\$501,308 refers to the decision issued by the Federal Revenue Service that partially approved the request to pay debts in installments governed by Provisional Act 470/09, due to the insufficiency of tax loss carryforwards. When it consolidated the tax installment plan, the Federal Revenue Service considered the existing outstanding balance in the Inflationary Profit Tax Return (SAPLI) as the correct amount: however, this balance already included the adjustments to tax loss carryforwards as a result of the Overseas Profits tax assessment notice issued against the Company.

(d) R\$494,363 refers to the offset of taxes that were not approved by the Federal Revenue Service for different reasons. The taxes involved are CSLL, IRPJ, IPI, PIS and COFINS. The analysis of the entire documentation evidences the right to claim credits and the right to file the offset requests, processed at the time.

(e) R\$457,705 refers to the deficiency notice issued against the Company for an alleged nonpayment of income tax (IRPJ) and social contribution on net income (CSLL) on profits recognized in the balance sheets of its foreign subsidiaries in 2010.

(f) R\$418,650 refers to the disallowance of the ICMS credits claimed by the Company in the period 04/1999-07/2002 on the transfer of iron ore between the Casa de Pedra mine and the Presidente Vargas Plant. According to the tax auditors, the tax base used on the transfer under the Minas Gerais State Law is not accepted under the Rio de Janeiro State Law, reason why the difference was disallowed.

(g) R\$269,773 refers to the disallowance of the ICMS credits on the acquisition of subsidiary INAL's units located in the State of Rio de Janeiro. According to the tax auditors, the acquisition of a unit does not entitle an entity to claim ICMS credits. In light of these tax assessments, the Company filed for an injunction at the time and its right to change its State taxpayer master file was recognized, to state that the units acquired belong to CSN. This decision was favorable to the Company and can be applied in the judgment of our appeals by the Rio de Janeiro State Taxpayers Board.

(h) R\$2,512,395 refers to other tax (federal, state, and municipal) lawsuits.

(i) R\$922,371 refers to labor and social security lawsuits; R\$480,933 refers to civil lawsuits, and R\$114,519 refers to environmental lawsuits.

The assessments made by the legal counsel define these administrative and judicial proceedings as entailing risk of possible loss and, therefore, no provision was recorded in conformity with Management's judgment and accounting practices adopted in Brazil.



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**Version:****1****16. PROVISION FOR ENVIRONMENTAL LIABILITIES AND ASSET RETIREMENT OBLIGATION - ARO**

The balance of the provision for environmental liabilities and asset retirement obligation - ARO is as follows:

|                                   | <b>6/30/2014</b> | <b>Consolidated<br/>12/31/2013</b> | <b>6/30/2014</b> | <b>Parent Company<br/>12/31/2013</b> |
|-----------------------------------|------------------|------------------------------------|------------------|--------------------------------------|
| Environmental liabilities         | 215,392          | 346,455                            | 215,392          | 346,455                              |
| Asset retirement obligation - ARO | 25,497           | 23,999                             | 20,490           | 19,261                               |
|                                   | <b>240,889</b>   | <b>370,454</b>                     | <b>235,882</b>   | <b>365,716</b>                       |

In the second quarter of 2014, the Company reassessed the costs with the remediation of environmental liabilities and concluded a new study of remediation alternatives for some areas in Volta Redonda (RJ) that were used as landfill by the Company in the past. The study comprised the change of the remediation technology, replacing the material removal by the on-site geotechnical confinement, as permitted by the Brazilian environmental legislation, resulting in a reversal of R\$120,582. For the other liabilities, there were no significant changes as compared with the balance as of December 31, 2013.

**17. RELATED-PARTY BALANCES AND TRANSACTIONS**

The information related to related-party transactions did not have significant changes in relation to that disclosed in the Company's financial statements as of December 31, 2013.

**a) Transactions with Holding Company**

- **Liabilities**

| <b>Companies</b>           | <b>Dividends</b> | <b>Paid</b> | <b>Interest on Capital</b> |
|----------------------------|------------------|-------------|----------------------------|
| Vicunha Siderurgia         | 203,386          |             |                            |
| Rio Iaco                   | 16,963           |             |                            |
| <b>Total at 6/30/2014</b>  | <b>220,349</b>   |             |                            |
| <b>Total at 12/31/2013</b> | <b>471,801</b>   |             | <b>388,855</b>             |



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1****b) Transactions with subsidiaries, jointly controlled entities, associates, exclusive funds and other related parties**• **By transaction**

|                            | <b>Assets</b>  |                    |                  | <b>Liabilities</b>         |                    |                  | <b>Consolidated</b> |                    |                  |
|----------------------------|----------------|--------------------|------------------|----------------------------|--------------------|------------------|---------------------|--------------------|------------------|
|                            | <b>Current</b> | <b>Non-current</b> | <b>Total</b>     | <b>Current</b>             | <b>Non-current</b> | <b>Total</b>     | <b>Current</b>      | <b>Non-current</b> | <b>Total</b>     |
| Trade receivables          | 103,135        |                    | 103,135          | <b>Other payables</b>      |                    |                  |                     |                    |                  |
| Loans                      | 507,623        | 67,326             | 574,949          | Accounts payable           | 4,106              | 546              | 4,652               |                    | 4,652            |
| Dividends receivable       | 61,970         |                    | 61,970           | Advances from customers    | 438,321            | 8,782,173        | 9,220,494           |                    | 9,220,494        |
| Actuarial asset            |                | 97,051             | 97,051           | Trade payables             | 12,311             |                  | 12,311              |                    | 12,311           |
| Short-term investments     | 7,581          |                    | 7,581            |                            |                    |                  |                     |                    |                  |
| Other receivables (note 6) | 12,177         | 14,266             | 26,443           | Actuarial liability        |                    | 11,139           | 11,139              |                    | 11,139           |
| <b>Total at 6/30/2014</b>  | <b>692,486</b> | <b>178,643</b>     | <b>871,129</b>   | <b>Total at 6/30/2014</b>  | <b>454,738</b>     | <b>8,793,858</b> | <b>9,248,592</b>    |                    | <b>9,248,592</b> |
| <b>Total at 12/31/2013</b> | <b>987,969</b> | <b>719,042</b>     | <b>1,707,011</b> | <b>Total at 12/31/2013</b> | <b>475,099</b>     | <b>8,533,824</b> | <b>9,008,923</b>    |                    | <b>9,008,923</b> |

**Statement of Income****Revenues**

|          |         |
|----------|---------|
| Sales    | 636,468 |
| Interest | 22,395  |

**Expenses**

|                           |                 |
|---------------------------|-----------------|
| Purchases                 | -386,898        |
| Interest                  | -219,613        |
| <b>Total at 6/30/2014</b> | <b>52,352</b>   |
| <b>Total at 6/30/2013</b> | <b>-131,056</b> |

• **By company**

|  | <b>Assets</b>  |                    |              | <b>Liabilities</b> |                    |              | <b>Statement of Income</b> |                  |
|--|----------------|--------------------|--------------|--------------------|--------------------|--------------|----------------------------|------------------|
|  | <b>Current</b> | <b>Non-current</b> | <b>Total</b> | <b>Current</b>     | <b>Non-current</b> | <b>Total</b> | <b>Sales</b>               | <b>Purchases</b> |

**Subsidiaries**

Ferrovia Transnordestina

|                               |               |               |                |  |  |  |  |  |
|-------------------------------|---------------|---------------|----------------|--|--|--|--|--|
| Logística S.A. <sup>(1)</sup> | 64,709        | 67,326        | 132,035        |  |  |  |  |  |
|                               | <b>64,709</b> | <b>67,326</b> | <b>132,035</b> |  |  |  |  |  |

**Jointly controlled entities**

|                                       |         |  |         |         |           |           |         |         |
|---------------------------------------|---------|--|---------|---------|-----------|-----------|---------|---------|
| Nacional Minérios S.A. <sup>(2)</sup> | 409,851 |  | 409,851 | 441,871 | 8,782,719 | 9,224,590 | 173,905 | -2,72   |
| MRS Logística S.A.                    | 60,804  |  | 60,804  | 418     |           | 418       |         | -164,53 |

|   |        |       |        |       |  |       |  |  |
|---|--------|-------|--------|-------|--|-------|--|--|
| Transnordestina Logística S.A. <sup>(3)</sup> | 89,465 | 3,229 | 92,694 | 8,016 |  | 8,016 |  |  |
|---|--------|-------|--------|-------|--|-------|--|--|

CBSI - Companhia Brasileira de Serviços e

|                |       |       |        |       |  |       |  |        |
|----------------|-------|-------|--------|-------|--|-------|--|--------|
| Infraestrutura | 4,953 | 6,419 | 11,372 | 4,130 |  | 4,130 |  | -75,02 |
|----------------|-------|-------|--------|-------|--|-------|--|--------|

CGPAR Construção

|             |       |       |       |     |  |     |  |         |
|-------------|-------|-------|-------|-----|--|-----|--|---------|
| Pesada S.A. | 2,557 | 4,618 | 7,175 | 174 |  | 174 |  | -135,41 |
|-------------|-------|-------|-------|-----|--|-----|--|---------|

|  |                |               |                |                |                  |                  |                |                |
|--|----------------|---------------|----------------|----------------|------------------|------------------|----------------|----------------|
|  | <b>567,630</b> | <b>14,266</b> | <b>581,896</b> | <b>454,609</b> | <b>8,782,719</b> | <b>9,237,328</b> | <b>173,905</b> | <b>-377,70</b> |
|--|----------------|---------------|----------------|----------------|------------------|------------------|----------------|----------------|

**Other related parties**

|                 |  |        |        |  |        |        |  |  |
|-----------------|--|--------|--------|--|--------|--------|--|--|
| CBS Previdência |  | 97,051 | 97,051 |  | 11,139 | 11,139 |  |  |
|-----------------|--|--------|--------|--|--------|--------|--|--|

|              |     |  |     |     |  |     |  |     |
|--------------|-----|--|-----|-----|--|-----|--|-----|
| Fundação CSN | 319 |  | 319 | 113 |  | 113 |  | -76 |
|--------------|-----|--|-----|-----|--|-----|--|-----|

|             |       |  |       |  |  |  |  |  |
|-------------|-------|--|-------|--|--|--|--|--|
| Banco Fibra | 7,581 |  | 7,581 |  |  |  |  |  |
|-------------|-------|--|-------|--|--|--|--|--|

|          |       |  |       |    |  |    |        |       |
|----------|-------|--|-------|----|--|----|--------|-------|
| Usiminas | 1,187 |  | 1,187 | 16 |  | 16 | 58,845 | -2,84 |
|----------|-------|--|-------|----|--|----|--------|-------|

|              |        |  |        |  |  |  |         |   |
|--------------|--------|--|--------|--|--|--|---------|---|
| Panatlântica | 37,272 |  | 37,272 |  |  |  | 403,704 | - |
|--------------|--------|--|--------|--|--|--|---------|---|

|                      |  |  |  |  |  |  |  |       |
|----------------------|--|--|--|--|--|--|--|-------|
| Ibis Participações e |  |  |  |  |  |  |  | -4,37 |
|----------------------|--|--|--|--|--|--|--|-------|

|          |  |  |  |  |  |  |  |  |
|----------|--|--|--|--|--|--|--|--|
| Serviços |  |  |  |  |  |  |  |  |
|----------|--|--|--|--|--|--|--|--|

|                     |  |  |  |  |  |  |  |  |
|---------------------|--|--|--|--|--|--|--|--|
| Companhia de Gás do |  |  |  |  |  |  |  |  |
|---------------------|--|--|--|--|--|--|--|--|

|       |  |  |  |  |  |  |    |       |
|-------|--|--|--|--|--|--|----|-------|
| Ceará |  |  |  |  |  |  | 14 | -1,08 |
|-------|--|--|--|--|--|--|----|-------|

|                           |  |  |  |  |  |  |  |     |
|---------------------------|--|--|--|--|--|--|--|-----|
| Taquari Participações S.A |  |  |  |  |  |  |  | -13 |
|---------------------------|--|--|--|--|--|--|--|-----|

|  |               |               |                |            |               |               |                |              |
|--|---------------|---------------|----------------|------------|---------------|---------------|----------------|--------------|
|  | <b>46,359</b> | <b>97,051</b> | <b>143,410</b> | <b>129</b> | <b>11,139</b> | <b>11,268</b> | <b>462,563</b> | <b>-9,19</b> |
|--|---------------|---------------|----------------|------------|---------------|---------------|----------------|--------------|

**Associates**

Arvedi Metalfer do Brasil

|      |        |  |        |  |  |  |  |  |
|------|--------|--|--------|--|--|--|--|--|
| S.A. | 13,788 |  | 13,788 |  |  |  |  |  |
|------|--------|--|--------|--|--|--|--|--|

|                           |                |                |                |                |                  |                  |                |                |
|---------------------------|----------------|----------------|----------------|----------------|------------------|------------------|----------------|----------------|
| <b>Total at 6/30/2014</b> | <b>692,486</b> | <b>178,643</b> | <b>871,129</b> | <b>454,738</b> | <b>8,793,858</b> | <b>9,248,596</b> | <b>636,468</b> | <b>-386,89</b> |
|---------------------------|----------------|----------------|----------------|----------------|------------------|------------------|----------------|----------------|

|                            |                |                |                  |                |                  |                  |  |  |
|----------------------------|----------------|----------------|------------------|----------------|------------------|------------------|--|--|
| <b>Total at 12/31/2013</b> | <b>987,969</b> | <b>719,042</b> | <b>1,707,011</b> | <b>475,099</b> | <b>8,533,824</b> | <b>9,008,923</b> |  |  |
|----------------------------|----------------|----------------|------------------|----------------|------------------|------------------|--|--|

|                           |  |  |  |  |  |  |                |                |
|---------------------------|--|--|--|--|--|--|----------------|----------------|
| <b>Total at 6/30/2013</b> |  |  |  |  |  |  | <b>414,572</b> | <b>-341,03</b> |
|---------------------------|--|--|--|--|--|--|----------------|----------------|



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**Version:  
1**

1. Refers to loans of the subsidiary FTL - Ferrovia Transnordestina Logística S.A to the jointly controlled entity Transnordestina Logística S.A.

2. Nacional Minérios S.A: Asset: Refers mainly to prepayment transactions with the indirect subsidiaries CSN Europe, CSN Portugal and CSN Ibéria. Contracts in US\$: interest equivalent to 5.37% to 6.80% p.a. with final maturity in June 2015. As of June 30, 2014, borrowings total R\$339,529 (R\$360,990 as of December 31, 2013) classified in short term.

Liability: The advance from customer received from jointly controlled entity Nacional Minérios S.A. refers to the contractual obligation of supply of iron ore and port services. The contract is subject to interest rate of 12.5% p.a. and expires in September 2042.

3. Transnordestina Logística S.A: Contracts in R\$: interest equivalent to 102.00% of the CDI with final maturity in March 2016. As of June 30, 2014, borrowings total R\$89,465 (R\$270,693 as of December 31, 2013) classified in short term.

• **By transaction**

| <b>Assets</b>                        | <b>Current</b>   | <b>Non-current</b> | <b>Total</b>     | <b>Liabilities</b>                         | <b>Current</b>   |
|--------------------------------------|------------------|--------------------|------------------|--|------------------|
| Trade receivables (1)                | 512,767          |                    | 512,767          | <b>Borrowings and financing</b>            |                  |
| Loans                                | 108,762          | 20,952             | 129,714          | Prepayment                                 | 133,277          |
| Dividends receivable                 | 111,418          |                    | 111,418          | Fixed rate notes and related parties bonds | 18,276           |
| Actuarial asset                      |                  | 96,665             | 96,665           | Related parties borrowings                 | 132,437          |
| Short-term and other investments (2) | 86,664           | 73,304             | 159,968          | <b>Other payables</b>                      |                  |
| Other receivables (note 6)           | 14,700           | 134,907            | 149,607          | Accounts payable                           | 49,239           |
|                                      |                  |                    |                  | Advances from customers (3)                | 438,983          |
|                                      |                  |                    |                  | Trade payables                             | 73,186           |
|                                      |                  |                    |                  | Actuarial liability                        |                  |
| <b>Total at 6/30/2014</b>            | <b>834,311</b>   | <b>325,828</b>     | <b>1,160,139</b> | <b>Total at 6/30/2014</b>                  | <b>845,398</b>   |
| <b>Total at 12/31/2013</b>           | <b>1,570,254</b> | <b>624,850</b>     | <b>2,195,104</b> | <b>Total at 12/31/2013</b>                 | <b>2,302,367</b> |

**Statement of Income**

|                           |                  |
|---------------------------|------------------|
| <b>Revenues</b>           |                  |
| Sales                     | 4,071,614        |
| Interest                  | 6,136            |
| <b>Expenses</b>           |                  |
| Purchases                 | -598,586         |
| Interest                  | -822,028         |
| Exchange differences      | 350,527          |
| Pension plan expenses     | -166,783         |
| <b>Total at 6/30/2014</b> | <b>2,840,880</b> |
| <b>Total at 6/30/2013</b> | <b>316,263</b>   |

1. Related parties receivables arise from product sales and service transactions between the parent and its subsidiaries and jointly controlled entities.
2. Short-term investments total R\$86,664 as of June 30, 2014 (R\$100,560 as of December 31, 2013) and investments in Usiminas shares classified as available-for-sale total R\$73,304 (R\$134,543 as of December 31, 2013).
3. Nacional Minérios S.A.: The advance from customer received from jointly controlled entity Nacional Minérios S.A. refers to the contractual obligation of supply of iron ore and port services. The contract is subject to interest rate of 12.5% p.a. and expires in September 2042.

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1**• **By company**

|   | Assets         |                |                | Liabilities    |                  |                  | Sales         |
|---|----------------|----------------|----------------|----------------|------------------|------------------|---------------|
|   | Current        | Non-current    | Total          | Current        | Non-current      | Total            |               |
| <b>Subsidiaries</b>   |                |                |                |                |                  |                  |               |
| CSN Portugal, Unipessoal Lda.                               |                |                |                | 94,634         |                  | 94,634           |               |
| CSN Europe Lda.   |                |                |                | 5,023          | 67,661           | 72,684           |               |
| CSN Resources S.A. <sup>(1)</sup>                           |                |                |                | 98,695         | 5,180,185        | 5,278,880        |               |
| CSN Handel GmbH <sup>(2)</sup>                              | 164,118        |                | 164,118        |                |                  |                  | 1,888,        |
| CSN Islands XII Corp. <sup>(3)</sup>                        |                |                |                | 4,900          | 705,901          | 710,801          |               |
| CSN Ibéria Lda.   |                |                |                |                | 56,342           | 56,342           |               |
| ITA Energética S.A  |                |                |                |                |                  |                  |               |
| Companhia Metalúrgica Prada <sup>(4)</sup>                  | 202,953        | 2,800          | 205,753        | 12,761         | 196              | 12,957           | 1,302,        |
| CSN Cimentos S.A.   | 17,040         |                | 17,040         | 2,039          | 366,916          | 368,955          | 92,           |
| Companhia Metalic Nordeste                                  |                |                |                | 1,515          |                  | 1,515            | 35,           |
| Estanho de Rondônia S.A.                                    | 1,063          | 6,722          | 7,785          | 1,078          |                  | 1,078            |               |
| Companhia Florestal do Brasil                               |                | 6,733          | 6,733          |                |                  |                  |               |
| Sepetiba Tecon S.A.   | 53,750         |                | 53,750         | 1,069          |                  | 1,069            | 1,            |
| Mineração Nacional S.A.                                     | 13             |                | 13             |                |                  |                  |               |
| Congonhas Minérios S.A. <sup>(5)</sup>                      |                |                |                | 80,738         | 1,853,266        | 1,934,004        |               |
| Ferrovias Transnordestina<br>Logística S.A.                 |                | 21,575         | 21,575         |                | 171,780          | 171,780          |               |
| CSN Energia S.A.  |                |                |                | 45,689         |                  | 45,689           |               |
| Companhia Brasileira de Latas                               | 25,255         | 78,194         | 103,449        | 32,596         |                  | 32,596           | 114,          |
| Stahlwerk Thüringen GmbH                                    |                |                |                |                |                  |                  |               |
|   | <b>464,192</b> | <b>116,024</b> | <b>580,216</b> | <b>380,737</b> | <b>8,402,247</b> | <b>8,782,984</b> | <b>3,435,</b> |
| <b>Jointly controlled entities</b>                          |                |                |                |                |                  |                  |               |
| Nacional Minérios S.A.                                      | 70,592         |                | 70,592         | 441,872        | 8,782,719        | 9,224,591        | 173,          |
| Transnordestina Logística S.A.                              | 89,465         | 23,882         | 113,347        |                |                  |                  |               |
| MRS Logística S.A.  | 60,804         |                | 60,804         | 18,486         |                  | 18,486           |               |
| CBSI - Companhia Brasileira de<br>Serviços e Infraestrutura | 4,913          | 6,419          | 11,332         | 3,827          |                  | 3,827            |               |
| CGPAR Construção Pesada S.A.                                | 5,115          | 9,236          | 14,351         | 347            |                  | 347              |               |

|   |                  |                |                  |                  |                   |                   |               |
|---|------------------|----------------|------------------|------------------|-------------------|-------------------|---------------|
|   | <b>230,889</b>   | <b>39,537</b>  | <b>270,426</b>   | <b>464,532</b>   | <b>8,782,719</b>  | <b>9,247,251</b>  | <b>173,</b>   |
| <b>Other related parties</b>  |                  |                |                  |                  |                   |                   |               |
| CBS Previdência   |                  | 96,665         | 96,665           |                  | 11,118            | 11,118            |               |
| Fundação CSN  | 319              | 298            | 617              | 113              |                   | 113               |               |
| Usiminas  | 1,187            |                | 1,187            | 16               |                   | 16                | 58,           |
| Panatlântica  | 37,272           |                | 37,272           |                  |                   |                   | 403,          |
| Ibis Participações e Serviços<br>Companhia de Gás do Ceará<br>Taquari Participações S.A |                  |                |                  |                  |                   |                   |               |
|   | <b>38,778</b>    | <b>96,963</b>  | <b>135,741</b>   | <b>129</b>       | <b>11,118</b>     | <b>11,247</b>     | <b>462,</b>   |
| <b>Associates</b>   |                  |                |                  |                  |                   |                   |               |
| Arvedi Metalfer do Brasil S.A.  | 13,788           |                | 13,788           |                  |                   |                   |               |
| <b>Exclusive funds</b>  |                  |                |                  |                  |                   |                   |               |
| Diplic, Mugen and Vértice   | 86,664           | 73,304         | 159,968          |                  |                   |                   |               |
| <b>Total at 6/30/2014</b>   | <b>834,311</b>   | <b>325,828</b> | <b>1,160,139</b> | <b>845,398</b>   | <b>17,196,084</b> | <b>18,041,482</b> | <b>4,071,</b> |
| <b>Total at 12/31/2013</b>  | <b>1,570,254</b> | <b>624,850</b> | <b>2,195,104</b> | <b>2,302,367</b> | <b>15,574,882</b> | <b>17,877,249</b> |               |
| <b>Total at 6/30/2013</b>   |                  |                |                  |                  |                   |                   | <b>2,137,</b> |

1. CSN Resources S.A.: prepayment contracts in US dollars, Fixed Rate Notes, and Related Parties Bonds.

2. CSN Handel GMBH: Receivables of R\$164,118 as of June 30, 2014 (R\$303,073 as of December 31, 2013), classified in short term. Refer to sales transactions on mining products.

3. CSN Islands XII Corp: Contracts in US\$: interest of 7.64% with final maturity in February 2025. As of June 30, 2014, borrowings total R\$710,801 (R\$353,569 as of December 31, 2013) of which R\$4,900 is classified in short term and R\$705,901 is classified in long term.

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4. Companhia Metalúrgica Prada: Receivables of R\$202,953 as of June 30, 2014 (R\$201,726 as of December 31, 2013), classified in short term. Refers to the purchase of steel and payment of ICMS.

5. Congonhas Minérios S.A.: contracts in Brazilian reais of Related Parties loans.

**c) Key management personnel**

The key management personnel, who have authority and responsibility for planning, directing and controlling the Company's activities, include the members of the Board of Directors and statutory directors. The following is information on the compensation of such personnel and the related balances as of June 30, 2014.

|  | <b>6/30/2014</b>           | <b>6/30/2013</b> |
|--|----------------------------|------------------|
|  | <b>Statement of Income</b> |                  |
| Short-term benefits for employees and officers | 26,675                     | 18,586           |
| Post-employment benefits                       | 29                         | 33               |
| Other long-term benefits                       | n/a                        | n/a              |
| Severance benefits                             | n/a                        | n/a              |
| Share-based compensation                       | n/a                        | n/a              |
|  | <b>26,704</b>              | <b>18,619</b>    |

n/a – Not applicable

**18. SHAREHOLDERS' EQUITY****i. Paid-in capital**



Fully subscribed and paid-in capital as of June 30, 2014 and December 31, 2013 is R\$4,540,000 represented by 1,457,970,108 book-entry common shares without par value. Each common share entitles its holder to one vote in Shareholders' Meetings.

## ii. Authorized capital

The Company's bylaws in effect as of June 30, 2014 determine that the capital can be raised to up to 2,400,000,000 shares by decision of the Board of Directors.

## iii Legal reserve

This reserve is recognized at the rate of 5% of the profit for each period, as provided for by Article 193 of Law 6,404/76, up to the ceiling of 20% of share capital.

## iv Ownership structure

As of June 30, 2014, the Company's ownership structure was as follows:

|   |                               |                         | <b>6/30/2014</b>                |                               | <b>12/31/2013</b>    |
|---|-------------------------------|-------------------------|---------------------------------|-------------------------------|----------------------|
|   | Number of<br>common<br>shares | % of<br>total<br>shares | % without<br>treasury<br>shares | Number of<br>common<br>shares | % of total<br>shares |
| Vicunha Siderurgia S.A.                       | 697,719,990                   | 47.86%                  | 49.49%                          | 697,719,990                   | 47.86%               |
| Rio Iaco Participações S.A. (*)               | 58,193,503                    | 3.99%                   | 4.13%                           | 58,193,503                    | 3.99%                |
| Caixa Beneficente dos Empregados da CSN - CBS | 12,788,231                    | 0.88%                   | 0.91%                           | 12,788,231                    | 0.88%                |
| BNDES Participações S.A. - BNDESPAR           | 8,794,890                     | 0.60%                   | 0.62%                           | 8,794,890                     | 0.60%                |
| NYSE (ADRs)                                   | 360,223,083                   | 24.71%                  | 25.55%                          | 356,019,691                   | 24.42%               |
| BM&FBovespa                                   | 272,103,611                   | 18.66%                  | 19.30%                          | 324,453,803                   | 22.25%               |
|   | <b>1,409,823,308</b>          | <b>96.70%</b>           | <b>100.00%</b>                  | <b>1,457,970,108</b>          | <b>100.00%</b>       |
| Treasury shares                               | 48,146,800                    | 3.30%                   |                                 |                               |                      |
| <b>Total shares</b>                           | <b>1,457,970,108</b>          | <b>100.00%</b>          |                                 | <b>1,457,970,108</b>          | <b>100.00%</b>       |

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(\*) Rio Iaco Participação S. A. is a company part of the control group.

**v. Treasury shares**

The Board of Directors authorized 4 programs for repurchase of shares issued by the Company, to be held in treasury for subsequent sale or cancelation in order to maximize the generation of value to the shareholder through an efficient capital structure management, as shown in the table below:

| Program | Board Authorization | Quantity authorized | Term of the program           | Quantity acquired | Average purchase price | Minimum and maximum purchase price |
|---------|---------------------|---------------------|-------------------------------|-------------------|------------------------|------------------------------------|
| 1st     | 03/13/2014          | 70,205,661          | From 03/14/2014 to 04/14/2014 | 2,350,000         | R\$ 9.34               | R\$ 9.22 and R\$ 9.45              |
| 2nd     | 04/15/2014          | 67,855,661          | From 04/16/2014 to 05/23/2014 | 9,529,500         | R\$ 8.97               | R\$ 8.70 and R\$ 9.48              |
| 3rd     | 05/23/2014          | 58,326,161          | From 05/26/2014 to 06/25/2014 | 31,544,500        | R\$ 9.21               | R\$ 8.61 and R\$ 9.72              |
| 4th     | 06/26/2014          | 26,781,661          | From 06/26/2014 to 07/25/2014 | 4,722,800         | R\$ 9.43               | R\$ 9.33 and R\$ 9.57              |

As of June 30, 2014, the position of the treasury shares was as follows:

| Quantity acquired (in units) | Total amount paid/payable for the shares | Share price |         |         | Share market price at 6/30/2014 (*) |
|------------------------------|--|-------------|---------|---------|-------------------------------------|
|                              |  | Minimum     | Maximum | Average |                                     |
| 48,146,800                   | R\$ 442,438                              | R\$ 8.61    | R\$9.72 | R\$9.19 | R\$ 448,728                         |

(\*) The share prices on the BM&FBovespa as of June 30, 2014, of R\$9.32 per share, were used.

On July 18, 2014 the Company, through the 4th program for repurchase of shares, come to 70,205,661 shares acquired and reached the maximum legal limit. On the same date, the Board of Directors approved: (i) the end of the 4<sup>th</sup> repurchase program; (ii) the cancelation of 60,000,000 shares that were held in treasury; and (iii) the opening of a new program for repurchase of up to 64,205,661 shares, which will be effective in the period from July 18 to August 18, 2014 (including this date).

## **19. DIVIDENDS AND INTEREST ON CAPITAL**

On February 28, 2014, the Board of Directors approved the proposal for payment, as advance of mandatory minimum dividend, from the retained earnings reserve (statutory reserve of working capital), the amount of R\$425,000 in dividends, corresponding to R\$ 0.29150 per share.

## **20. NET SALES REVENUE**

Net sales revenue is comprised as follows:

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|                               | <b>Six-month period ended</b> |                   | <b>Consolidated<br/>Three-month period ended</b> |                  |
|-------------------------------|-------------------------------|-------------------|--|------------------|
|                               | <b>6/30/2014</b>              | <b>6/30/2013</b>  | <b>6/30/2014</b>                                 | <b>6/30/2013</b> |
| <b>Gross revenue</b>          |                               |                   |  |                  |
| Domestic market               | 6,826,842                     | 7,029,166         | 3,299,985  | 3,649,144        |
| Foreign market                | 3,238,911                     | 2,363,770         | 1,547,288  | 1,294,583        |
|                               | <b>10,065,753</b>             | <b>9,392,936</b>  | <b>4,847,273</b>                                 | <b>4,943,727</b> |
| <b>Deductions</b>             |                               |                   |  |                  |
| Cancelled sales and discounts | -54,233                       | -92,326           | -25,192  | -44,824          |
| Taxes levied on sales         | -1,588,235                    | -1,598,425        | -769,674   | -838,701         |
|                               | <b>-1,642,468</b>             | <b>-1,690,751</b> | <b>-794,866</b>                                  | <b>-883,525</b>  |
| <b>Net revenue</b>            | <b>8,423,285</b>              | <b>7,702,185</b>  | <b>4,052,407</b>                                 | <b>4,060,202</b> |

|                               | <b>Six-month period ended</b> |                   | <b>Parent Company<br/>Three-month period ended</b> |                  |
|-------------------------------|-------------------------------|-------------------|--|------------------|
|                               | <b>6/30/2014</b>              | <b>6/30/2013</b>  | <b>6/30/2014</b>                                   | <b>6/30/2013</b> |
| <b>Gross revenue</b>          |                               |                   |  |                  |
| Domestic market               | 6,290,914                     | 6,508,128         | 3,022,026  | 3,383,154        |
| Foreign market                | 1,886,392                     | 1,164,347         | 913,829  | 702,685          |
|                               | <b>8,177,306</b>              | <b>7,672,475</b>  | <b>3,935,855</b>                                   | <b>4,085,839</b> |
| <b>Deductions</b>             |                               |                   |  |                  |
| Cancelled sales and discounts | -47,165                       | -90,231           | -23,614  | -44,299          |
| Taxes levied on sales         | -1,409,529                    | -1,440,944        | -682,082   | -753,455         |
|                               | <b>-1,456,694</b>             | <b>-1,531,175</b> | <b>-705,696</b>                                    | <b>-797,754</b>  |
| <b>Net revenue</b>            | <b>6,720,612</b>              | <b>6,141,300</b>  | <b>3,230,159</b>                                   | <b>3,288,085</b> |

**21. EXPENSES BY NATURE**

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|   | <b>Six-month period ended</b> |                   | <b>Three-month period ended</b> |                   |
|---|-------------------------------|-------------------|---------------------------------|-------------------|
|   | <b>6/30/2014</b>              | <b>6/30/2013</b>  | <b>6/30/2014</b>                | <b>6/30/2013</b>  |
| Raw materials and inputs                            | -2,717,377                    | -2,818,281        | -1,223,961                      | -1,445,838        |
| Labor cost  | -811,069                      | -769,556          | -400,769                        | -406,927          |
| Supplies  | -510,876                      | -544,105          | -239,441                        | -287,990          |
| Maintenance cost (services and materials)           | -527,531                      | -600,719          | -206,917                        | -298,639          |
| Outsourcing services                                | -1,076,997                    | -1,023,600        | -563,773                        | -531,607          |
| Depreciation, amortization and depletion (Note 8 a) | -581,594                      | -550,544          | -296,248                        | -263,308          |
| Other   | -207,268                      | -255,665          | -173,306                        | -165,748          |
|   | <b>-6,432,712</b>             | <b>-6,562,470</b> | <b>-3,104,415</b>               | <b>-3,400,057</b> |

**Classified as:**

|   |                   |                   |                   |                   |
|---|-------------------|-------------------|-------------------|-------------------|
| Cost of sales (Note 24)                       | -5,781,121        | -5,871,799        | -2,746,592        | -3,020,222        |
| Selling expenses (Note 24)                    | -423,567          | -457,624          | -233,652          | -256,374          |
| General and administrative expenses (Note 24) | -228,024          | -233,047          | -124,171          | -123,461          |
|   | <b>-6,432,712</b> | <b>-6,562,470</b> | <b>-3,104,415</b> | <b>-3,400,057</b> |

|   | <b>Six-month period ended</b> |                   | <b>Three-month period ended</b> |                   |
|---|-------------------------------|-------------------|---------------------------------|-------------------|
|   | <b>6/30/2014</b>              | <b>6/30/2013</b>  | <b>6/30/2014</b>                | <b>6/30/2013</b>  |
| Raw materials and inputs                            | -1,761,083                    | -1,948,564        | -819,854                        | -1,033,983        |
| Labor cost  | -654,128                      | -606,997          | -327,127                        | -321,121          |
| Supplies  | -488,443                      | -519,886          | -229,985                        | -276,018          |
| Maintenance cost (services and materials)           | -513,134                      | -575,734          | -202,650                        | -287,569          |
| Outsourcing services                                | -722,565                      | -667,866          | -342,406                        | -341,446          |
| Depreciation, amortization and depletion (Note 8 a) | -476,678                      | -452,683          | -242,017                        | -222,853          |
| Other   | -153,523                      | -252,633          | -114,046                        | -150,701          |
|   | <b>-4,769,554</b>             | <b>-5,024,363</b> | <b>-2,278,085</b>               | <b>-2,633,691</b> |

**Classified as:**

|   |                   |                   |                   |                   |
|---|-------------------|-------------------|-------------------|-------------------|
| Cost of sales (Note 24)                       | -4,371,387        | -4,621,746        | -2,060,158        | -2,416,470        |
| Selling expenses (Note 24)                    | -211,408          | -239,424          | -114,031          | -130,157          |
| General and administrative expenses (Note 24) | -186,759          | -163,193          | -103,896          | -87,064           |
|   | <b>-4,769,554</b> | <b>-5,024,363</b> | <b>-2,278,085</b> | <b>-2,633,691</b> |

**22. OTHER OPERATING INCOME (EXPENSES)**

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|  | <b>Consolidated</b>       |                 |                             |                 |
|--|---------------------------|-----------------|-----------------------------|-----------------|
|  | Six-month period<br>ended |                 | Three-month period<br>ended |                 |
|  | 6/30/2014                 | 6/30/2013       | 6/30/2014                   | 6/30/2013       |
| <b>Other operating income</b>  |                           |                 |                             |                 |
| Lawsuit indemnities/wins   | 3,238                     | 4,651           | 2,271                       | 4,041           |
| Rentals and leases   | 528                       | 402             | 21                          | 202             |
| Reversal of provisions   | 3,136                     | 2,072           |                             | 1,179           |
| Other revenues   | 10,564                    | 18,081          | 7,461                       | 15,528          |
|  | <b>17,466</b>             | <b>25,206</b>   | <b>9,753</b>                | <b>20,950</b>   |
| <b>Other operating expenses</b>  |                           |                 |                             |                 |
| Taxes and fees   | -18,692                   | -16,419         | -14,864                     | -12,216         |
| Provision for tax, social security, labor, civil and environmental risks, net of reversals | -43,502                   | -110,585        | 71,313                      | -87,133         |
| Contractual, nondeductible fines   | -7,061                    | -17,138         | -6,943                      | -7,080          |
| Depreciation of unused equipment (Note 8 a)  | -18,559                   | -28,945         | -9,499                      | -21,908         |
| Residual value of permanent assets written off (Note 8)                                    | -5,821                    | -25,835         | -1,193                      | -24,003         |
| Inventory impairment losses/reversals (Note 5)   | -9,567                    | 16,693          | 6,633                       | 16,302          |
| Expenses on studies and project engineering  | -22,279                   | -24,890         | -11,450                     | -8,352          |
| Pension plan expenses  | -26,552                   | -21,726         | -13,109                     | -13,967         |
| Impairment of available-for-sale financial assets  | -52,115                   | -5,002          | -52,115                     | -5,002          |
| Other expenses   | -21,260                   | -30,904         | -9,840                      | -2,492          |
|  | <b>-225,408</b>           | <b>-264,751</b> | <b>-41,067</b>              | <b>-165,851</b> |
| <b>Other operating income (expenses), net</b>  | <b>-207,942</b>           | <b>-239,545</b> | <b>-31,314</b>              | <b>-144,901</b> |

|                               | <b>Parent Company</b>     |           |                          |           |
|-------------------------------|---------------------------|-----------|--------------------------|-----------|
|                               | Six-month period<br>ended |           | Three-month period ended |           |
|                               | 6/30/2014                 | 6/30/2013 | 6/30/2014                | 6/30/2013 |
| <b>Other operating income</b> |                           |           |                          |           |
| Lawsuit indemnities/wins      | 2,679                     | 1,742     | 2,126                    | 1,204     |
| Rentals and leases            | 528                       | 402       | 276                      | 202       |
| Reversal of provisions        | 3,136                     | 893       |                          |           |
| Other revenues                | 3,486                     | 2,172     | 2,781                    | 285       |

|  | <b>9,829</b>    | <b>5,209</b>    | <b>5,183</b>   | <b>1,691</b>    |
|--|-----------------|-----------------|----------------|-----------------|
| <b>Other operating expenses</b>  |                 |                 |                |                 |
| Taxes and fees   | -15,831         | -17,188         | -13,663        | -14,491         |
| Provision for tax, social security, labor, civil and environmental risks, net of reversals | -33,625         | -110,211        | 78,262         | -84,962         |
| Contractual, nondeductible fines   | -6,951          | -13,412         | -6,922         | -3,523          |
| Depreciation of unused equipment (Note 8 a)  | -714            | -14,149         | -714           | -7,364          |
| Residual value of permanent assets written off (Note 8)                                    | -5,090          | -7,262          | -802           | -7,262          |
| Inventory impairment losses/reversals (Note 5)   | -8,178          | 14,817          | 6,446          | 14,817          |
| Expenses on studies and project engineering  | -21,975         | -24,421         | -11,318        | -8,091          |
| Pension plan expenses  | -26,552         | -21,737         | -13,109        | -13,978         |
| Impairment of available-for-sale financial assets  | -48,047         | -3,369          | -48,047        | -3,369          |
| Other expenses   | -13,278         | -25,753         | -4,317         | -15,935         |
|  | <b>-180,241</b> | <b>-222,685</b> | <b>-14,184</b> | <b>-144,158</b> |
| <b>Other operating income (expenses), net</b>  | <b>-170,412</b> | <b>-217,476</b> | <b>-9,001</b>  | <b>-142,467</b> |



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1****23. FINANCE INCOME (COSTS)**

|  | Six-month period ended |                   | Three-month period ended |           |
|--|------------------------|-------------------|--------------------------|-----------|
|  | 6/30/2014              | 6/30/2013         | 6/30/2014                | 6/30/2013 |
| <b>Finance income</b>                                    |                        |                   |                          |           |
| Related parties (Note 17 b)                              | 22,395                 | 410               |                          |           |
| Income from short-term investments                       | 40,560                 | 57,839            |                          |           |
| Gains on derivatives (*)                                 | 3,183                  |                   |                          |           |
| Other income   | 25,344                 | 39,853            |                          |           |
|  | <b>91,482</b>          | <b>98,102</b>     |                          |           |
| <b>Finance costs</b>                                     |                        |                   |                          |           |
| Borrowings and financing - foreign currency              | -328,678               | -358,958          |                          |           |
| Borrowings and financing - local currency                | -874,925               | -690,231          |                          |           |
| Related parties (Note 17 b)                              | -219,613               | -205,001          |                          |           |
| Capitalized interest (Notes 8 and 29)                    | 73,770                 | 241,882           |                          |           |
| Losses on derivatives (*)                                | -943                   | -16,211           |                          |           |
| Interest, fines and late payment charges                 | -80,702                | -23,775           |                          |           |
| Other finance costs                                      | -100,322               | -65,747           |                          |           |
|  | <b>-1,531,413</b>      | <b>-1,118,041</b> |                          |           |
| <b>Monetary variations and exchange differences, net</b> |                        |                   |                          |           |
| Monetary variations, net                                 | 4,717                  | -33,821           |                          |           |
| Exchange differences, net                                | 58,825                 | 61,379            |                          |           |
| Exchange losses on derivatives (*)                       | -179,745               | 7,279             |                          |           |
|  | <b>-116,203</b>        | <b>34,837</b>     |                          |           |
| <b>Finance costs, net</b>                                | <b>-1,556,134</b>      | <b>-985,102</b>   |                          |           |

**(\*) Statement of gains and losses on derivative transactions**

|                           |                 |                |                |                |
|---------------------------|-----------------|----------------|----------------|----------------|
| Dollar-to-CDI swap        | -22,087         | 1,038          | -3,315         | 1,671          |
| Dollar-to-euro swap (NDF) | 675             | 2,025          | 1,232          | -3,371         |
| Yen-to-dollar swap        |                 | -60            |                | -52            |
| Dollar-to-euro swap       | 463             | 4,276          | 948            | 798            |
| Dollar-to-real swap (NDF) | -158,796        |                | -87,433        |                |
|                           | <b>-179,745</b> | <b>7,279</b>   | <b>-88,568</b> | <b>-954</b>    |
| Libor-to-CDI swap         | -943            | -2,294         | -307           | -1,097         |
| Fixed rate-to-CDI swap    | 3,183           | -13,917        | 5,616          | -12,751        |
|                           | <b>2,240</b>    | <b>-16,211</b> | <b>5,309</b>   | <b>-13,848</b> |
|                           | <b>-177,505</b> | <b>-8,932</b>  | <b>-83,259</b> | <b>-14,802</b> |



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|   | <b>Six-month period ended</b> |                   | <b>Three-month period</b> |
|---|-------------------------------|-------------------|---------------------------|
|   | <b>6/30/2014</b>              | <b>6/30/2013</b>  |                           |
| <b>Finance income</b>   |                               |                   |                           |
| Related parties (Note 17 b)   | 6,136                         | 24,718            |                           |
| Income from short-term investments                                  | 1,983                         | 4,932             |                           |
| Other income  | 17,747                        | 40,970            |                           |
|   | <b>25,866</b>                 | <b>70,620</b>     |                           |
| <b>Finance costs</b>  |                               |                   |                           |
| Borrowings and financing - foreign currency                         | -50,112                       | -34,686           |                           |
| Borrowings and financing - local currency                           | -760,629                      | -530,981          |                           |
| Related parties (Note 17 b)   | -988,811                      | -752,767          |                           |
| Capitalized interest (Notes 8 and 29)                               | 73,770                        | 145,836           |                           |
| Losses on derivatives (*)   | -943                          | -2,294            |                           |
| Interest, fines and late payment charges                            | -74,130                       | -40,852           |                           |
| Other finance costs   | -90,503                       | -45,597           |                           |
|   | <b>-1,891,358</b>             | <b>-1,261,341</b> |                           |
| <b>Monetary variations and exchange differences, net</b>            |                               |                   |                           |
| Monetary variations, net  | -5,875                        | -31,627           |                           |
| Exchange differences, net   | 553,790                       | -557,630          |                           |
|   | <b>547,915</b>                | <b>-589,257</b>   |                           |
| <b>Finance costs, net</b>   | <b>-1,317,577</b>             | <b>-1,779,978</b> |                           |
| <b>(*) Statement of gains and losses on derivative transactions</b> |                               |                   |                           |
| Libor-to-CDI swap   | -943                          | -2,294            |                           |
|   | <b>-943</b>                   | <b>-2,294</b>     |                           |



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1****24. SEGMENT INFORMATION**

The information related to segment information did not have changes in relation to that disclosed in the Company's financial statements as of December 31, 2013. and, accordingly, the Company decided not to repeat it in the condensed interim financial statements as of June 30, 2014.

According to the Group's structure, its businesses are distributed into five (5) operating segments.

| <b>Profit or loss</b>                                  | <b>Steel</b>     | <b>Mining</b>    | <b>Logistics<br/>Port</b> | <b>Railroads</b> | <b>Energy</b>  | <b>Cement</b>  | <b>Corporate expenses/ eliminations</b> |
|--|------------------|------------------|---------------------------|------------------|----------------|----------------|---|
| Metric tons<br>(thou.) - (not<br>reviewed) (*)         | 2,650,764        | 11,802,610       |                           |                  |                | 1,051,183      |   |
| Net revenues   |                  |                  |                           |                  |                |                |   |
| Domestic<br>market                                     | 4,540,816        | 181,924          | 106,983                   | 503,242          | 151,721        | 211,239        | -460,8                                  |
| Foreign<br>market                                      | 1,428,632        | 2,182,281        |                           |                  |                |                | -422,6                                  |
| <b>Total net<br/>revenue<br/>(Note 20)</b>             | <b>5,969,448</b> | <b>2,364,205</b> | <b>106,983</b>            | <b>503,242</b>   | <b>151,721</b> | <b>211,239</b> | <b>-883,5</b>                           |
| Cost of sales<br>and services<br>(Note 21)             | -4,477,804       | -1,456,333       | -64,982                   | -361,412         | -91,114        | -136,864       | 807,3                                   |
| <b>Gross profit</b>                                    | <b>1,491,644</b> | <b>907,872</b>   | <b>42,001</b>             | <b>141,830</b>   | <b>60,607</b>  | <b>74,375</b>  | <b>-76,1</b>                            |
| General and<br>administrative<br>expenses<br>(Note 21) | -334,138         | -35,972          | -802                      | -49,729          | -9,459         | -31,943        | -189,5                                  |
| Depreciation<br>(Note 8 a)                             | 396,510          | 154,887          | 3,992                     | 77,759           | 8,545          | 17,816         | -77,9                                   |
|  |                  |                  |                           |                  |                |                | 170,2                                   |

Proportionate  
EBITDA of  
jointly  
controlled  
entities

**Adjusted  
EBITDA**

**1,554,016 1,026,787 45,191 169,860 59,693 60,248**

**-173,4**

**Sales by  
geographic  
area**

Asia 16,399 2,120,042

North America 331,927

Latin America 67,388

Europe 1,007,186 62,239

Other 5,732

-422,6

**Foreign  
market**

**1,428,632 2,182,281**

**-422,6**

**Domestic  
market**

**4,540,816 181,924 106,983 503,242 151,721 211,239**

**-460,8**

**TOTAL**

**5,969,448 2,364,205 106,983 503,242 151,721 211,239**

**-883,5**

**Profit or loss**

**Steel**

**Mining**

**Logistics  
Port**

**Railroads**

**Energy**

**Cement**

**Corporate expenses/ eliminations**

Metric tons  
(thou.) - (not  
reviewed) (\*)

1,262,370 6,292,940 563,492

Net revenues

Domestic  
market

2,185,318 82,175 46,807 225,977 86,664 113,199

-210,8

Foreign  
market

657,227 1,034,586

-168,7

**Total net  
revenue  
(Note 20)**

**2,842,545 1,116,761 46,807 225,977 86,664 113,199**

**-379,5**

Cost of sales  
and services  
(Note 21)

-2,083,103 -740,240 -30,925 -156,423 -49,128 -71,654

384,8

**Gross profit**

**759,442 376,521 15,882 69,554 37,536 41,545**

**5,3**

General and  
administrative  
expenses  
(Note 21)

-168,419 -20,019 -209 -21,356 -4,758 -17,212

-125,8

Depreciation  
(Note 8 a)

201,781 85,124 2,026 38,840 4,273 9,243

-45,0

Proportionate  
EBITDA of  
jointly

58,3

controlled  
entities**Adjusted  
EBITDA**

|                |                |               |               |               |               |
|----------------|----------------|---------------|---------------|---------------|---------------|
| <b>792,804</b> | <b>441,626</b> | <b>17,699</b> | <b>87,038</b> | <b>37,051</b> | <b>33,576</b> |
|----------------|----------------|---------------|---------------|---------------|---------------|

**-107,1****Sales by  
geographic  
area**

Asia 11,966 1,020,243

North America 162,589

Latin America 22,144

Europe 457,938 14,343

Other 2,590

**Foreign  
market 657,227 1,034,586****-168,7****-168,7****Domestic  
market 2,185,318 82,175 46,807 225,977 86,664 113,199****-210,8****TOTAL 2,842,545 1,116,761 46,807 225,977 86,664 113,199****-379,5**

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| Profit or loss                                      | Steel            | Mining           | Logistics     |                |               | Energy | Cement         |
|---|------------------|------------------|---------------|----------------|---------------|--------|----------------|
|   |                  |                  | Port          | Railroads      |               |        |                |
| Metric tons (thou.) - (not reviewed) (*)            | 3,137,447        | 8,121,254        |               |                |               |        | 979,294        |
| Net revenues  |                  |                  |               |                |               |        |                |
| Domestic market                                     | 4,801,768        | 155,199          | 82,495        | 488,336        | 99,934        |        | 202,961        |
| Foreign market                                      | 1,292,513        | 1,575,316        |               |                |               |        |                |
| <b>Total net revenue (Note 20)</b>                  | <b>6,094,281</b> | <b>1,730,515</b> | <b>82,495</b> | <b>488,336</b> | <b>99,934</b> |        | <b>202,961</b> |
| Cost of sales and services (Note 21)                | -4,983,000       | -1,055,100       | -42,757       | -348,489       | -74,521       |        | -137,111       |
| <b>Gross profit</b>                                 | <b>1,111,281</b> | <b>675,415</b>   | <b>39,738</b> | <b>139,847</b> | <b>25,413</b> |        | <b>65,850</b>  |
| General and administrative expenses (Note 21)       | -337,659         | -54,316          | -10,233       | -46,493        | -9,966        |        | -33,354        |
| Depreciation (Note 8 a)                             | 372,574          | 103,698          | 3,548         | 66,858         | 8,523         |        | 15,386         |
| Proportionate EBITDA of jointly controlled entities |                  |                  |               |                |               |        |                |
| <b>Adjusted EBITDA</b>                              | <b>1,146,196</b> | <b>724,797</b>   | <b>33,053</b> | <b>160,212</b> | <b>23,970</b> |        | <b>47,882</b>  |
| <b>Sales by geographic area</b>                     |                  |                  |               |                |               |        |                |
| Asia  | 12,202           | 1,254,436        |               |                |               |        |                |
| North America                                       | 310,184          |                  |               |                |               |        |                |
| Latin America                                       | 73,844           |                  |               |                |               |        |                |
| Europe  | 882,379          | 320,880          |               |                |               |        |                |
| Other   | 13,904           |                  |               |                |               |        |                |
| <b>Foreign market</b>                               | <b>1,292,513</b> | <b>1,575,316</b> |               |                |               |        |                |
| <b>Domestic market</b>                              | <b>4,801,768</b> | <b>155,199</b>   | <b>82,495</b> | <b>488,336</b> | <b>99,934</b> |        | <b>202,961</b> |
| <b>TOTAL</b>  | <b>6,094,281</b> | <b>1,730,515</b> | <b>82,495</b> | <b>488,336</b> | <b>99,934</b> |        | <b>202,961</b> |

| Profit or loss                                      | Steel            | Mining         | Logistics     |                |               | Energy | Cement         |
|---|------------------|----------------|---------------|----------------|---------------|--------|----------------|
|   |                  |                | Port          | Railroads      |               |        |                |
| Metric tons (thou.) - (not reviewed) (*)            | 1,587,049        | 4,862,694      |               |                |               |        | 523,503        |
| Net revenues  |                  |                |               |                |               |        |                |
| Domestic market                                     | 2,488,366        | 67,859         | 43,008        | 263,264        | 53,327        |        | 105,084        |
| Foreign market                                      | 658,606          | 915,905        |               |                |               |        |                |
| <b>Total net revenue (Note 20)</b>                  | <b>3,146,972</b> | <b>983,764</b> | <b>43,008</b> | <b>263,264</b> | <b>53,327</b> |        | <b>105,084</b> |
| Cost of sales and services (Note 21)                | -2,527,236       | -601,109       | -21,976       | -177,935       | -33,708       |        | -69,682        |
| <b>Gross profit</b>                                 | <b>619,736</b>   | <b>382,655</b> | <b>21,032</b> | <b>85,329</b>  | <b>19,619</b> |        | <b>35,402</b>  |
| General and administrative expenses (Note 21)       | -179,770         | -37,104        | -4,711        | -24,260        | -4,985        |        | -19,277        |
| Depreciation (Note 8 a)                             | 178,642          | 52,794         | 1,800         | 36,088         | 4,264         |        | 7,887          |
| Proportionate EBITDA of jointly controlled entities |                  |                |               |                |               |        |                |



|                                 |                  |                |               |                |               |                |
|---------------------------------|------------------|----------------|---------------|----------------|---------------|----------------|
| <b>Adjusted EBITDA</b>          | <b>618,608</b>   | <b>398,345</b> | <b>18,121</b> | <b>97,157</b>  | <b>18,898</b> | <b>24,012</b>  |
| <b>Sales by geographic area</b> |                  |                |               |                |               |                |
| Asia                            | 3,546            | 770,303        |               |                |               |                |
| North America                   | 161,510          |                |               |                |               |                |
| Latin America                   | 43,313           |                |               |                |               |                |
| Europe                          | 447,598          | 145,602        |               |                |               |                |
| Other                           | 2,639            |                |               |                |               |                |
| <b>Foreign market</b>           | <b>658,606</b>   | <b>915,905</b> |               |                |               |                |
| <b>Domestic market</b>          | <b>2,488,366</b> | <b>67,859</b>  | <b>43,008</b> | <b>263,264</b> | <b>53,327</b> | <b>105,084</b> |
| <b>TOTAL</b>                    | <b>3,146,972</b> | <b>983,764</b> | <b>43,008</b> | <b>263,264</b> | <b>53,327</b> | <b>105,084</b> |

(\*) The ore sales volumes presented in this note take into consideration Company sales and the interest in its subsidiaries and jointly controlled entities (Namisa 60%).

Adjusted EBITDA is the tool based on which the chief operating decision maker measures segment performance and the capacity to generate recurring operating cash, and consists of profit for the year less net finance income (costs), income tax and social contribution, depreciation and amortization, share of profits of investments, and other operating income (expenses), plus the proportional EBITDA of jointly controlled entities.

Even though it is an indicator used in segment performance measurements, EBITDA is not a measurement recognized by accounting practices adopted in Brazil or IFRS, does not have a standard definition, and may not be comparable with measurements using similar names provided by other entities.

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As required by IFRS 8, the table below shows the reconciliation of the measurement used by the chief operating decision maker with the results determined using the accounting practices.

|   | <b>Six-month period ended</b> |                  | <b>Consolidated<br/>Three-month period ended</b> |                  |
|---|-------------------------------|------------------|--|------------------|
|   | <b>6/30/2014</b>              | <b>6/30/2013</b> | <b>6/30/2014</b>                                 | <b>6/30/2013</b> |
|   | Profit for the period         | 71,129           | 518,202  | 19,033           |
| Depreciation (Note 8 a)                             | 581,594                       | 550,544          | 296,248  | 263,308          |
| Income tax and social contribution (Note 13)        | 42,476                        | -303,854         | 15,321   | -161,876         |
| Finance income (Note 23)                            | 1,556,134                     | 985,102          | 814,935  | 457,819          |
| <b>EBITDA</b>                                       | <b>2,251,333</b>              | <b>1,749,994</b> | <b>1,145,537</b>                                 | <b>1,061,137</b> |
| Other operating income (expenses) (Note 22)         | 207,942                       | 239,545          | 31,314   | 144,901          |
| Share of profits of investees                       | 112,892                       | -299,280         | 67,389   | -282,585         |
| Proportionate EBITDA of jointly controlled entities | 170,223                       | 306,419          | 58,362   | 171,301          |
| <b>Adjusted EBITDA (*)</b>                          | <b>2,742,390</b>              | <b>1,996,678</b> | <b>1,302,602</b>                                 | <b>1,094,754</b> |

(\*) The Company discloses its adjusted EBITDA net of its share of profits of investments and other operating income (expenses) because it understands that these should not be included in the calculation of recurring operating cash generation.

**25. EARNINGS PER SHARE (EPS)**

|                                     | <b>Six-month period ended</b> |                  | <b>Consolidated<br/>Three-month period ended</b> |                  |
|-------------------------------------|-------------------------------|------------------|--|------------------|
|                                     | <b>6/30/2014</b>              | <b>6/30/2013</b> | <b>6/30/2014</b>                                 | <b>6/30/2013</b> |
|                                     | <b>Common shares</b>          |                  | <b>Common shares</b>                             |                  |
| <b>Profit for the period</b>        |                               |                  |  |                  |
| Attributed to owners of the Company | 77,049                        | 521,795          | 21,715   | 494,469          |
| Weighted average number of shares   | 1,450,296                     | 1,457,970        | 1,442,706  | 1,457,970        |
| <b>Basic and diluted EPS</b>        | <b>0.05313</b>                | <b>0.35789</b>   | <b>0.01505</b>                                   | <b>0.33915</b>   |

| <b>Six-month period ended</b> | <b>Parent Company<br/>Three-month period ended</b> |
|-------------------------------|--|
|-------------------------------|--|

|                                     | <b>6/30/2014</b>     | <b>6/30/2013</b> | <b>6/30/2014</b>     | <b>6/30/2013</b> |
|-------------------------------------|----------------------|------------------|----------------------|------------------|
|                                     | <b>Common shares</b> |                  | <b>Common shares</b> |                  |
| <b>Profit for the period</b>        |                      |                  |                      |                  |
| Attributed to owners of the Company | 77,049               | 521,795          | 21,715               | 494,469          |
| Weighted average number of shares   | 1,450,296            | 1,457,970        | 1,442,706            | 1,457,970        |
| <b>Basic and diluted EPS</b>        | 0.05313              | 0.35789          | 0.01505              | 0.33915          |

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1****26. GUARANTEES**

The Company is liable for guarantees for its subsidiaries and jointly controlled entities, as follows:

|                                | Currency | Maturities                      | Loans            |                  | Tax foreclo          |
|--------------------------------|----------|---------------------------------|------------------|------------------|----------------------|
|                                |          |                                 | 6/30/2014        | 12/31/2013       | 6/30/2014 12/31/2013 |
| Transnordestina Logística      | R\$      | Up to 12/8/2027 and indefinite  | 1,870,524        | 1,875,360        | 38,572               |
| FTL - Ferrovia Transnordestina | R\$      | 11/15/2020                      | 123,450          | 125,250          |                      |
| CSN Cimentos                   | R\$      | Up to 10/25/2015 and indefinite |                  |                  | 26,423               |
| Prada                          | R\$      | Up to 2/10/2016 and indefinite  |                  |                  | 10,133               |
| CSN Energia                    | R\$      | Indefinite                      |                  |                  | 2,829                |
| Congonhas Minérios             | R\$      | 5/21/2019                       | 2,000,000        | 2,000,000        |                      |
| Fundação CSN                   | R\$      | Indefinite                      | 1,003            | 1,003            |                      |
| Estanho de Rondônia            | R\$      | 12/31/2014                      |                  |                  |                      |
| Outros (*)                     | R\$      | 12/31/2014                      | 12,000           |                  |                      |
| <b>Total em R\$</b>            |          |                                 | <b>4,006,977</b> | <b>4,001,613</b> | <b>77,957</b>        |
| CSN Islands IX                 | US\$     | 1/15/2015                       | 400,000          | 400,000          |                      |
| CSN Islands XI                 | US\$     | 9/21/2019                       | 750,000          | 750,000          |                      |
| CSN Islands XII                | US\$     | Perpetual                       | 1,000,000        | 1,000,000        |                      |
| CSN Resources                  | US\$     | 7/21/2020                       | 1,200,000        | 1,200,000        |                      |
| Sepetiba Tecon                 | US\$     | Indefinite                      | 20,196           | 15,708           |                      |

|                       |      |            |                   |                   |               |
|-----------------------|------|------------|-------------------|-------------------|---------------|
| CSN Handel            | US\$ | 6/27/2015  | 100,000           | 100,000           |               |
| <b>Total em US\$</b>  |      |            | <b>3,470,196</b>  | <b>3,465,708</b>  |               |
| CSN Steel S.L.        | EUR  | 1/31/2020  | 120,000           | 120,000           |               |
| Lusosider Aços Planos | EUR  | Indefinite | 25,000            |                   |               |
| <b>Total in EUR</b>   |      |            | <b>145,000</b>    | <b>120,000</b>    |               |
| <b>Total in R\$</b>   |      |            | <b>8,080,282</b>  | <b>8,505,948</b>  |               |
|                       |      |            | <b>12,087,259</b> | <b>12,507,561</b> | <b>77,957</b> |

(\*) CSN Corporate Guarantee with the subsidiaries CSN Cimentos, Nacional Minérios, Companhia Metalúrgica Prada, Cia Metalic Nordeste, Sepetiba Tecon and CSN Energia.

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As of June 30, 2014, the Company was a party to take-or-pay contracts as shown in the following table:

| Concessionaire | Type of service                        | Agreement terms and conditions   | Payments in the period |        |         |         |         |         |           |
|----------------|--|--|------------------------|--------|---------|---------|---------|---------|-----------|
|                |  |  | 2013                   | 2014   | 2014    | 2015    | 2016    | 2017    | Após 2017 |
| MRS Logística  | Iron ore transportation                | Contractual clause providing for guaranteed revenue on railway freight. In the case of CSN, this means a minimum payment of 80% of freight estimate. | 57,898                 | 45,875 | 176,459 | 334,322 | 334,322 | 334,322 | 2,981,030 |
| MRS Logística  | Steel products transportation          | Transportation of at least 80% of annual volume agreed with MRS.   | 33,594                 | 29,536 | 35,420  | 70,840  | 29,517  |         |           |
| MRS Logística  | Iron ore, coal and coke transportation | Transportation of 8,280,000 metric tons per year of iron ore and 3,600,000   | 52,461                 | 69,419 | 65,893  | 131,787 | 131,787 | 131,787 | 1,141,740 |

|                    |   | metric tons per year of coal, coke and other reducing agents.   |         |         |         |         |         |        |        |
|--------------------|---|---|---------|---------|---------|---------|---------|--------|--------|
| MRS Logística      | Railway transportation of bagged and palletized cement.                     | Transportation of at least 80% of annual volume agreed with MRS.  |         | 400     | 4,739   | 15,150  | 16,703  | 18,427 | 165,84 |
| G5                 | Unloading, storage, movement, loading and railroad transportation services. | Shipping of pulp, in the first year the volume is of at least 75% and in subsequent years of 69%.                                     |         | 1,958   | 4,127   | 9,046   | 3,769   |        |        |
| FCA (*)            | Mining products transportation  | Transportation of at least 1,900,000 metric tons per year.  | 795     | 672     |         |         |         |        |        |
| FCA                | FCA railway transportation of clinker to CSN Cimentos                       | Transportation of at least 675,000 metric tons per year of clinker in 2011 and 738,000 metric tons per year of clinker starting 2012. | 714     | 875     | 15,637  | 31,274  | 31,274  | 31,274 | 72,97  |
| White Martins (**) | Supply of gas (oxygen, nitrogen and argon)                                  | CSN undertakers to buy at least 90% of the annual volume of gas contracted with White Martins.  | 22,632  |         | 51,187  | 101,539 | 101,539 |        |        |
| CEG Rio            | Supply of natural gas   | CSN undertakes to buy at least 70% of the   | 176,528 | 286,808 | 142,689 |         |         |        |        |

|                |   |   |         |         |        |        |        |        |        |
|----------------|---|---|---------|---------|--------|--------|--------|--------|--------|
|                |   | monthly natural gas volume.   |         |         |        |        |        |        |        |
| Vale S.A       | Supply of iron ore pellets  | CSN undertakes to buy at least 90% of the volume of iron ore pellets secured by contract. The take-or-pay volume is determined every 18 months. | 155,529 | 202,290 | 22,571 |        |        |        |        |
| Compagás       | Supply of natural gas   | CSN undertakes to buy at least 80% of the annual natural gas volume secured agreed with Compagás.   | 7,577   | 8,382   | 8,647  | 17,294 | 17,294 | 17,294 | 121,06 |
| COPEL          | Power supply  | CSN undertakers to buy at least 80% of the annual energy volume contracted with COPEL.  | 4,032   | 8,937   | 1,515  | 9,093  | 9,093  | 9,093  | 36,37  |
| K&K Tecnologia | Processing of blast furnace sludge generated during pig iron production | CSN undertakes to supply at least 3,000 metric tons per month of blast furnace sludge for processing at K&K sludge concentration plant.         | 3,890   | 4,357   | 3,537  | 7,074  | 7,074  | 7,074  | 44,21  |
| Harsco Metals  | Processing of slag  | Harsco Metals undertakes to   | 19,402  | 17,478  | 2,657  |        |        |        |        |



generated during pig iron and steel production process metal products and slag crushing byproducts resulting from CSN's pig iron and steel manufacturing process, receiving for this processing the amount corresponding to the product of the multiplication of unit price (R\$/t) by total production of liquid steel from CSN steel mill, ensuring a minimum production of liquid steel of 400,000 metric tons.

|         |   |  |        |        |        |
|---------|---|--|--------|--------|--------|
| Siemens | Manufacturing, repair, recovery and production of ingot casting machine units | Siemens undertakes to manufacture, repair, recover and produce, in whole or in part, ingot casting machine units to provide the necessary off-line and on-line maintenance of continuous ingot casting machine assemblies of the Presidente Vargas plant (UPV). Payment is set | 18,875 | 22,136 | 12,089 |
|---------|---|--|--------|--------|--------|

at R\$/t of  
produced steel  
plates.

(\*) in renegotiation phase.

(\*\*) in renegotiation phase and payments were  
suspended.

553,927 699,123 547,167 727,419 682,372 549,271 4,563,24

## b. Concession agreements

Minimum future payments related to government concessions as of June 30, 2014 fall due according to the schedule set out in the following table:

| <b>Company<br/>Concession</b>            | <b>Type of service</b>  | <b>2014</b> | <b>2015</b> | <b>2016</b> | <b>2017</b> | <b>Após 2017</b> | <b>Total</b>     |
|--|---|-------------|-------------|-------------|-------------|------------------|------------------|
| MRS                                      | 30-year concession, renewable for another 30 years, to provide iron ore railway transportation services from the Casa de Pedra mines, in Minas Gerais, coke and coal from the Itaguaí Port, in Rio de Janeiro, to Volta Redonda, transportation of export goods to the Itaguaí and Rio de Janeiro Ports, and shipping of finished goods to the domestic market. | 45,348      | 90,697      | 90,697      | 90,697      | 748,248          | <b>1,065,687</b> |
| FTL (Ferrovia Transnordestina Logística) | 30-year concession granted on December 31, 1997, renewable for another 30 years for the development of public utility to operate the Northeastern railway system. The railway system covers 4,238 kilometers of railroads in the states of Maranhão, Piauí, Ceará, Paraíba, Pernambuco, Alagoas   | 3,640       | 7,281       | 7,281       | 7,281       | 68,559           | <b>94,042</b>    |

and Rio Grande do Norte.

|       |   |                |                |                |                |                  |                  |
|-------|---|----------------|----------------|----------------|----------------|------------------|------------------|
| Tecar | Concession to operate TECAR, a solid bulk terminal, one of the four terminals that comprise the Itaguaí Port, in Rio de Janeiro, for a period ending 2022 and renewable for another 25 years. | 173,099        | 263,858        | 263,858        | 263,858        | 1,319,290        | <b>2,283,963</b> |
| Tecon | 25-year concession granted in July 2001, renewable for another 25 years, to operate the container terminal at the Itaguaí Port.   | 12,378         | 24,756         | 24,756         | 24,756         | 198,043          | <b>284,689</b>   |
|       |   | <b>234,465</b> | <b>386,592</b> | <b>386,592</b> | <b>386,592</b> | <b>2,334,140</b> | <b>3,728,381</b> |

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1****28. INSURANCE**

In 2013, after negotiation with insurers and reinsurers in Brazil and abroad, an Insurance Issue Certificate was issued for the contracting of a policy of Operational Risk of Property Damages and Loss of Profits, with effect from June 30, 2013 to September 30, 2014. Under the insurance policy, the LMI (Maximum Limit of Indemnity) is US\$500,000,000 and covers the following units and subsidiaries of the Company: Usina Presidente Vargas, Mineração Casa de Pedra, CSN Paraná, Terminal de Cargas Tecar, Terminal Tecon, Namisa, CSN Handel and Namisa Handel. CSN takes responsibility for a range of retention of US\$300,000,000 in excess of the deductibles for property damages and loss of profits.

In view of their nature, the risk assumptions adopted are not part of the scope of an audit of condensed interim financial statements and, accordingly, were not reviewed by our independent auditors.

**29. ADDITIONAL INFORMATION TO CASH FLOWS**

|   | <b>Consolidated</b> |                  | <b>Parent Company</b> |                  |
|---|---------------------|------------------|-----------------------|------------------|
|   | <b>6/30/2014</b>    | <b>6/30/2013</b> | <b>6/30/2014</b>      | <b>6/30/2013</b> |
| Income tax and social contribution paid       | 41,176              | 16,842           | 20,470                |                  |
| Increase of PP&E with interest capitalization | 73,770              | 241,882          | 73,770                | 145,836          |
|   | <b>114,946</b>      | <b>258,724</b>   | <b>94,240</b>         | <b>145,836</b>   |

**30. STATEMENT OF COMPREHENSIVE INCOME**

|                                   | <b>Consolidated</b>           |                  |                  |
|-----------------------------------|-------------------------------|------------------|------------------|
|                                   | <b>Six-month period ended</b> |                  |                  |
|                                   | <b>6/30/2014</b>              | <b>6/30/2013</b> | <b>6/30/2012</b> |
| <b>Profit for the period</b>      | <b>71,129</b>                 | <b>518,202</b>   | <b>1,000,000</b> |
| <b>Other comprehensive income</b> |                               |                  |                  |

**Items that will not be subsequently reclassified to the statement of income**

|  |              |  |  |
|--|--------------|--|--|
| Actuarial (losses) gains on defined benefit pension plan | 1,710        |  |  |
|  | <b>1,710</b> |  |  |

**Items that could be subsequently reclassified to the statement of income**

|   |                 |                 |            |
|---|-----------------|-----------------|------------|
| Cumulative translation adjustments for the period                                       | -87,347         | 81,048          | -4         |
| Available-for-sale assets   | -1,090,003      | -992,084        | -44        |
| Income tax and social contribution on available-for-sale assets                         | 370,601         | 337,309         | 15         |
| Available-for-sale assets from investments in subsidiaries                              |                 |                 |            |
| Impairment of available-for-sale financial assets                                       | 52,115          | 5,002           | 5          |
| Income tax and social contribution on impairment of available-for-sale financial assets | -17,719         | -1,701          | -1         |
|   | <b>-772,353</b> | <b>-570,426</b> | <b>-29</b> |
|   | <b>-770,643</b> | <b>-570,426</b> | <b>-29</b> |
| <b>Total comprehensive income for the period</b>  | <b>-699,514</b> | <b>-52,224</b>  | <b>-28</b> |
| <b>Attributable to:</b>   |                 |                 |            |
| Owners of the Company   | -693,594        | -48,631         | -27        |
| Non-controlling interests   | -5,920          | -3,593          | -7         |
|   | <b>-699,514</b> | <b>-52,224</b>  | <b>-28</b> |

**Parent Company**

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

ITR — Quarterly Financial Information - June 30, 2014 – CIA SIDERURGICA  
NACIONAL

**Version:**

**1**

|   | <b>Six-month period<br/>ended</b> |                  |                  |
|---|-----------------------------------|------------------|------------------|
|   | <b>6/30/2014</b>                  | <b>6/30/2013</b> | <b>6/30/2012</b> |
| <b>Profit for the period</b>  | <b>77,049</b>                     | <b>521,795</b>   | <b>21,000</b>    |
| <b>Other comprehensive income</b>   |                                   |                  |                  |
| <b>Items that will not be subsequently reclassified to the statement of income</b>      |                                   |                  |                  |
| Actuarial (losses) gains on defined benefit pension plan                                | 1,710                             |                  |                  |
|   | <b>1,710</b>                      |                  |                  |
| <b>Items that could be subsequently reclassified to the statement of income</b>         |                                   |                  |                  |
| Cumulative translation adjustments for the period                                       | -87,347                           | 81,048           | -4,000           |
| Available-for-sale assets   | -1,059,465                        | -742,440         | -42,000          |
| Income tax and social contribution on available-for-sale assets                         | 360,218                           | 252,430          | 14,000           |
| Available-for-sale assets from investments in subsidiaries                              | -17,470                           | -163,688         | -                |
| Impairment of available-for-sale financial assets                                       | 48,047                            | 3,369            | 4,000            |
| Income tax and social contribution on impairment of available-for-sale financial assets | -16,336                           | -1,145           | -1,000           |
|   | <b>-772,353</b>                   | <b>-570,426</b>  | <b>-29,000</b>   |
|   | <b>-770,643</b>                   | <b>-570,426</b>  | <b>-29,000</b>   |
| <b>Total comprehensive income for the period</b>  | <b>-693,594</b>                   | <b>-48,631</b>   | <b>-27,000</b>   |
| <b>Attributable to:</b>   |                                   |                  |                  |
| Owners of the Company   | -693,594                          | -48,631          | -27,000          |
| Non-controlling interests   | <b>-693,594</b>                   | <b>-48,631</b>   | <b>-27,000</b>   |



(Convenience Translation into English from the Original Previously Issued in Portuguese)

**REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION**

To the Board of Directors and Shareholders of  
Companhia Siderúrgica Nacional  
São Paulo – SP

**Introduction**

We have reviewed the accompanying individual and consolidated interim financial information of Companhia Siderúrgica Nacional (“the Company”), identified as Parent and Consolidated, respectively, included in the Interim Financial Information Form (ITR), for the three-month period ended June 30, 2014, which comprises the balance sheet as of June 30, 2014 and the related statements of income, and of comprehensive income, for the three and six-months periods then ended and of changes in equity and of cash flows for the six-month period then ended, including the explanatory notes.

The Company’s management is responsible for the preparation of the individual interim financial information in accordance with technical pronouncement CPC 21 (R1) – Interim Financial Information and of the consolidated interim financial information in accordance with technical pronouncement CPC 21 (R1) and with international standard IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board - IASB, as well as for the presentation of such information in accordance with the standards issued by the Brazilian Securities and Exchange Commission (CVM), applicable to the preparation of Interim Financial Information (ITR). Our responsibility is to express a conclusion on this interim financial information based on our review.

**Scope of review**

We conducted our review in accordance with Brazilian and international standards on review of interim financial information (NBC TR 2410 and ISRE 2410 – Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with standards on auditing and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion on the individual interim financial information**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying individual interim financial information included in the ITR referred to above was not prepared, in all material respects, in accordance with technical pronouncement CPC 21 (R1), applicable to the preparation of the Interim Financial Information (ITR) and presented in accordance with the standards issued by the Brazilian Securities Commission.



### **Conclusion on the consolidated interim financial information**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial information included in the ITR referred to above was not prepared, in all material respects, in accordance with technical pronouncement CPC 21 (R1) and international standard IAS 34, applicable to the preparation of Interim Financial Information (ITR) and presented in accordance with the standards issued by the Brazilian Securities Commission.

### **Other matters**

#### *Statements of value added*

We have also reviewed the individual and consolidated interim statements of value added (DVA), for the six-month period ended June 30, 2014, prepared under the responsibility of the Company's Management, the presentation of which is required by the standards issued by the CVM applicable to the preparation of Interim Financial Information (ITR), and considered as supplemental information for International Financial Reporting Standards – IFRS, which do not require the presentation of DVA. These statements were subject to the same review procedures described above and, based on our review, nothing has come to our attention that causes us to believe that they were not prepared, in all material respects, consistently with the individual and consolidated interim financial information taken as a whole.

The accompanying individual and consolidated interim financial information has been translated into English for the convenience of readers outside Brazil.

São Paulo, August 1, 2014

DELOITTE TOUCHE TOHMATSU  
Auditores Independentes

Roberto Wagner Promenzio  
Engagement Partner

SIGNATURE

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

Date: August 14, 2014

COMPANHIA SIDERÚRGICA NACIONAL

By: \_\_\_\_\_ /s/ Benjamin Steinbruch

**Benjamin Steinbruch**  
**Chief Executive Officer**

By: \_\_\_\_\_ /s/ David Moise Salama

**David Moise Salama**  
**Investor Relations Executive Officer**

**FORWARD-LOOKING STATEMENTS**

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

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