

NATIONAL STEEL CO  
Form 6-K/A  
December 18, 2017

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## SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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### FORM 6-K/A

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

For the month of December, 2017  
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, 2016 – CIA SIDERURGICA NACIONAL

**Version:  
1**

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ITR — Quarterly Financial Information - June 30, 2016 – CIA SIDERURGICA NACIONAL

**Version:**  
**1**

**Company Information / Capital Breakdown**

| <b>Number of Shares</b> | <b>Current Quarter</b> |
|-------------------------|------------------------|
| <b>(Units)</b>          | <b>06/30/2016</b>      |
| <b>Paid-in Capital</b>  |                        |
| <b>Common</b>           | 1,387,524,047          |
| <b>Preferred</b>        | 0                      |
| <b>Total</b>            | 1,387,524,047          |
| <b>Treasury Shares</b>  |                        |
| <b>Common</b>           | 30,391,000             |
| <b>Preferred</b>        | 0                      |
| <b>Total</b>            | 30,391,000             |

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

ITR — Quarterly Financial Information - June 30, 2016 – CIA SIDERURGICA NACIONAL

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

| Code       | Description                                      | Current Quarter | Previous Year |
|------------|--|-----------------|---------------|
|            |  | 06/30/2016      | 12/31/2015    |
| 1          | Total assets                                     | 40,523,192      | 44,570,369    |
| 1.01       | Current assets                                   | 7,745,548       | 8,842,440     |
| 1.01.01    | Cash and cash equivalents                        | 2,487,468       | 1,885,199     |
| 1.01.02    | Financial investments                            | 109,092         | 763,599       |
| 1.01.02.02 | Financial investments measured at amortized cost | 0               | 763,599       |
| 1.01.03    | Trade receivables                                | 2,245,449       | 2,467,523     |
| 1.01.04    | Inventories                                      | 2,233,580       | 2,850,744     |
| 1.01.08    | Other current assets                             | 669,959         | 875,375       |
| 1.02       | Non-current assets                               | 32,777,644      | 35,727,929    |
| 1.02.01    | Long-term receivables                            | 1,225,883       | 1,281,470     |
| 1.02.01.09 | Other non-current assets                         | 1,225,883       | 1,281,470     |
| 1.02.02    | Investments                                      | 22,246,875      | 25,517,369    |
| 1.02.03    | Property, plant and equipment                    | 9,245,398       | 8,866,348     |
| 1.02.04    | Intangible assets                                | 59,488          | 62,742        |

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ITR — Quarterly Financial Information - June 30, 2016 – CIA SIDERURGICA NACIONAL

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

| Code          | Description   | Current Quarter | Previous Year |
|---------------|---|-----------------|---------------|
|               |   | 06/30/2016      | 12/31/2015    |
| 2             | Total liabilities   | 40,523,192      | 44,570,369    |
| 2.01          | Current liabilities   | 3,533,932       | 4,272,372     |
| 2.01.01       | Payroll and related taxes   | 142,050         | 141,496       |
| 2.01.02       | Trade payables  | 748,094         | 742,364       |
| 2.01.03       | Taxes payable   | 57,989          | 5,814         |
| 2.01.04       | Borrowings and financing  | 2,174,927       | 2,879,073     |
| 2.01.05       | Other payables  | 325,240         | 411,699       |
| 2.01.06       | Provisions  | 85,632          | 91,926        |
| 2.01.06.01    | Provision for tax, social security, labor and civil risks             | 85,632          | 91,926        |
| 2.02          | Non-current liabilities   | 30,950,159      | 34,334,488    |
| 2.02.01       | Borrowings and financing  | 27,903,434      | 31,109,017    |
| 2.02.02       | Other payables  | 88,404          | 126,450       |
| 2.02.03       | Deferred taxes  | 663,581         | 666,081       |
| 2.02.04       | Provisions  | 2,294,740       | 2,432,940     |
| 2.02.04.01    | Provision for tax, social security, labor and civil risks             | 544,323         | 564,372       |
| 2.02.04.02    | Other provisions  | 1,750,417       | 1,868,568     |
| 2.02.04.02.03 | Provision for environmental liabilities and decommissioning of assets | 249,486         | 259,115       |
| 2.02.04.02.04 | Pension and healthcare plan   | 514,367         | 514,367       |
| 2.02.04.02.05 | Provision for losses on investments                                   | 986,564         | 1,095,086     |
| 2.03          | Consolidated Shareholders' equity                                     | 6,039,101       | 5,963,509     |
| 2.03.01       | Issued capital  | 4,540,000       | 4,540,000     |
| 2.03.02       | Capital reserves  | 30              | 30            |
| 2.03.04.02    | Earnings reserves   | 238,976         | 238,976       |
| 2.03.04.09    | Treasury shares   | -238,976        | -238,976      |
| 2.03.05       | Profit/(Losses)   | -1,121,552      | -367,214      |

2.03.08

Other comprehensive income

2,620,623 1,790,693

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ITR — Quarterly Financial Information - June 30, 2016 – CIA SIDERURGICA NACIONAL

**Version:  
1****Parent Company Statements / Statements of income  
(R\$ thousand)**

| Code       | Description                                      | Current Quarter             | Year To                                | Same  | YTD  |
|------------|--|-----------------------------|--|---|--|
|            |  | 04/01/2016 to<br>06/30/2016 | Date<br>01/01/2016<br>to<br>06/30/2016 | Quarter<br>Previous<br>Year<br>04/01/2015<br>to<br>06/30/2015 | Previous<br>Year<br>01/01/2015<br>to<br>06/30/2015 |
| 3.01       | Net revenue from sales and/or services           | 2,191,674                   | 4,169,314                              | 2,870,847   | 5,928,879  |
| 3.02       | Cost of sales and/or services                    | -1,906,666                  | -3,545,062                             | -2,267,849  | -4,457,281   |
| 3.03       | Gross profit                                     | 285,008                     | 624,252                                | 602,998   | 1,471,598  |
| 3.04       | Operating expenses/income                        | -636,568                    | -1,493,524                             | -760,491  | 253,539  |
| 3.04.01    | Selling expenses                                 | -137,596                    | -306,229                               | -148,232  | -294,150   |
| 3.04.02    | General and administrative expenses              | -72,367                     | -195,627                               | -90,806   | -175,370   |
| 3.04.04    | Other operating income                           | 1,730                       | 4,570                                  | 8,547   | 12,269   |
| 3.04.05    | Other operating expenses                         | -86,927                     | -189,469                               | -204,927  | -406,687   |
| 3.04.06    | Equity in income of affiliates                   | -341,408                    | -806,769                               | -325,073  | 1,117,477  |
| 3.05       | Profit before finance income (costs) and taxes   | -351,560                    | -869,272                               | -157,493  | 1,725,137  |
| 3.06       | Finance income (costs)                           | 380,363                     | 112,485                                | -555,237  | -2,583,592   |
| 3.06.01    | Finance income                                   | 68,242                      | 86,671                                 | -87,637   | 407,056  |
| 3.06.02    | Finance expenses                                 | 312,121                     | 25,814                                 | -467,600  | -2,990,648   |
| 3.06.02.01 | Net exchange difference on financial instruments | 1,091,248                   | 2,134,372                              | 310,866   | -1,349,106   |
| 3.06.02.02 | Finance expenses                                 | -779,127                    | -2,108,558                             | -778,466  | -1,641,542   |
| 3.07       | Profit (loss) before taxes on income             | 28,803                      | -756,787                               | -712,730  | -858,455   |
| 3.08       | Income tax and social contribution               | 2,050                       | 2,449                                  | 98,462  | 636,243  |
| 3.09       | Profit (loss) from continuing operations         | 30,853                      | -754,338                               | -614,268  | -222,212   |
| 3.11       | Profit (loss) for the year                       | 30,853                      | -754,338                               | -614,268  | -222,212   |

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|            |                                  |         |          |          |          |
|------------|----------------------------------|---------|----------|----------|----------|
| 3.99       | Earnings per share - (R\$/share) |         |          |          |          |
| 3.99.01    | Basic earnings per share         |         |          |          |          |
| 3.99.01.01 | Common shares                    | 0.02273 | -0.55583 | -0.45262 | -0.16373 |



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

ITR — Quarterly Financial Information - June 30, 2016 – CIA SIDERURGICA NACIONAL

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

| Code    | Description   | Current Quarter            | Year to date              | Same<br>Quarter<br>Previous<br>Year | YTD<br>Previous<br>Year   |
|---------|---|----------------------------|---------------------------|-------------------------------------|---------------------------|
|         |   | 04/1/2016 to<br>06/30/2016 | 1/1/2016 to<br>06/30/2016 | 4/1/2015 to<br>06/30/2015           | 1/1/2015 to<br>06/30/2015 |
| 4.01    | Profit (loss) for the year  | 30,853                     | -754,338                  | -614,268                            | -222,212                  |
| 4.02    | Other comprehensive income  | 412,619                    | 829,930                   | -377,048                            | -14,035                   |
| 4.02.01 | Actuarial (losses) gains on defined benefit plan from investments in subsidiaries, net of taxes | 29                         | 114                       | -221                                | -96                       |
| 4.02.02 | Actuarial (losses) gains on defined benefit   | 0                          | 0                         | 348                                 | 348                       |
| 4.02.03 | Income tax and social contribution on actuarial (losses) gains on defined benefit               | 0                          | 0                         | -118                                | -118                      |
| 4.02.04 | Cumulative translation adjustments for the year   | -278,981                   | -460,092                  | -7,815                              | 168,956                   |
| 4.02.05 | Available-for-sale assets   | 95,500                     | 127,853                   | -594,881                            | 2,254                     |
| 4.02.06 | Income tax and social contribution on available-for-sale assets                                 | 0                          | 0                         | 202,259                             | -767                      |
| 4.02.07 | Available-for-sale assets from investments in subsidiaries, net of taxes                        | 0                          | 0                         | -89,516                             | -20,817                   |
| 4.02.08 | Impairment of available-for-sale assets   | 0                          | 0                         | 89,434                              | 97,851                    |
| 4.02.09 | Income tax and social contribution on impairment of available-for-sale assets                   | 0                          | 0                         | -30,407                             | -33,269                   |
| 4.02.10 | (Loss) / gain on the percentage change in investments   | 584                        | 584                       | -43                                 | -43                       |
| 4.02.11 | (Loss) gain on cash flow hedge accounting   | 538,461                    | 1,072,884                 | 81,685                              | -345,960                  |

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|         |   |         |        |          |          |
|---------|---|---------|--------|----------|----------|
| 4.02.12 | Income tax and social contribution on cash flow hedge accounting    | 0       | 0      | -27,773  | 117,626  |
| 4.02.13 | Realization of cash flow hedge reclassified to the income statement | 7,826   | 20,523 | 0        | 0        |
| 4.02.14 | (Loss) gain on net investment hedge                                 | 49,200  | 68,064 | 0        | 0        |
| 4.03    | Comprehensive income for the year                                   | 443,472 | 75,592 | -991,316 | -236,247 |

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ITR — Quarterly Financial Information - June 30, 2016 – CIA SIDERURGICA NACIONAL

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

| Code       | Description  | Year To Date                | YTD Previous Year          |
|------------|--|-----------------------------|----------------------------|
|            |  | 01/01/2016 to<br>06/30/2016 | 01/01/2015 to<br>6/30/2015 |
| 6.01       | Net cash generated by operating activities                               | 1,096,182                   | 330,933                    |
| 6.01.01    | Cash generated from operations   | -871,793                    | 1,998,343                  |
| 6.01.01.01 | Profit (loss) for the year   | -754,338                    | -222,212                   |
| 6.01.01.02 | Charges on borrowings and financing                                      | 1,257,102                   | 1,575,442                  |
| 6.01.01.03 | Charges on loans and financing granted                                   | -17,550                     | -9,535                     |
| 6.01.01.04 | Depreciation, depletion and amortization                                 | 275,222                     | 424,556                    |
| 6.01.01.05 | Equity in income (losses) of affiliates                                  | 806,769                     | -1,117,477                 |
| 6.01.01.06 | Deferred income tax and social contribution                              | -2,500                      | -642,283                   |
| 6.01.01.08 | Provision for tax, social security, labor, civil and environmental risks | -26,343                     | 146,453                    |
| 6.01.01.09 | Inflation adjustment and exchange differences, net                       | -2,436,646                  | 1,720,814                  |
| 6.01.01.11 | Impairment of available-for-sale assets                                  | 0                           | 97,851                     |
| 6.01.01.12 | Residual value of permanent assets written off                           | 20,729                      | 3,907                      |
| 6.01.01.14 | Other provisions   | 5,762                       | 20,827                     |
| 6.01.02    | Changes in assets and liabilities  | 1,967,975                   | -1,667,410                 |
| 6.01.02.01 | Trade receivables - third parties  | -66,349                     | -172,718                   |
| 6.01.02.02 | Trade receivables - related parties                                      | 272,198                     | -158,525                   |
| 6.01.02.03 | Inventories  | 617,162                     | -328,120                   |
| 6.01.02.04 | Receivables - related parties / Dividends                                | -7,350                      | -1,550                     |
| 6.01.02.05 | Recoverable taxes  | 199,099                     | -59,206                    |
| 6.01.02.06 | Judicial deposits  | 32,595                      | -13,396                    |
| 6.01.02.07 | Dividends received - related parties                                     | 2,300,090                   | 0                          |
| 6.01.02.10 | Trade payables   | 5,618                       | 277,095                    |
| 6.01.02.11 | Payroll and related taxes  | -135                        | -24,717                    |
| 6.01.02.12 | Taxes in installments - REFIS  | 55,379                      | -27,922                    |
| 6.01.02.14 | Payables to related parties  | -22,840                     | 41,557                     |
| 6.01.02.16 | Interest paid  | -1,324,899                  | -1,205,227                 |
| 6.01.02.17 | Interest received  | 0                           | 651                        |
| 6.01.02.19 | Other  | -92,593                     | 4,668                      |

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|         |   |           |            |
|---------|---|-----------|------------|
| 6.02    | Net cash used in investing activities                                   | -82,009   | -51,015    |
| 6.02.01 | Investments / Advances for future capital increase                      | -212,939  | -18,452    |
| 6.02.02 | Purchase of property, plant and equipment                               | -608,265  | -828,458   |
| 6.02.03 | Cash reduction of subsidiaries and joint ventures                       | 0         | 129,745    |
| 6.02.04 | Capital reduction in subsidiary and joint venture                       | 0         | 486,758    |
| 6.02.08 | Intercompany loans granted  | 0         | -25,143    |
| 6.02.09 | Intercompany loans received   | 0         | 5,546      |
| 6.02.10 | Exclusive funds   | 84,688    | 198,989    |
| 6.02.11 | Financial Investments, net of redemption                                | 654,507   | 0          |
| 6.03    | Net cash used in financing activities                                   | -389,838  | -1,184,399 |
| 6.03.01 | Borrowings and financing, net of transaction cost                       | -26,018   | 595,000    |
| 6.03.02 | Borrowings and financing - related parties                              | 40,239    | 0          |
| 6.03.03 | Funding Forfaiting / drawee Risk  | 78,240    | 386,143    |
| 6.03.04 | Payment Forfaiting / drawee Risk  | -257,631  | -562,948   |
| 6.03.05 | Amortization of principal on borrowings and financing                   | -184,429  | -585,436   |
| 6.03.06 | Amortization of principal on borrowings and financing - related parties | -40,239   | -457,936   |
| 6.03.07 | Payments of dividends and interests on shareholder's equity             | 0         | -549,832   |
| 6.03.08 | Treasury shares   | 0         | -9,390     |
| 6.04    | Exchange differences on translating cash and cash equivalents           | -22,066   | 0          |
| 6.05    | Increase (decrease) in cash and cash equivalents                        | 602,269   | -904,481   |
| 6.05.01 | Cash and equivalents at the beginning of the year                       | 1,885,199 | 3,146,393  |
| 6.05.02 | Cash and equivalents at the end of the year                             | 2,487,468 | 2,241,912  |

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

ITR — Quarterly Financial Information - June 30, 2016 – CIA SIDERURGICA NACIONAL

**Version:  
1****Parent Company Financial Statements / Statement of Changes in Equity - 01/01/2016 to 06/30/2016  
(R\$ thousand)**

| Code       | Description   | Paid-in capital | Capital reserve, granted options and treasury shares | Earnings reserve | Retained earnings (accumulated losses) | Other comprehensive income | Shareholders' equity |
|------------|---|-----------------|--|------------------|--|----------------------------|----------------------|
| 5.01       | Opening balances  | 4,540,000       | 30   | 0                | -367,214                               | 1,790,693                  | 5,963,509            |
| 5.03       | Adjusted opening balances   | 4,540,000       | 30   | 0                | -367,214                               | 1,790,693                  | 5,963,509            |
| 5.05       | Total comprehensive income  | 0               | 0  | 0                | -754,338                               | 829,930                    | 75,592               |
| 5.05.01    | Profit (loss) for the year  | 0               | 0  | 0                | -754,338                               | 0                          | -754,338             |
| 5.05.02    | Other comprehensive income  | 0               | 0  | 0                | 0                                      | 829,930                    | 829,930              |
| 5.05.02.04 | Translation adjustments for the year                                  | 0               | 0  | 0                | 0                                      | -460,092                   | -460,092             |
| 5.05.02.08 | Actuarial gains(losses) on defined benefit pension plan, net of taxes | 0               | 0  | 0                | 0                                      | 114                        | 114                  |
| 5.05.02.09 | Available-for-sale assets, net of taxes                               | 0               | 0  | 0                | 0                                      | 127,853                    | 127,853              |
| 5.05.02.10 | (Loss) / gain on the percentage change in investments                 | 0               | 0  | 0                | 0                                      | 584                        | 584                  |
| 5.05.02.11 |   | 0               | 0  | 0                | 0                                      | 1,072,884                  | 1,072,884            |

|            |  |           |    |   |            |           |           |
|------------|--|-----------|----|---|------------|-----------|-----------|
|            | (Loss) / gain on<br>hedge<br>accounting, net of<br>taxes |           |    |   |            |           |           |
|            | Realization of<br>cash flow hedge                        |           |    |   |            |           |           |
| 5.05.02.12 | accounting<br>reclassified to<br>income statement        | 0         | 0  | 0 | 0          | 20,523    | 20,523    |
| 5.05.02.13 | (Loss) / gain on<br>foreign<br>investment hedge          | 0         | 0  | 0 | 0          | 68,064    | 68,064    |
| 5.07       | Closing balance  | 4,540,000 | 30 | 0 | -1,121,552 | 2,620,623 | 6,039,101 |

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

ITR — Quarterly Financial Information - June 30, 2016 – CIA SIDERURGICA NACIONAL

**Version:  
1****Parent Company Financial Statements / Statement of Changes in Equity - 01/01/2015 to 06/30/2015  
(R\$ thousand)**

| Code       | Description   | Paid-in capital | Capital reserve, granted options and treasury shares | Earnings reserve | Retained earnings (accumulated losses) | Other comprehensive income | Shareholders' equity |
|------------|---|-----------------|--|------------------|--|----------------------------|----------------------|
| 5.01       | Opening balances  | 4,540,000       |  | 30 1,131,298     | 0                                      | 25,140                     | 5,696,468            |
| 5.03       | Adjusted opening balances   | 4,540,000       |  | 30 1,131,298     | 0                                      | 25,140                     | 5,696,468            |
| 5.04       | Capital transactions with shareholders                                | 0               | 0  | -284,390         | 0                                      | 0                          | -284,390             |
| 5.04.04    | Treasury Shares Acquired  | 0               | 0  | -9,390           | 0                                      | 0                          | -9,390               |
| 5.04.06    | Dividends   | 0               | 0  | -275,000         | 0                                      | 0                          | -275,000             |
| 5.05       | Total comprehensive income  | 0               | 0  | 0                | -222,212                               | -14,035                    | -236,247             |
| 5.05.01    | Profit for the year   | 0               | 0  | 0                | -222,212                               | 0                          | -222,212             |
| 5.05.02    | Other comprehensive income  | 0               | 0  | 0                | 0                                      | -14,035                    | -14,035              |
| 5.05.02.04 | Translation adjustments for the year                                  | 0               | 0  | 0                | 0                                      | 168,956                    | 168,956              |
| 5.05.02.08 | Actuarial gains(losses) on defined benefit pension plan, net of taxes | 0               | 0  | 0                | 0                                      | 134                        | 134                  |
| 5.05.02.09 | Available-for-sale assets, net of taxes                               | 0               | 0  | 0                | 0                                      | 45,252                     | 45,252               |

|            |  |           |    |         |          |          |           |
|------------|--|-----------|----|---------|----------|----------|-----------|
| 5.05.02.10 | (Loss) / gain on<br>the percentage<br>change in<br>investments | 0         | 0  | 0       | 0        | -43      | -43       |
| 5.05.02.11 | (Loss) / gain on<br>hedge<br>accounting, net of<br>taxes       | 0         | 0  | 0       | 0        | -228,334 | -228,334  |
| 5.07       | Closing balance  | 4,540,000 | 30 | 846,908 | -222,212 | 11,105   | 5,175,831 |



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

ITR — Quarterly Financial Information - June 30, 2016 – CIA SIDERURGICA NACIONAL

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

| Code       | Description   | Year to Date                | YTD Prior Year                 |
|------------|---|-----------------------------|--------------------------------|
|            |   | 01/01/2016 to<br>06/30/2016 | 01/01/2015<br>to<br>06/30/2015 |
| 7.01       | Revenues  | 5,137,596                   | 7,173,036                      |
| 7.01.01    | Sales of products and services                        | 5,161,434                   | 7,128,823                      |
| 7.01.02    | Other revenues  | -14,507                     | 62,125                         |
| 7.01.04    | Allowance for (reversal of) doubtful debts            | -9,331                      | -17,912                        |
| 7.02       | Raw materials acquired from third parties             | -4,128,170                  | -5,054,210                     |
| 7.02.01    | Cost of sales and services                            | -3,658,296                  | -3,996,450                     |
| 7.02.02    | Materials, electric power, outside services and other | -467,883                    | -954,824                       |
| 7.02.03    | Impairment/recovery of assets                         | -1,991                      | -5,085                         |
| 7.02.04    | Other   | 0                           | -97,851                        |
| 7.02.04.01 | Impairment of available-for-sale assets               | 0                           | -97,851                        |
| 7.03       | Gross value added                                     | 1,009,426                   | 2,118,826                      |
| 7.04       | Retentions  | -275,222                    | -424,556                       |
| 7.04.01    | Depreciation, amortization and depletion              | -275,222                    | -424,556                       |
| 7.05       | Wealth created  | 734,204                     | 1,694,270                      |
| 7.06       | Value added received as transfer                      | -1,038,952                  | 2,126,557                      |
| 7.06.01    | Equity in income of affiliates                        | -806,769                    | 1,117,477                      |
| 7.06.02    | Finance income  | 86,671                      | 407,056                        |
| 7.06.03    | Other   | -318,854                    | 602,024                        |
| 7.06.03.01 | Other and exchange gains                              | -318,854                    | 602,024                        |
| 7.07       | Wealth for distribution                               | -304,748                    | 3,820,827                      |
| 7.08       | Wealth distributed                                    | -304,748                    | 3,820,827                      |
| 7.08.01    | Personnel   | 562,304                     | 679,471                        |
| 7.08.01.01 | Salaries and wages                                    | 429,873                     | 518,615                        |
| 7.08.01.02 | Benefits  | 99,496                      | 127,447                        |
| 7.08.01.03 | Severance pay fund (FGTS)                             | 32,935                      | 33,409                         |
| 7.08.02    | Taxes, fees and contributions                         | 227,638                     | -226,792                       |
| 7.08.02.01 | Federal   | 178,213                     | -293,008                       |
| 7.08.02.02 | State   | 49,425                      | 62,039                         |

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|               |  |            |           |
|---------------|--|------------|-----------|
| 7.08.02.03    | Municipal                              | 0          | 4,177     |
| 7.08.03       | Remuneration on third-party capital    | -340,352   | 3,590,360 |
| 7.08.03.01    | Interest                               | 2,108,926  | 1,641,127 |
| 7.08.03.02    | Leases                                 | 5,215      | 4,874     |
| 7.08.03.03    | Other                                  | -2,454,493 | 1,944,359 |
| 7.08.03.03.01 | Other and exchange losses              | -2,454,493 | 1,944,359 |
| 7.08.04       | Remuneration on Shareholders capital   | -754,338   | -222,212  |
| 7.08.04.03    | Retained earnings (accumulated losses) | -754,338   | -222,212  |

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

ITR — Quarterly Financial Information - June 30, 2016 – CIA SIDERURGICA NACIONAL

**Version:  
1****Consolidated Financial Statements / Balance Sheet - Assets  
(R\$ thousand)**

| Code       | Description                                      | Current Quarter | Previous Year |
|------------|--|-----------------|---------------|
|            |  | 06/30/2016      | 12/31/2015    |
| 1          | Total assets                                     | 43,145,687      | 47,339,409    |
| 1.01       | Current assets                                   | 11,925,609      | 16,430,691    |
| 1.01.01    | Cash and cash equivalents                        | 5,139,041       | 7,861,052     |
| 1.01.02    | Financial investments                            | 322,925         | 763,599       |
| 1.01.02.02 | Financial investments measured at amortized cost | 322,925         | 763,599       |
| 1.01.03    | Trade receivables                                | 1,688,377       | 1,578,277     |
| 1.01.04    | Inventories                                      | 3,834,048       | 4,941,314     |
| 1.01.08    | Other current assets                             | 941,218         | 1,286,449     |
| 1.02       | Non-current assets                               | 31,220,078      | 30,908,718    |
| 1.02.01    | Long-term receivables                            | 1,605,680       | 1,661,987     |
| 1.02.01.06 | Deferred taxes                                   | 73,108          | 78,066        |
| 1.02.01.09 | Other non-current assets                         | 1,532,572       | 1,583,921     |
| 1.02.02    | Investments                                      | 4,400,294       | 3,998,239     |
| 1.02.03    | Property, plant and equipment                    | 17,908,164      | 17,826,226    |
| 1.02.04    | Intangible assets                                | 7,305,940       | 7,422,266     |

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

ITR — Quarterly Financial Information - June 30, 2016 – CIA SIDERURGICA NACIONAL

**Version:  
1****Consolidated Financial Statements / Balance Sheet – Liabilities  
(R\$ thousand)**

| Code          | Description  | Current Quarter | Previous Year |
|---------------|--|-----------------|---------------|
|               |  | 06/30/2016      | 12/31/2015    |
| 2             | Total liabilities  | 43,145,687      | 47,339,409    |
| 2.01          | Current liabilities  | 4,181,108       | 5,082,199     |
| 2.01.01       | Payroll and related taxes  | 261,743         | 256,840       |
| 2.01.02       | Trade payables   | 1,194,942       | 1,293,008     |
| 2.01.03       | Taxes payable  | 397,148         | 457,391       |
| 2.01.04       | Borrowings and financing   | 1,337,872       | 1,874,681     |
| 2.01.05       | Other payables   | 865,285         | 1,073,017     |
| 2.01.06       | Provisions   | 124,118         | 127,262       |
| 2.01.06.01    | Provision for tax, social security, labor and civil risks                | 124,118         | 127,262       |
| 2.02          | Non-current liabilities  | 31,774,542      | 35,165,992    |
| 2.02.01       | Borrowings and financing   | 29,004,967      | 32,407,834    |
| 2.02.02       | Other payables   | 137,032         | 131,284       |
| 2.02.03       | Deferred taxes   | 1,103,443       | 1,072,033     |
| 2.02.04       | Provisions   | 1,529,100       | 1,554,771     |
| 2.02.04.01    | Provision for tax, social security, labor and civil risks                | 690,707         | 711,472       |
| 2.02.04.02    | Other provisions   | 838,393         | 843,299       |
| 2.02.04.02.03 | Provision for environmental liabilities and asset retirement obligations | 324,025         | 328,931       |
| 2.02.04.02.04 | Pension and healthcare plan  | 514,368         | 514,368       |
| 2.03          | Consolidated Shareholders' equity  | 7,190,037       | 7,091,288     |
| 2.03.01       | Issued capital   | 4,540,000       | 4,540,000     |
| 2.03.02       | Capital reserves   | 30              | 30            |
| 2.03.04.02    | Earnings reserves  | 238,976         | 238,976       |
| 2.03.04.09    | Treasury shares  | -238,976        | -238,976      |
| 2.03.05       | Profit/(Losses)  | -1,121,552      | -367,214      |
| 2.03.08       | Other comprehensive income   | 2,620,623       | 1,790,693     |
| 2.03.09       | Non-controlling interests  | 1,150,963       | 1,127,779     |



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

ITR — Quarterly Financial Information - June 30, 2016 – CIA SIDERURGICA NACIONAL

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

| Code       | Description                                      | Current Quarter             | Year To                                | Same  | YTD  |
|------------|--|-----------------------------|--|---|--|
|            |  | 04/01/2016 to<br>06/30/2016 | Date<br>01/01/2016<br>to<br>06/30/2016 | Quarter<br>Previous<br>Year<br>04/01/2015<br>to<br>06/30/2015 | Previous<br>Year<br>01/01/2015<br>to<br>06/30/2015 |
| 3.01       | Net revenue from sales and/or services           | 4,185,078                   | 8,193,149                              | 3,687,140   | 7,697,392  |
| 3.02       | Cost of sales and/or services                    | -3,262,639                  | -6,344,665                             | -2,847,095  | -5,872,628   |
| 3.03       | Gross profit                                     | 922,439                     | 1,848,484                              | 840,045   | 1,824,764  |
| 3.04       | Operating expenses/income                        | -651,166                    | -1,343,279                             | -688,079  | -913,813   |
| 3.04.01    | Selling expenses                                 | -394,183                    | -844,604                               | -311,344  | -612,174   |
| 3.04.02    | General and administrative expenses              | -104,230                    | -264,341                               | -109,897  | -219,742   |
| 3.04.04    | Other operating income                           | 11,746                      | 34,018                                 | 12,562  | 18,524   |
| 3.04.05    | Other operating expenses                         | -182,927                    | -331,759                               | -235,578  | -455,077   |
| 3.04.06    | Equity in income of affiliates                   | 18,428                      | 63,407                                 | -43,822   | 354,656  |
| 3.05       | Profit before finance income (costs) and taxes   | 271,273                     | 505,205                                | 151,966   | 910,951  |
| 3.06       | Finance income (costs)                           | -197,019                    | -1,093,958                             | -771,695  | -1,641,395   |
| 3.06.01    | Finance income                                   | 140,729                     | 383,883                                | 43,477  | 99,613   |
| 3.06.02    | Finance Expenses                                 | -337,748                    | -1,477,841                             | -815,172  | -1,741,008   |
| 3.06.02.01 | Net exchange difference on financial instruments | 487,675                     | 169,435                                | -7,223  | -72,466  |
| 3.06.02.02 | Finance Expenses                                 | -825,423                    | -1,647,276                             | -807,949  | -1,668,542   |
| 3.07       | Profit (loss) before taxes on income             | 74,254                      | -588,753                               | -619,729  | -730,444   |
| 3.08       | Income tax and social contribution               | -28,131                     | -141,821                               | 5,136   | 507,653  |
| 3.09       | Profit (loss) from continuing operations         | 46,123                      | -730,574                               | -614,593  | -222,791   |
| 3.11       | Consolidated profit (loss) for the year          | 46,123                      | -730,574                               | -614,593  | -222,791   |
| 3.11.01    |  | 30,853                      | -754,338                               | -614,268  | -222,212   |

|            |  |         |          |          |          |
|------------|--|---------|----------|----------|----------|
|            | Attributed to controlling Shareholders     |         |          |          |          |
| 3.11.02    | Attributed to non-controlling Shareholders | 15,270  | 23,764   | -325     | -579     |
| 3.99       | Earnings per share - (R\$/share)           |         |          |          |          |
| 3.99.01    | Basic earnings per share                   |         |          |          |          |
| 3.99.01.01 | Common shares                              | 0.02273 | -0.55583 | -0.45262 | -0.16373 |

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

ITR — Quarterly Financial Information - June 30, 2016 – CIA SIDERURGICA NACIONAL

**Version:  
1****Consolidated Financial Statements / Statement of Comprehensive Income  
(R\$ thousand)**

| Code    | Description  | Current Quarter             | Year to date                | Same<br>Quarter<br>Previous<br>Year | YTD<br>Previous<br>Year        |
|---------|--|-----------------------------|-----------------------------|-------------------------------------|--------------------------------|
|         |  | 04/01/2016 to<br>06/30/2016 | 01/01/2016 to<br>06/30/2016 | 04/01/2015<br>to<br>06/30/2015      | 01/01/2015<br>to<br>06/30/2015 |
| 4.01    | Consolidated profit (loss) for the year  | 46,123                      | -730,574                    | -614,593                            | -222,791                       |
| 4.02    | Other comprehensive income   | 412,619                     | 829,930                     | -377,048                            | -14,035                        |
| 4.02.01 | Actuarial gains on defined benefit plan from investments in subsidiaries                       | 29                          | 114                         | 0                                   | 0                              |
| 4.02.02 | Actuarial gains (losses) on defined benefit pension plan                                       | 0                           | 0                           | 0                                   | 202                            |
| 4.02.03 | Income tax and social contribution on actuarial (losses) gains on defined benefit pension plan | 0                           | 0                           | 9                                   | -68                            |
| 4.02.04 | Cumulative translation adjustments for the year  | -278,981                    | -460,092                    | -7,815                              | 168,956                        |
| 4.02.05 | Available-for-sale assets  | 95,500                      | 127,853                     | -677,690                            | -29,287                        |
| 4.02.06 | Income tax and social contribution on available-for-sale assets                                | 0                           | 0                           | 195,552                             | 9,957                          |
| 4.02.07 | Impairment of available-for-sale assets  | 0                           | 0                           | 89,434                              | 97,851                         |
| 4.02.08 | Income tax and social contribution on impairment of available-for-sale assets                  | 0                           | 0                           | -30,407                             | -33,269                        |
| 4.02.09 | (Loss) / gain on the percentage change in investments  | 584                         | 584                         | -43                                 | -43                            |
| 4.02.10 | Gain (loss) on cash flow hedge accounting  | 538,461                     | 1,072,884                   | 81,685                              | -345,960                       |
| 4.02.11 |  | 0                           | 0                           | -27,773                             | 117,626                        |



|         |  |         |        |          |          |
|---------|--|---------|--------|----------|----------|
|         | Income tax and social contribution on cash flow hedge accounting           |         |        |          |          |
| 4.02.12 | Realization of cash flow hedge accounting reclassified to income statement | 7,826   | 20,523 | 0        | 0        |
| 4.02.13 | (Loss) / gain on foreign investment hedge                                  | 49,200  | 68,064 | 0        | 0        |
| 4.03    | Consolidated comprehensive income for the year                             | 458,742 | 99,356 | -991,641 | -236,826 |
| 4.03.01 | Attributed to controlling Shareholders                                     | 443,472 | 75,592 | -991,316 | -236,247 |
| 4.03.02 | Attributed to non-controlling Shareholders                                 | 15,270  | 23,764 | -325     | -579     |

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

ITR — Quarterly Financial Information - June 30, 2016 – CIA SIDERURGICA NACIONAL

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

| Code       | Description  | Year to Date                | YTD Previous Year           |
|------------|--|-----------------------------|-----------------------------|
|            |  | 01/01/2016 to<br>06/30/2016 | 01/01/2015 to<br>06/30/2015 |
| 6.01       | Net cash generated by operating activities                               | -730,946                    | 1,178,068                   |
| 6.01.01    | Cash generated from operations   | -118,710                    | 2,958,173                   |
| 6.01.01.01 | Profit (loss) for the year attributable to owners of the Company         | -754,338                    | -222,212                    |
| 6.01.01.02 | Profit (loss) for the year attributable to non-controlling interests     | 23,764                      | -579                        |
| 6.01.01.03 | Charges on borrowings and financing                                      | 1,485,733                   | 1,583,962                   |
| 6.01.01.04 | Charges on loans and financing granted                                   | -26,838                     | -8,659                      |
| 6.01.01.05 | Depreciation, depletion and amortization                                 | 637,392                     | 561,655                     |
| 6.01.01.06 | Equity in income (losses) of affiliates                                  | -63,407                     | -354,656                    |
| 6.01.01.07 | Deferred income tax and social contribution                              | 87,731                      | -599,697                    |
| 6.01.01.08 | Provision for tax, social security, labor, civil and environmental risks | -23,909                     | 183,442                     |
| 6.01.01.09 | Inflation adjustment and exchange differences, net                       | -1,359,310                  | 1,633,246                   |
| 6.01.01.10 | Gain on derivative transactions  | 362                         | 2,658                       |
| 6.01.01.11 | Impairment of available-for-sale assets                                  | 0                           | 97,851                      |
| 6.01.01.16 | Residual value of permanent assets written off                           | 26,988                      | 4,553                       |
| 6.01.01.17 | Gain on repurchase of debt securities                                    | -146,214                    | 0                           |
| 6.01.01.20 | Other provisions   | -6,664                      | 76,609                      |
| 6.01.02    | Changes in assets and liabilities  | -612,236                    | -1,780,105                  |
| 6.01.02.01 | Receivables - related parties  | -112,548                    | -262,503                    |
| 6.01.02.02 | Receivables - related parties  | -8,526                      | -29,283                     |
| 6.01.02.03 | Inventories  | 1,107,265                   | -253,368                    |
| 6.01.02.05 | Recoverable taxes  | 235,524                     | 19,757                      |
| 6.01.02.06 | Judicial deposits  | 24,624                      | -23,068                     |
| 6.01.02.08 | Trade payables   | -96,459                     | 267,110                     |
| 6.01.02.09 | Payroll and related taxes  | 4,580                       | -17,311                     |
| 6.01.02.10 | Taxes in installments - REFIS  | -45,162                     | -128,492                    |
| 6.01.02.12 | Payables to related parties  | 4,212                       | 13,657                      |

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|            |   |            |            |
|------------|---|------------|------------|
| 6.01.02.14 | Interest paid   | -1,583,668 | -1,362,278 |
| 6.01.02.15 | Interest received   | 0          | 651        |
| 6.01.02.17 | Other   | -142,078   | -4,977     |
| 6.02       | Net cash used in investing activities                                   | -1,287,504 | 185,918    |
| 6.02.02    | Investments   | -190,435   | 0          |
| 6.02.03    | Purchase of property, plant and equipment                               | -797,054   | -900,637   |
| 6.02.07    | Capital reduction on joint venture                                      | 0          | 466,758    |
| 6.02.09    | Receipt/payment in derivative transactions                              | -715,547   | 551,882    |
| 6.02.10    | Purchase of intangible assets   | -6         | -201       |
| 6.02.11    | Intercompany loans granted  | 0          | -25,143    |
| 6.02.12    | Intercompany loans received   | 0          | 58,385     |
| 6.02.13    | Financial Investments, net of redemption                                | 415,538    | 34,874     |
| 6.03       | Net cash used in financing activities                                   | -671,439   | -2,199,780 |
| 6.03.01    | Capitalization net of transactions cost                                 | -26,950    | 599,071    |
| 6.03.03    | Funding Forfaiting / Drawee Risk  | 78,240     | 386,143    |
| 6.03.04    | Payment Forfaiting / Drawee Risk  | -257,631   | -562,948   |
| 6.03.05    | Amortization of principal on borrowings and financing                   | -307,395   | -1,969,314 |
| 6.03.06    | Amortization of principal on borrowings and financing - related parties | 0          | -52,839    |
| 6.03.07    | Payments of dividends and interests on shareholder's equity             | 0          | -549,832   |
| 6.03.08    | Treasury shares   | 0          | -9,390     |
| 6.03.09    | Buyback of debt securities  | -157,703   | -40,671    |
| 6.04       | Exchange differences on translating cash and cash equivalents           | -32,122    | -5,799     |
| 6.05       | Increase (decrease) in cash and cash equivalents                        | -2,722,011 | -841,593   |
| 6.05.01    | Cash and equivalents at the beginning of the year                       | 7,861,052  | 8,686,021  |
| 6.05.02    | Cash and equivalents at the end of the year                             | 5,139,041  | 7,844,428  |

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

ITR — Quarterly Financial Information - June 30, 2016 – CIA SIDERURGICA NACIONAL

**Version:  
1****Consolidated Financial Statements / Statement of Changes in Equity - 1/1/2016 to 06/30/2016  
(R\$ thousand)**

| Code       | Description   | Paid-in capital | Capital reserve, granted options and treasury shares | Earnings reserve | Retained earnings (accumulated losses) | Other comprehensive income | Shareholders' equity | Non-con | inter |
|------------|---|-----------------|--|------------------|--|----------------------------|----------------------|---------|-------|
| 5.01       | Opening balances  | 4,540,000       | 30   | 0                | -367,214                               | 1,790,693                  | 5,963,509            |         | 1,    |
| 5.03       | Adjusted opening balances   | 4,540,000       | 30   | 0                | -367,214                               | 1,790,693                  | 5,963,509            |         | 1,    |
| 5.05       | Total comprehensive income  | 0               | 0  | 0                | -754,338                               | 829,930                    | 75,592               |         |       |
| 5.05.01    | Profit (loss) for the year  | 0               | 0  | 0                | -754,338                               | 0                          | -754,338             |         |       |
| 5.05.02    | Other comprehensive income  | 0               | 0  | 0                | 0                                      | 829,930                    | 829,930              |         |       |
| 5.05.02.04 | Translation adjustments for the year                                  | 0               | 0  | 0                | 0                                      | -460,092                   | -460,092             |         |       |
| 5.05.02.08 | Actuarial gains(losses) on defined benefit pension plan, net of taxes | 0               | 0  | 0                | 0                                      | 114                        | 114                  |         |       |
| 5.05.02.09 | Available-for-sale assets, net of taxes                               | 0               | 0  | 0                | 0                                      | 127,853                    | 127,853              |         |       |
| 5.05.02.10 | (Loss) / gain on the percentage change in investments                 | 0               | 0  | 0                | 0                                      | 584                        | 584                  |         |       |

|            |   |           |    |   |            |           |           |    |
|------------|---|-----------|----|---|------------|-----------|-----------|----|
| 5.05.02.11 | (Loss) / gain on<br>hedge<br>accounting, net<br>of taxes                                  | 0         | 0  | 0 | 0          | 1,072,884 | 1,072,884 |    |
| 5.05.02.12 | Realization of<br>cash flow hedge<br>accounting<br>reclassified to<br>income<br>statement | 0         | 0  | 0 | 0          | 20,523    | 20,523    |    |
| 5.05.02.13 | (Loss) / gain on<br>foreign<br>investment<br>hedge  | 0         | 0  | 0 | 0          | 68,064    | 68,064    |    |
| 5.06       | Internal changes<br>in shareholders'<br>equity  | 0         | 0  | 0 | 0          | 0         | 0         |    |
| 5.06.04    | Non-controlling<br>interests in<br>subsidiaries   | 0         | 0  | 0 | 0          | 0         | 0         |    |
| 5.07       | Closing balance   | 4,540,000 | 30 | 0 | -1,121,552 | 2,620,623 | 6,039,101 | 1, |

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

ITR — Quarterly Financial Information - June 30, 2016 – CIA SIDERURGICA NACIONAL

**Version:  
1****Consolidated Financial Statements / Statement of Changes in Equity - 1/1/2015 to 06/30/2015  
(R\$ thousand)**

| Code       | Description  | Paid-in capital | Capital reserve, granted options and treasury shares | Earnings reserve | Retained earnings (accumulated losses) | Other comprehensive income | Shareholders' equity | Non-con   |
|------------|--|-----------------|--|------------------|--|----------------------------|----------------------|-----------|
| 5.01       | Opening balances   | 4,540,000       |  | 301,131,298      |  | 0                          | 25,140               | 5,696,468 |
| 5.03       | Adjusted opening balances  | 4,540,000       |  | 301,131,298      |  | 0                          | 25,140               | 5,696,468 |
| 5.04       | Capital transactions with shareholders                                 | 0               | 0  | -284,390         |  | 0                          | 0                    | -284,390  |
| 5.04.04    | Treasury shares acquired   | 0               | 0  | -9,390           |  | 0                          | 0                    | -9,390    |
| 5.04.06    | Dividend   | 0               | 0  | -275,000         |  | 0                          | 0                    | -275,000  |
| 5.05       | Total comprehensive income   | 0               | 0  | 0                | -222,212                               | -14,035                    |                      | -236,247  |
| 5.05.01    | Profit (loss) for the period   | 0               | 0  | 0                | -222,212                               | 0                          |                      | -222,212  |
| 5.05.02    | Other comprehensive income   | 0               | 0  | 0                | 0                                      | -14,035                    |                      | -14,035   |
| 5.05.02.04 | Translation adjustments for the period                                 | 0               | 0  | 0                | 0                                      | 168,956                    |                      | 168,956   |
| 5.05.02.08 | Actuarial (losses) gains on defined benefit pension plan, net of taxes | 0               | 0  | 0                | 0                                      | 134                        |                      | 134       |

|            |  |           |    |         |          |          |           |
|------------|--|-----------|----|---------|----------|----------|-----------|
| 5.05.02.09 | Available-for-sale<br>assets, net of<br>taxes                  | 0         | 0  | 0       | 0        | 45,252   | 45,252    |
| 5.05.02.10 | (Loss) / gain on<br>the percentage<br>change in<br>investments | 0         | 0  | 0       | 0        | -43      | -43       |
| 5.05.02.11 | (Loss) gain on<br>hedge<br>accounting, net<br>of taxes         | 0         | 0  | 0       | 0        | -228,334 | -228,334  |
| 5.06       | Internal changes<br>in shareholders'<br>equity                 | 0         | 0  | 0       | 0        | 0        | 0         |
| 5.06.04    | Non-controlling<br>interests in<br>subsidiaries                | 0         | 0  | 0       | 0        | 0        | 0         |
| 5.07       | Closing balances   | 4,540,000 | 30 | 846,908 | -222,212 | 11,105   | 5,175,831 |

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ITR — Quarterly Financial Information - June 30, 2016 – CIA SIDERURGICA NACIONAL

**Version:  
1****Consolidated Financial Statements / Statement of Value Added  
(R\$thousand)**

| Code       | Description   | Year to Date          | Previous                |
|------------|---|-----------------------|-------------------------|
|            |   | 1/1/2016 to 6/30/2016 | 01/01/2015 to 6/30/2015 |
| 7.01       | Revenues  | 9,298,317             | 9,068,252               |
| 7.01.01    | Sales of products and services                        | 9,322,360             | 9,025,572               |
| 7.01.02    | Other revenues  | -14,552               | 62,929                  |
| 7.01.04    | Allowance for (reversal of) doubtful debts            | -9,491                | -20,249                 |
| 7.02       | Raw materials acquired from third parties             | -6,694,416            | -6,401,935              |
| 7.02.01    | Cost of sales and services                            | -5,434,217            | -5,019,457              |
| 7.02.02    | Materials, electric power, outside services and other | -1,259,658            | -1,278,681              |
| 7.02.03    | Impairment/recovery of assets                         | -541                  | -5,946                  |
| 7.02.04    | Other   | 0                     | -97,851                 |
| 7.02.04.01 | Impairment of available-for-sale assets               | 0                     | -97,851                 |
| 7.03       | Gross value added                                     | 2,603,901             | 2,666,317               |
| 7.04       | Retentions  | -637,392              | -561,655                |
| 7.04.01    | Depreciation, amortization and depletion              | -637,392              | -561,655                |
| 7.05       | Wealth created  | 1,966,509             | 2,104,662               |
| 7.06       | Value added received as transfer                      | -748,600              | 5,022,318               |
| 7.06.01    | Equity in income of affiliates                        | 63,407                | 354,656                 |
| 7.06.02    | Finance income  | 383,883               | 99,613                  |
| 7.06.03    | Other   | -1,195,890            | 4,568,049               |
| 7.06.03.01 | Other and exchange gains                              | -1,195,890            | 4,568,049               |
| 7.07       | Wealth for distribution                               | 1,217,909             | 7,126,980               |
| 7.08       | Wealth distributed                                    | 1,217,909             | 7,126,980               |
| 7.08.01    | Personnel   | 1,024,077             | 958,691                 |
| 7.08.01.01 | Salaries and wages                                    | 818,711               | 752,281                 |
| 7.08.01.02 | Benefits  | 155,793               | 163,045                 |
| 7.08.01.03 | Severance pay fund (FGTS)                             | 49,573                | 43,365                  |
| 7.08.02    | Taxes, fees and contributions                         | 633,323               | 81,827                  |
| 7.08.02.01 | Federal   | 522,161               | -64,711                 |



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|               |  |            |           |
|---------------|--|------------|-----------|
| 7.08.02.02    | State  | 101,022    | 136,130   |
| 7.08.02.03    | Municipal                                      | 10,140     | 10,408    |
| 7.08.03       | Remuneration on third-party capital            | 291,083    | 6,309,253 |
| 7.08.03.01    | Interest                                       | 1,647,644  | 1,314,562 |
| 7.08.03.02    | Leases   | 10,041     | 7,373     |
| 7.08.03.03    | Other  | -1,366,602 | 4,987,318 |
| 7.08.03.03.01 | Other and exchange losses                      | -1,366,602 | 4,987,318 |
| 7.08.04       | Remuneration on Shareholders capital           | -730,574   | -222,791  |
| 7.08.04.03    | Retained earnings (accumulated losses)         | -754,338   | -222,212  |
| 7.08.04.04    | Non-controlling interests in retained earnings | 23,764     | -579      |

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**Version:  
1****Comments on the Company's Consolidated Statement****Restatements of Results for the Second Quarter of 2016**

Companhia Siderúrgica Nacional (CSN) (BM&FBOVESPA: CSNA3) (NYSE: SID) announces today its consolidated results for the second quarter of 2016 (2Q16), which are presented in Brazilian Reais and in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), and with Brazilian accounting practices, which are fully convergent with international accounting norms, issued by the Accounting Pronouncements Committee (CPC) and approved by the Brazilian Securities and Exchange Commission (CVM), pursuant to CVM Instruction 485 of September 1, 2010. All comments presented herein refer to the Company's 2Q16 consolidated results and comparisons refer to the first quarter of 2016 (1Q16) and the second quarter of 2015 (2Q15), unless otherwise stated. The Real/U.S. Dollar exchange rate was R\$3.2092 on June 30, 2016 and R\$3.5583 on March 31, 2016.

|  |              |              |              |            |             |
|--|--------------|--------------|--------------|------------|-------------|
| <b>Steel Sales (thousand t)</b>                | <b>1,261</b> | <b>1,246</b> | <b>1,253</b> | <b>1%</b>  | <b>(1%)</b> |
| - Domestic Market                              | 60%          | 52%          | 53%          | 1%         | (7%)        |
| - Overseas Subsidiaries                        | 36%          | 42%          | 40%          | (3%)       | 2%          |
| - Exports                                      | 4%           | 6%           | 7%           | 2%         | 5%          |
| <b>Iron Ore Sales (thousand t)<sup>1</sup></b> | <b>5,987</b> | <b>8,295</b> | <b>9,267</b> | <b>12%</b> | <b>55%</b>  |
| - Domestic Market                              | 1%           | 13%          | 7%           | (5%)       | 6%          |

|   |         |         |         |        |       |
|---|---------|---------|---------|--------|-------|
| - Exports                                 | 99%     | 87%     | 93%     | 5%     | (6%)  |
| <b>Consolidated Results (R\$ million)</b> |         |         |         |        |       |
| Net Revenue                               | 3,687   | 4,008   | 4,185   | 4%     | 14%   |
| COGS                                      | (2,847) | (3,082) | (3,263) | 5%     | 15%   |
| Gross Profit                              | 840     | 926     | 922     | -      | 10%   |
| SG&A Expenses                             | (421)   | (611)   | (498)   | (18%)  | 18%   |
| Adjusted EBITDA <sup>2</sup>              | 801     | 733     | 855     | 17%    | 7%    |
| Adjusted Net Debt <sup>3</sup>            | 20,769  | 26,654  | 25,873  | (3%)   | 25%   |
| Adjusted Cash Position                    | 11,102  | 6,472   | 5,678   | (12%)  | (49%) |
| Net Debt / Adjusted EBITDA                | 5.6x    | 8.7x    | 8.3x    | (0.4x) | 2.7x  |

<sup>1</sup> Iron ore sales volumes include 100% of the stake in NAMISA until November 2015 and 100% of the stake in Congonhas Minérios as of December 2015.

<sup>2</sup> Adjusted EBITDA is calculated based on net income/loss, before depreciation and amortization, income taxes, the net financial result, results from investees, and other operating income (expenses) and includes the proportional share of the EBITDA of the jointly-owned investees MRS Logística and CBSI, as well as the Company's 60% interest in Namisa, 33.27% in MRS and 50% in CBSI until November 2015 and stakes of 100% in Congonhas Minérios, 37.27% in MRS and 50% in CBSI as of December 2015.

<sup>3</sup> Adjusted Net Debt and Adjusted Cash and Cash Equivalents included 33.27% of the stake in MRS, 60% of the interest in Namisa and 50% of the stake in CBSI until November 2015. As of December 2015, they included 100% of Congonhas Minérios, 32.27% of MRS and 50% of CBSI, excluding Forfeiting and drawee risk operations.

BM&FBovespa (CSNA3): R\$7.82/share  
 NYSE (SID): US\$2.45/ADR (1 ADR = 1 share)  
 Total no. of shares = 1,387,524,047

Market Cap: R\$10.850 billion (US\$4.429 billion)



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### **CSN's Consolidated Results**

- **Net revenue** totaled R\$4,185 million in 2Q16, 4% up on 1Q16 and 14% more than in the same period last year. In relation to the previous quarter, the upturn was primarily due to increased sales volume in the mining segment and higher steel prices. Concerning 2Q15, the improvement was also due to the increase in mining sales volume.
- **COGS** amounted to R\$3,263 million, 6% up on the previous three months and 15% more than in 2Q15, chiefly due to higher iron ore output and increased costs as a result of the blast furnace #3 stoppage.
- Second-quarter **gross profit** came to R\$922 million, in line with 1Q16, with a gross margin of 22%, 1p.p. down on the first quarter. In relation to 2Q15, gross profit climbed by 10% and the gross margin narrowed by 1p.p., from 23% to 21%.
- **Selling, general and administrative expenses** totaled R\$498 million, 18% less than in 1Q16, but 18% higher year-on-year. These variations were largely due to distribution costs, which were 11% lower than in 1Q16, but 32% more than in the same quarter last year.
- **Other operating income (expenses)** was a net expense of R\$171 million in 2Q16, 35% up on the quarter before, due to the payment of provisioned taxes, and 23% down on 2Q15.

- **Working capital** came to R\$2,867 million, R\$525 million less than in 1Q16, while the financial cycle closed the second quarter at 82 days, 13 days less than in the previous quarter.
- **Adjusted net debt** fell by 3% over 2Q16, totaling R\$25,873 million, while leverage ended the quarter at 8.3x, versus 8.7x in the previous three months.
- **The proportional net financial result** was negative by R\$220 million in 2Q16, due to: i) financial expenses (excluding the exchange variation) of R\$848 million; ii) the positive exchange variation result of R\$478 million. The result was partially offset by the financial revenue of R\$150 million.

|   |              |              |              |
|---|--------------|--------------|--------------|
| <b>Financial Result - IFRS</b>                          | (772)        | (897)        | (197)        |
| <b>(+) Financial Result of Joint-Venture</b>            | (114)        | (25)         | (24)         |
| (+) Namisa  | (92)         | -            | -            |
| (+) MRS   | (22)         | (25)         | (24)         |
| <b>(=) Proporcional Financial Result</b>                | <b>(886)</b> | <b>(922)</b> | <b>(220)</b> |
| <b>Financial Revenues</b>                               | 58           | 252          | 150          |
| <b>Financial Expenses</b>                               | (944)        | (1,173)      | (370)        |
| <b>Financial Expenses (ex-exchange rates variation)</b> | (830)        | (844)        | (848)        |
| <b>Result with Exchange Rate Variation</b>              | (114)        | (329)        | 478          |
| Monetary and Exchange Rate Variation                    | 82           | 950          | 1,220        |
| Hedge Accounting  | (82)         | (566)        | (595)        |
| Notional Amount of Derivatives Contracted               | (114)        | (713)        | (146)        |

- CSN's **equity result** was a positive R\$18 million in 2Q16, versus a positive R\$45 million in 1Q16 and a negative R\$44 million in 2Q15, chiefly due to MRS's equity result, which fell from R\$61 million, in 1Q16, to R\$32 million, as shown below:



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|   |             |           |           |
|---|-------------|-----------|-----------|
| Namisa  | (49)        | -         | -         |
| MRS Logística                                 | 24          | 61        | 32        |
| CBSI  | -           | 1         | -         |
| TLSA  | (7)         | (7)       | (4)       |
| Arvedi Metalfer BR                            | (3)         | -         | -         |
| Eliminations                                  | (9)         | (11)      | (10)      |
| <b>Share of profits (losses) of investees</b> | <b>(44)</b> | <b>45</b> | <b>18</b> |

- CSN recorded a second-quarter **net profit** of R\$46 million, versus net losses of R\$777 million and R\$615 million in 1Q16 and 2Q15, respectively. The improvement was primarily due to the recovery of the financial result, which was negative by R\$197 million in 2Q16, versus R\$897 million negative in 1Q16 and R\$772 million negative in 2Q15.

|  |              |              |            |              |              |
|--|--------------|--------------|------------|--------------|--------------|
| <b>Profit (loss) for the Period</b>    | <b>(615)</b> | <b>(777)</b> | <b>46</b>  | <b>(97%)</b> | <b>(96%)</b> |
| Depreciation                           | 279          | 310          | 304        | (2%)         | 9%           |
| Income Tax and Social Contribution     | (5)          | 114          | 28         | (25%)        | -            |
| Finance Income                         | 772          | 897          | 197        | (78%)        | (74%)        |
| <b>EBITDA (ICVM 527)</b>               | <b>431</b>   | <b>544</b>   | <b>576</b> | <b>6%</b>    | <b>34%</b>   |
| Other Operating Income (Expenses)      | 223          | 127          | 171        | 35%          | (23%)        |
| Share of Profit (Loss) of Investees    | 44           | (45)         | (18)       | (59%)        | -            |
| Proportionate EBITDA of Joint Ventures | 104          | 107          | 126        | 18%          | 22%          |
| <b>Adjusted EBITDA<sup>1</sup></b>     | <b>801</b>   | <b>733</b>   | <b>855</b> | <b>17%</b>   | <b>7%</b>    |

<sup>1</sup> The Company discloses adjusted EBITDA excluding interests in investments and other operating revenue (expenses) in the belief that these items should not be considered when calculating recurring operating cash flow.



- **Adjusted EBITDA** amounted to R\$855 million in 2Q16, 17% up on the quarter before and 7% more than in 2Q15, accompanied by an adjusted EBITDA margin of 19.4%, 2.1p.p. higher than in 1Q16, but 1.1p.p. down on 2Q15.

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## **Debt**

The adjusted amounts of EBITDA, Debt and Cash included the stakes of 60% in Namisa, 33.27% in MRS and 50% in CBSI until November 2015 and the stakes of 100% in Congonhas Minérios, 37.27% in MRS and 50% in CBSI as of December 2015, as well as financial investments used as collateral for exchange operations on the BM&FBovespa. On June 30, 2016, consolidated net debt totaled R\$25,873 million, while the net debt/EBITDA ratio stood at 8.28x, based on LTM adjusted EBITDA.

## **Foreign Exchange Exposure**

In 2Q16, CSN began reviewing its FX hedge strategy, which led the company to completely unwind its FX derivatives position. As a result, the FX exposure of our consolidated balance sheet on June 30, 2016 was US\$1,791 million, as shown in the table below. It is important to mention that the net FX exposure includes a liability totaling US\$1.0 billion in the Loans and Financing line related to the Perpetual Bonds, which, due to its nature, will not require disbursements for the settlement of the principal amount in the foreseeable future. The

company's hedge strategy began to focus on preserving its cash flow, replacing the exposure generated by the settlement of the derivatives for new Hedge Accounting designations, capturing the existing natural relations, as well as possibly using other financial instruments to protect CSN's future cash flow.

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The hedge accounting adopted by CSN correlates the projected export inflows in dollars with part of the scheduled debt payments in the same currency. Therefore, the exchange variation of the dollar-denominated debt is temporarily booked in shareholders' equity, flowing through P&L when revenues in USD from exports occur.

|  |                |                |
|--|----------------|----------------|
| Cash and cash equivalents overseas                       | 1,288          | 802            |
| Accounts Receivables                                     | 315            | 307            |
| Others   | 7              | 10             |
| <b>Total Assets</b>                                      | <b>1,610</b>   | <b>1,119</b>   |
| Borrowings and Financing                                 | (4,466)        | (4,437)        |
| Accounts Payable   | (7)            | (6)            |
| Other Liabilities  | (6)            | (7)            |
| <b>Total Liabilities</b>                                 | <b>(4,479)</b> | <b>(4,450)</b> |
| <b>Foreign Exchange Exposure</b>                         | <b>(2,870)</b> | <b>(3,332)</b> |
| Notional Amount of Derivatives Contracted, Net           | 1,435          | -              |
| Cash Flow Hedge Accounting                               | 1,549          | 1,541          |
| <b>Net Foreign Exchange Exposure</b>                     | <b>114</b>     | <b>(1,791)</b> |
| Perpetual Bonds  | 1,000          | 1,000          |
| <b>Net Foreign Exchange Exposure ex. Perpetual Bonds</b> | <b>1,114</b>   | <b>(791)</b>   |

**Capex**

CSN invested R\$473 million in 2Q16, led by:

- Investments in the new clinker kiln in Arcos-MG, which will start its operation in the 2H16, allowing the cement segment to generate competitive margins and scale gains in the Southeast region due to self-sufficiency in clinker production;
- Projects designed to improve the operational and environmental performance of the Presidente Vargas Plant.

|                              |            |            |            |
|------------------------------|------------|------------|------------|
| Steel                        | 162        | 119        | 136        |
| Mining                       | 296        | 62         | 61         |
| Cement                       | 92         | 139        | 261        |
| Logistics                    | 13         | 10         | 13         |
| Others                       | 0          | 0          | 3          |
| <b>Total Investment IFRS</b> | <b>563</b> | <b>330</b> | <b>473</b> |

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1****Working Capital**

As a result, working capital applied to the Company's business totaled R\$2,867 million in 2Q16, R\$525 million less than in 1Q16, chiefly due to the R\$481 million reduction in inventories. On a same comparison basis, the average receivable period fell by 5 days, while payment periods and inventory turnover fell by 9 and 23 days, respectively.

|                                  |              |              |              |              |              |
|----------------------------------|--------------|--------------|--------------|--------------|--------------|
| <b>Assets</b>                    | <b>5,698</b> | <b>5,664</b> | <b>4,948</b> | <b>(716)</b> | <b>(750)</b> |
| Accounts Receivable              | 1,936        | 1,746        | 1,622        | (123)        | (314)        |
| Inventories Turnover             | 3,583        | 3,621        | 3,140        | (481)        | (443)        |
| Advances to Taxes                | 178          | 298          | 186          | (112)        | 8            |
| <b>Liabilities</b>               | <b>2,445</b> | <b>2,272</b> | <b>2,081</b> | <b>(191)</b> | <b>(364)</b> |
| Suppliers                        | 1,807        | 1,542        | 1,347        | (195)        | (460)        |
| Salaries and Social Contribution | 322          | 245          | 262          | 17           | (60)         |
| Taxes Payable                    | 286          | 418          | 422          | 4            | 136          |
| Advances from Clients            | 30           | 67           | 50           | (17)         | 20           |
| <b>Working Capital</b>           | <b>3,253</b> | <b>3,392</b> | <b>2,867</b> | <b>(525)</b> | <b>(386)</b> |
| Receivables                      | 38           | 36           | 31           | (5)          | (7)          |
| Supplier Payment                 | 54           | 48           | 39           | (9)          | (15)         |
| Inventory Turnover               | 110          | 107          | 90           | (17)         | (20)         |
| <b>Cash Conversion Cycle</b>     | <b>94</b>    | <b>95</b>    | <b>82</b>    | <b>(13)</b>  | <b>(12)</b>  |

## Results by Segment

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:

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Notes: For the purpose of preparing and presenting the information by business segment, Management opted to maintain the proportional consolidation of its jointly-owned subsidiaries, as historically presented, For the reconciliation of CSN's consolidated results, these companies' results are eliminated in the "corporate/elimination expenses" column.

In order to report the Company's 2015 results, after the combination of CSN's mining assets (Casa de Pedra, Namisa and Tecar), the consolidated result includes all this new company's information.



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|   |              |              |           |            |            |           |              |              |
|---|--------------|--------------|-----------|------------|------------|-----------|--------------|--------------|
| <b>Net Revenue</b>                                  | <b>2,878</b> | <b>1,016</b> | <b>45</b> | <b>337</b> | <b>109</b> | <b>66</b> | <b>(266)</b> | <b>4,185</b> |
| Domestic Market                                     | 1,607        | 77           | 45        | 337        | 109        | 66        | (451)        | 1,790        |
| Foreign Market                                      | 1,271        | 939          | -         | -          | -          | -         | 185          | 2,395        |
| Cost of Goods Sold                                  | (2,459)      | (743)        | (34)      | (227)      | (102)      | (48)      | 350          | (3,263)      |
| <b>Gross Profit</b>                                 | <b>419</b>   | <b>273</b>   | <b>11</b> | <b>111</b> | <b>7</b>   | <b>18</b> | <b>84</b>    | <b>922</b>   |
| Selling, General and Administrative Expenses        | (214)        | (13)         | (3)       | (27)       | (17)       | (6)       | (219)        | (498)        |
| Depreciation  | 164          | 105          | 3         | 56         | 17         | 4         | (47)         | 304          |
| Proportional EBITDA of Jointly Controlled Companies | -            | -            | -         | -          | -          | -         | 126          | 126          |
| <b>Adjusted EBITDA</b>                              | <b>369</b>   | <b>365</b>   | <b>11</b> | <b>141</b> | <b>7</b>   | <b>16</b> | <b>(55)</b>  | <b>855</b>   |

|  |              |            |           |            |            |           |              |              |
|--|--------------|------------|-----------|------------|------------|-----------|--------------|--------------|
| <b>Net Revenue</b>                           | <b>2,809</b> | <b>941</b> | <b>50</b> | <b>303</b> | <b>114</b> | <b>68</b> | <b>(279)</b> | <b>4,008</b> |
| Domestic Market                              | 1,500        | 151        | 50        | 303        | 114        | 68        | (475)        | 1,712        |
| Foreign Market                               | 1,309        | 790        | -         | -          | -          | -         | 197          | 2,296        |
| Cost of Goods Sold                           | (2,300)      | (749)      | (36)      | (214)      | (101)      | (51)      | 370          | (3,082)      |
| <b>Gross Profit</b>                          | <b>509</b>   | <b>192</b> | <b>14</b> | <b>89</b>  | <b>13</b>  | <b>17</b> | <b>91</b>    | <b>926</b>   |
| Selling, General and Administrative Expenses | (255)        | (24)       | (8)       | (24)       | (18)       | (6)       | (276)        | (611)        |
| Depreciation                                 | 166          | 114        | 3         | 56         | 13         | 4         | (47)         | 310          |
|  | -            | -          | -         | -          | -          | -         | 107          | 107          |

Proportional  
EBITDA of Jointly  
Controlled  
Companies

|                        |            |            |          |            |          |           |              |            |
|------------------------|------------|------------|----------|------------|----------|-----------|--------------|------------|
| <b>Adjusted EBITDA</b> | <b>420</b> | <b>283</b> | <b>9</b> | <b>121</b> | <b>8</b> | <b>15</b> | <b>(124)</b> | <b>733</b> |
|------------------------|------------|------------|----------|------------|----------|-----------|--------------|------------|

## Steel

According to preliminary figures from the World Steel Association (WSA), global crude steel production totaled 795 million tonnes in the first half, 2% down on the same period last year.

According to the Brazilian Steel Institute – IABr (also preliminary figures), domestic production came to 7.4 million tonnes in 2Q16, in line with the previous three months, giving a first-half total of 14.9 million tonnes, 13% down year-on-year, Domestic production of rolled products stood at 5.1 million tonnes in the second quarter, also in line with 1Q16, and 10.2 million tonnes in the first six months, 14.7% less than in 1H15, Apparent consumption through June totaled 9.0 million tonnes, 23.7% less than in 1H15, with domestic sales of 8.2 million tonnes, down by 15.5%, In the same period, imports dropped by 64.2% to 741,300 tonnes, while exports climbed by 16.6% to 6.7 million tonnes.

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According to INDA (the Brazilian Steel Distributors' Association), 2Q16 steel purchases and sales by distributors fell by 11.3% and 7.7% over 2Q15 to 1,503,000 and 1,559,000 tonnes, respectively, Inventories closed the quarter at 866,000 tonnes, 1.4% down on the previous month, representing 3.3 months of sales.

#### Automotive

According to ANFAVEA (the Auto Manufacturers' Association), vehicle production totaled 1 million units in the first half, 21% down on 1H15, In the same period, new car, light commercial vehicle, truck and bus licensing fell by 25% to 983,000 units, The association estimates a reduction in vehicle sales of up to 19% in 2016 over 2015, to 2.1 million units, while FENABRAVE (the Vehicle Distributors' Association) expects a 15% reduction in vehicle sales.

#### Construction

According to SECOVI-SP (the São Paulo Residential Builders' Association), residential real estate launches in the city of São Paulo totaled 5,731 units in the 1H16, 42.8% down on the 10,027 units launched in the same period last year.

According to ABRAMAT (the Construction Material Manufacturers' Association), first-half sales of building materials fell by 14.3% over 1H15, The association also revised its 2016 estimate a decline of 8%.

## Home Appliances

According to the Brazilian Institute of Geography and Statistics (IBGE), home appliance production in the first five months fell by 11% over the same period last year and by 17% in the last 12 months, respectively, reflecting the low level of business and consumer confidence.

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Results from CSN's Steel Operations

- **Total steel product sales volume** came to 1,253,000 tonnes in 2Q16, 1% up on 1Q16. Of this total, 53% went to the domestic market, 40% were sold by our subsidiaries abroad and 7% went to exports.
- Second-quarter **domestic steel sales** totaled 669,000 tonnes, 3% up on 1Q16, 626,000 tonnes of which flat steel and 43,000 tonnes long steel.
- Second-quarter **foreign sales** amounted to 584,000 tonnes, 2% down on 1Q16. Of this total, the overseas subsidiaries sold 499,000 tonnes, 178,000 of which by LLC, 219,000 by SWT and 103,000 by Lusosider, while direct exports came to 85,000 tonnes.
- In 2Q16, CSN increased its **share of coated products** as a percentage of total sales volume, in line with its strategy of adding more value to the product mix. **Total sales** of coated products such as galvanized

items and tin plate accounted for 57% of flat steel sales, versus 58% in the previous quarter. In the **foreign market**, the share of coated products moved up from 77% to 85% in the same period.

- **Net revenue** totaled R\$2,878 million in 2Q16, 2% up on 1Q16, primarily due to the upturn in sales volume and higher prices in the domestic market. Average net revenue per tonnes stood at R\$2,224.

The **parent company's slab** production totaled 500,000 tonnes in 2Q16, 40% and 55% down on 1Q16 and 2Q15, respectively, while flat rolled steel output came to 668,000 tonnes, 11% and 35% less than in 1Q16 and 2Q15, respectively. These results can be explained chiefly by the BF3 stoppage, which was inoperable by 22 days.

|  |              |            |            |       |       |
|--|--------------|------------|------------|-------|-------|
| <b>Total Slabs (UPV + Third Parties)</b> | <b>1,188</b> | <b>835</b> | <b>510</b> | (39%) | (57%) |
| Crude Steel Production                   | 1,119        | 835        | 500        | (40%) | (55%) |
| Third Parties Slabs                      | 69           | 0          | 10         | -     | (85%) |
| <b>Total Rolled Products</b>             | <b>1,032</b> | <b>746</b> | <b>668</b> | (11%) | (35%) |

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- **COGS** came to R\$2,459 million in 2Q16, 7% more than in the previous three months, as a result of the reduction in fixed production cost dilution. The parent company's **production cost** reached R\$1,085 million in 2Q16, 19% down on 1Q16, due to the reduction in period output, due to the maintenance of BF3.
- **Slab production costs** increased by 26%, from US\$274/t, in 1Q16, to U\$345/t.
- **Adjusted EBITDA** amounted to R\$369 million in 2Q16, 12% down on the R\$420 million recorded in the quarter before, accompanied by a 2p,p, reduction in the adjusted EBITDA margin from 15% to 13%.

## Mining

In 2Q16, the seaborne iron ore market was influenced by the recovery in demand for steel in China. Policies to stimulate the economy ensured ample available credit, encouraging a recovery in the real estate market and construction activities; on the tax side, we noticed an increase in investments in infrastructure. In addition, low steel inventories throughout the production chain limited immediate delivery availability and positively pressured prices. In response to encouraged demand and fueled by the higher margins, steelmakers increased output by 9%, the highest quarter-on-quarter increase in more than three years. As a result, iron ore demand grew and the commodity's price averaged US\$55.66/dmt (Platts, Fe62%, N. China) in 2Q16, 15% up on 1Q16.

Maritime freight costs on Route CI-C3 (Tubarão-Qingdao) averaged US\$8.43/t in 2Q16, 48% up on 1Q16. The route was positively impacted by a seasonal increase in transported volume by of capesize vessel and higher fuel prices.

#### Results from CSN's Mining Operations

- In 2Q16, **iron ore production** totaled 8,5 million tonnes, 17% and 26% up on 1Q16 and 2Q15, respectively.
- Second-quarter **iron ore purchases** came to 1,4 million tonnes, 123% up on the previous quarter and 39% more than in 2Q15, as the Company took advantage of market opportunities.
- **Iron ore sales** came to 9,3 million tonnes in 2Q16, 12% and 26% up on 1Q16 and 2Q15, respectively, thanks to sales volume to third parties. Around 695,000 tonnes from Congonhas Minérios were sold to CSN's the Presidente Vargas Plant.

|                                    |              |              |              |            |            |
|------------------------------------|--------------|--------------|--------------|------------|------------|
| Iron Ore Production <sup>1</sup>   | 6,767        | 7,326        | 8,537        | 17%        | 26%        |
| Third Parties Purchase             | 993          | 617          | 1,376        | 123%       | 39%        |
| <b>Total Production + Purchase</b> | <b>7,760</b> | <b>7,943</b> | <b>9,913</b> | <b>25%</b> | <b>28%</b> |
| UPV Sale                           | 1,380        | 1,047        | 695          | (34%)      | (50%)      |
| Third Parties Sales Volume         | 5,987        | 7,248        | 8,572        | 18%        | 43%        |
| <b>Total Sales</b>                 | <b>7,367</b> | <b>8,295</b> | <b>9,267</b> | <b>12%</b> | <b>26%</b> |

<sup>1</sup> Production and sales volumes include 100% of the stake in NAMISA until November 2015 and 100% of the interest in Congonhas in December 2015.



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- **Net revenue** from mining operations totaled R\$1,0 billion in 2Q16, 8% up on 1Q16 and 49% more than in 2Q15 1Q15. The upturns in both periods were due to higher total iron ore sales volume, which came to 9,3 million tonnes this quarter.
- Mining segment **COGS** came to R\$743 million, in line to 1Q16 and 39% up on 2Q15, due to the higher volume of iron ore sold and higher purchases from third parties. In 2Q16, Congonhas Minérios recorded a Chinese delivery cost excluding depreciation of US\$28.2/wmt, 10% down on the previous quarter, mainly due to a reduction in the mine's production costs and in seaborne freight charges.
- **Adjusted EBITDA** stood at R\$365 million in 2Q16, 29% and 61% up on 1Q16 and 2Q15, respectively, with an adjusted EBITDA margin of 36%, 10 p.p. higher than 1T16, chiefly due to the increase in FOB export prices and reductions in production cost and seaborne freight.

## Logistics

### Results from CSN's Logistics Operations

**Railway Logistics:** In 2Q16, **net revenue** came to R\$337 million, generating **EBITDA** of R\$141 million and an **EBITDA margin** of 42%.

**Port Logistics:** In the second quarter, Sepetiba Tecon handled 32,000 containers, in addition to 197,000 tonnes of steel products and 1,000 tonnes of general cargo. **Net revenue** totaled R\$45 million, generating **EBITDA** of R\$11 million, accompanied by an **EBITDA margin** of 24%.

|                                    |     |     |     |       |       |
|------------------------------------|-----|-----|-----|-------|-------|
| Containers Volume (thousand units) | 30  | 39  | 32  | (19%) | 4%    |
| Steel Products Volume (thousand t) | 221 | 143 | 197 | 38%   | (11%) |
| General Cargo Volume (thousand t)  | 44  | 13  | 1   | (95%) | (99%) |

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1****Cement**

According to the IBGE's Monthly Industrial Survey (PIM-PF), Brazil's cement production fell by 14.2% year-on-year in 2Q16, in line with the performance of the construction industry.

Preliminary figures from SNIC (the Cement Industry Association) indicate domestic cement sales of 28 million tonnes in the first half of 2016, 14% less than in the same period the year before. For 2016 as a whole, SNIC estimates respective annual declines of 12% to 15% in sales and 9% to 11% in apparent consumption.

## Results of CSN's Cement Operations

In 2Q16, **cement sales** amounted to 594,000 tonnes, 4% up on 1Q16, while **net revenue** came to R\$109 million. **EBITDA** totaled R\$7 million, accompanied by an **EBITDA margin** of 6%.

|                  |     |     |     |     |    |
|------------------|-----|-----|-----|-----|----|
| Total Production | 577 | 531 | 606 | 14% | 5% |
| Total Sales      | 579 | 571 | 594 | 4%  | 3% |

**Energy**

According to the Energy Research Company (EPE), Brazilian electricity consumption totaled 231 TWh in 1H16, 1.7% less than in the first six months of 2016. Consumption in the industrial

and commercial segments fell by 5.3% and 1.5%, respectively, while residential consumption climbed by 1.2%.

### Results from CSN's Energy Operations

In 1Q16, **net revenue** from energy operations totaled R\$66 million, **EBITDA** stood at R\$16 million and the **EBITDA margin** came to 25%.

### Capital Market

CSN's shares appreciated by 9% in 2Q16, while the Ibovespa increased by 1% in the same period. Daily traded volume on the BM&FBovespa averaged R\$88.9 million. On the New York Stock Exchange (NYSE), CSN's American Depositary Receipts (ADRs) moved up by 24%, versus the Dow Jones' 1% appreciation. On the NYSE, daily traded volume of CSN's ADRs averaged US\$7.1 million.

|  |                  |
|--|------------------|
| <b>Number of shares in thousand</b>                            | <b>1,387,524</b> |
| <b>Market Capitalization</b>                                   |                  |
| Closing price (R\$/share)                                      | 7.82             |
| Closing price (US\$/ADR)                                       | 2.45             |
| Market Capitalization (R\$ million)                            | 10,850           |
| Market Capitalization (US\$ million)                           | 3,399            |
| <b>Total return including dividends and interest on equity</b> |                  |
| CSNA3  | 9%               |
| SID  | 24%              |
| Ibovespa   | 1%               |
| Dow Jones  | 1%               |
| <b>Volume</b>  |                  |
| Average daily (thousand shares)                                | 9,602            |
| Average daily (R\$ Thousand)                                   | 88,913           |
| Average daily (thousand ADRs)                                  | 2,635            |
| Average daily (US\$ Thousand)                                  | 7,111            |
| <i>Source: Bloomberg</i>                                       |                  |

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1****SALES VOLUME CONSOLIDATED (thousand tonnes)**

|                        | <b>2Q15</b> | <b>1Q16</b> | <b>2Q16</b> | <b>2Q16 x 1Q16</b> | <b>Change<br/>2Q16 x 2Q15</b> |
|------------------------|-------------|-------------|-------------|--------------------|-------------------------------|
| <b>Flat Steel</b>      | <b>717</b>  | <b>611</b>  | <b>626</b>  | <b>15</b>          | <b>(91)</b>                   |
| Slabs                  | 0           | -           | 0           | 0                  | (0)                           |
| Hot Rolled             | 267         | 220         | 225         | 5                  | (42)                          |
| Cold Rolled            | 151         | 108         | 117         | 9                  | (34)                          |
| Galvanized             | 205         | 197         | 203         | 6                  | (1)                           |
| Tin Plates             | 94          | 85          | 81          | (4)                | (13)                          |
| <b>Long Steel UPV</b>  | <b>42</b>   | <b>38</b>   | <b>43</b>   | <b>5</b>           | <b>1</b>                      |
| <b>DOMESTIC MARKET</b> | <b>758</b>  | <b>649</b>  | <b>669</b>  | <b>20</b>          | <b>(90)</b>                   |

|                              | <b>2Q15</b> | <b>1Q16</b> | <b>2Q16</b> | <b>2Q16 x 1Q16</b> | <b>2Q16 x 2Q15</b> |
|------------------------------|-------------|-------------|-------------|--------------------|--------------------|
| <b>Flat Steel</b>            | <b>299</b>  | <b>381</b>  | <b>365</b>  | <b>(16)</b>        | <b>67</b>          |
| Hot Rolled                   | 59          | 59          | 29          | (30)               | (29)               |
| Cold Rolled                  | 44          | 27          | 25          | (2)                | (18)               |
| Galvanized                   | 165         | 265         | 259         | (6)                | 94                 |
| Tin Plates                   | 31          | 30          | 52          | 22                 | 21                 |
| <b>Long Steel (profiles)</b> | <b>204</b>  | <b>216</b>  | <b>219</b>  | <b>3</b>           | <b>14</b>          |
| <b>FOREIGN MARKET</b>        | <b>503</b>  | <b>597</b>  | <b>584</b>  | <b>(13)</b>        | <b>81</b>          |

|                   | <b>2Q15</b>  | <b>1Q16</b> | <b>2Q16</b> | <b>2Q16 x 1Q16</b> | <b>2Q16 x 2Q15</b> |
|-------------------|--------------|-------------|-------------|--------------------|--------------------|
| <b>Flat Steel</b> | <b>1,015</b> | <b>992</b>  | <b>991</b>  | <b>(1)</b>         | <b>(24)</b>        |
| Slabs             | 0            | -           | 0           | 0                  | (0)                |
| Hot Rolled        | 326          | 280         | 254         | (26)               | (72)               |
| Cold Rolled       | 195          | 135         | 143         | 8                  | (52)               |
| Galvanized        | 370          | 462         | 462         | 0                  | 93                 |
| Tin Plates        | 125          | 115         | 133         | 18                 | 8                  |

|                              |              |              |              |          |            |
|------------------------------|--------------|--------------|--------------|----------|------------|
| <b>Long Steel UPV</b>        | <b>42</b>    | <b>38</b>    | <b>43</b>    | <b>5</b> | <b>1</b>   |
| <b>Long Steel (profiles)</b> | <b>204</b>   | <b>216</b>   | <b>219</b>   | <b>3</b> | <b>14</b>  |
| <b>TOTAL MARKET</b>          | <b>1,261</b> | <b>1,246</b> | <b>1,253</b> | <b>7</b> | <b>(9)</b> |

## SALES VOLUME PARENT COMPANY (thousand tonnes)

|                              | 2Q15         | 1Q16       | 2Q16       | 2Q16 x 1Q16 | Change<br>2Q16 x 2Q15 |
|------------------------------|--------------|------------|------------|-------------|-----------------------|
| <b>Flat Steel</b>            | <b>812</b>   | <b>709</b> | <b>696</b> | <b>(13)</b> | <b>(116)</b>          |
| Slabs                        | 0            | -          | 0          | 0           | (0)                   |
| Hot Rolled                   | 303          | 244        | 239        | (5)         | (64)                  |
| Cold Rolled                  | 175          | 124        | 129        | 5           | (47)                  |
| Galvanized                   | 237          | 253        | 247        | (6)         | 10                    |
| Tin Plates                   | 96           | 89         | 81         | (8)         | (15)                  |
| <b>Long Steel UPV</b>        | <b>41</b>    | <b>38</b>  | <b>43</b>  | <b>5</b>    | <b>1</b>              |
| <b>DOMESTIC MARKET</b>       | <b>853</b>   | <b>747</b> | <b>738</b> | <b>(9)</b>  | <b>(115)</b>          |
|                              | 2Q15         | 1Q16       | 2Q16       | 2Q16 x 1Q16 | 2Q16 x 2Q15           |
| <b>Flat Steel</b>            | <b>250</b>   | <b>186</b> | <b>252</b> | <b>66</b>   | <b>2</b>              |
| Hot Rolled                   | 143          | 53         | 3          | (50)        | (139)                 |
| Cold Rolled                  | 21           | -          | 125        | 125         | 103                   |
| Galvanized                   | 55           | 103        | 55         | (48)        | 0                     |
| Tin Plates                   | 31           | 30         | -          | (30)        | (31)                  |
| <b>Long Steel (profiles)</b> | <b>-</b>     | <b>-</b>   | <b>-</b>   | <b>-</b>    | <b>-</b>              |
| <b>FOREIGN MARKET</b>        | <b>250</b>   | <b>186</b> | <b>252</b> | <b>66</b>   | <b>2</b>              |
|                              | 2Q15         | 1Q16       | 2Q16       | 2Q16 x 1Q16 | 2Q16 x 2Q15           |
| <b>Flat Steel</b>            | <b>1,062</b> | <b>895</b> | <b>948</b> | <b>53</b>   | <b>(114)</b>          |
| Slabs                        | 0            | -          | 0          | 0           | (0)                   |
| Hot Rolled                   | 446          | 297        | 308        | 11          | (138)                 |
| Cold Rolled                  | 197          | 124        | 132        | 8           | (65)                  |
| Galvanized                   | 291          | 356        | 371        | 15          | 80                    |
| Tin Plates                   | 127          | 119        | 136        | 17          | 9                     |
| <b>Long Steel UPV</b>        | <b>41</b>    | <b>38</b>  | <b>43</b>  | <b>5</b>    | <b>1</b>              |
| <b>Long Steel (profiles)</b> | <b>-</b>     | <b>-</b>   | <b>-</b>   | <b>-</b>    | <b>-</b>              |
| <b>TOTAL MARKET</b>          | <b>1,103</b> | <b>933</b> | <b>990</b> | <b>57</b>   | <b>(113)</b>          |



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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, joint ventures, joint operations and associates are collectively referred to herein as the “Group”). The Company’s registered office is located in São Paulo, SP, Brazil.

CSN is listed on the São Paulo Stock Exchange (BM&F BOVESPA) and on the New York Stock Exchange (NYSE). Accordingly, the Company 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 steelworks (“UPV”), located in the city of Volta Redonda, State of Rio de Janeiro. This segment consolidates the operations related to the production, distribution and sale of flat steel, long steel, metallic containers and galvanized steel. In addition to the facilities in Brazil, CSN has operations in the United States, Portugal and Germany, all of them are in line with the plan to achieve new markets and perform excellent services for final consumers. Its steel has been used in home appliances, civil construction and automobile industries.

- **Mining:**



The production of iron ore is developed in the city of Congonhas, State of Minas Gerais.

Iron ore is sold basically in the international market, especially in Europe and Asia. The prices charged in these markets are historically cyclical and subject to significant fluctuations over short periods of time, driven by several factors related to global demand, strategies adopted by the major steel producers, and the foreign exchange rate. All these factors are beyond the Company's control. The ore transportation is accomplished by Terminal de Carvão e Minérios do Porto de Itaguai - TECAR, a solid bulk terminal, one of the four terminals that compose the Port of Itaguai, located in Rio de Janeiro. Imports of coal and coke are held through this terminal and directed to the steel industry of CSN.

From November 30, 2015 the Company has transferred its mining assets, together with its logistical infrastructure, which includes the mine Casa de Pedra and the right to operate the terminal TECAR, to its subsidiary CSN Mineração S.A ("CSN Mineração") (former Congonhas Minérios S.A). On the same date, started to control Nacional Minérios S.A. (NAMISA) through a business combination transaction.

The Company's mining activities also comprises tin exploitation, which is based in the State of Rondônia, this facility is engaged to supply the needs of UPV, with the excess of these raw materials being sold to subsidiaries and third parties.

- **Cement:**

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

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- **Logistics**

*Railroads:*

CSN has interests in three railroad companies: MRS Logística S.A., which manages the former Southeast Railway System of Rede Ferroviária Federal S.A. (“RFFSA”), Transnordestina Logística S.A. (“TLSA”) and FTL - Ferrovia Transnordestina Logística S.A. (“FTL”), which operate the former 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 rail links 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 rail links 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 subsidiaries Sepetiba Tecon S.A. and CSN Mineração S.A., the Company operates the Container Terminal (Tecon) and the solid bulk terminal (Tecar), respectively, both located at the Itaguaí Port. Established in the harbor of Sepetiba, the mentioned port has a privileged highway, railroad and maritime access.

Tecon is responsible for the shipments of CSN’s steel products, movement and storage of containers, consolidation and deconsolidation of cargo; The Tecar’s port terminal is engaged to the iron ore shipment overseas and to the landing of coal, petroleum, coke, sulfur and zinc concentrate for our own operation and for third parties.

- **Energy:**

Since the energy supply is fundamental in CSN's production process, the Company owns and operates facilities to generate electric power for guaranteeing its self-sufficiency.

The "note 24 - Segment Information" details the financial information per each of CSN's business segment.

- **Going Concern**

The interim financial statements have been prepared based on the normal continuity of its business. Negotiations in progress to postpone part of the debts do not compromise the Company's operating continuity (going concern), and the Management does not have any other relevant operational restructuring plan that implies a change to the conclusion of the operational continuity (going concern). Further disclosures on the bases for evaluating the operational continuity (going concern) were made in the disclosures of this subject included in the financial statements of December 31, 2016, approved by Management on the same date.

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

### **2.a) Basis of preparation**

The consolidated condensed quarterly 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). All the relevant information required in the financial statements and only these information, are being highlighted and correspond to those used for the Company's management.

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, 2015, filed with the CVM.



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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, 2016, which restated the year ended December 31, 2015 as comparative information in the financial statements.

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

Note 2 - Summary of significant accounting policies

Note 3 – Business Combination

Note 10 – Investments

Note 18 - Provision for tax, social security, labor, civil, environmental risks and judicial deposits

Note 28 - Employee benefits

Note 30 – Commitments

The consolidated and parent company interim financial statements for the period ended June 30, 2016, were restated on November 14, 2016 and are being restated, for the second time, as presented in note 2.e, under the approval by the Board of Directors on October 27, 2017.

**2.b) Basis of presentation**

The consolidated condensed interim financial statements are presented in Brazilian reais (R\$), which is the mainly 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, 2016, US\$1 is equivalent to R\$3.2098 (R\$3.9048 as of December 31, 2015), €1 is equivalent to R\$3.5414 (R\$4.2504 as of December 31, 2015), according to the rates obtained from Central Bank of Brazil website.

### **2.c) Basis of consolidation**

The accounting practices were treated uniformly in all the consolidated companies. The consolidated condensed interim financial statements for the period ended June 30, 2016 and the year ended December 31, 2015 include the following direct and indirect subsidiaries and jointly controlled entities, as well as the exclusive funds as described below:

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**Version:  
1**• **Companies**

| Companies  | Equity interests (%) |            | Core business          |
|--|----------------------|------------|------------------------|
|  | 06/30/2016           | 12/31/2015 |                        |
| <b>Direct interest in subsidiaries: full consolidation</b>   |                      |            |                        |
| CSN Islands VII Corp.  | 100.00               | 100.00     | Financial transactions |
| CSN Islands IX 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 |
| CSN Metals S.L.U.  | 100.00               | 100.00     | Equity interests and P |
| CSN Americas S.L.U.  | 100.00               | 100.00     | Equity interests and P |
| CSN Steel S.L.U.   | 100.00               | 100.00     | Equity interests and P |
| TdBB S.A (*)   | 100.00               | 100.00     | Equity interests       |
| Sepetiba Tecon S.A.  | 99.99                | 99.99      | Port services          |
| Minérios Nacional S.A. (1)                                   | 99.99                | 99.99      | Mining and Equity inte |
| 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 conta   |
| Companhia Metalúrgica Prada                                  | 99.99                | 99.99      | Manufacture of conta   |
| CSN Gestão de Recursos Financeiros Ltda. (*)                 | 99.99                | 99.99      | Management of funds    |
| Congonhas Minérios S.A.                                      | 87.52                | 87.52      | Mining and Equity inte |
| CSN Energia S.A.   | 99.99                | 99.99      | Sale of electric power |
| FTL - Ferrovia Transnordestina Logística S.A.                | 89.79                | 89.79      | Railroad logistics     |
| Nordeste Logística S.A.                                      | 99.99                | 99.99      | Port services          |
| <b>Indirect interest in subsidiaries: full consolidation</b> |                      |            |                        |
| Companhia Siderúrgica Nacional LLC                           | 100.00               | 100.00     | Steel                  |
| CSN Europe Lda.  | 100.00               | 100.00     | Financial transactions |
| CSN Ibéria Lda.  | 100.00               | 100.00     | Financial transactions |
| Lusosider Projectos Siderúrgicos S.A.                        | 99.94                | 99.94      | Equity interests and p |
| Lusosider Aços Planos, S. A.                                 | 99.99                | 99.99      | Steel and Equity inter |

|   |        |        |                        |
|---|--------|--------|------------------------|
| CSN Acquisitions, Ltd. (2)              |        | 100.00 | Financial transactions |
| CSN Resources S.A.                      | 100.00 | 100.00 | Financial transactions |
| CSN Holdings (UK) Ltd (2)               |        | 100.00 | Financial transactions |
| CSN Handel GmbH (3)                     | -      | 87.52  | Financial transactions |
| Companhia Brasileira de Latas           | 100.00 | 100.00 | Sale of cans and com   |
| Companhia de Embalagens Metálicas MMSA  | 99.67  | 99.67  | Production and sale o  |
| Companhia de Embalagens Metálicas - MTM | 99.67  | 99.67  | Production and sale o  |
| CSN Steel Holdings 1, S.L.U.            | 100.00 | 100.00 | Financial transactions |
| CSN Productos Siderúrgicos S.L.         | 100.00 | 100.00 | Financial transactions |
| Stalwerk Thüringen GmbH                 | 100.00 | 100.00 | Production and sale o  |
| CSN Steel Sections UK Limited (*)       | 100.00 | 100.00 | Sale of long steel     |
| CSN Steel Sections Polska Sp.Z.o.o      | 100.00 | 100.00 | Financial transactions |
| CSN Asia Limited                        | 100.00 | 100.00 | Commercial represen    |
| Namisa International Minérios SLU       | 87.52  | 87.52  | Financial transactions |
| Namisa Europe, Unipessoal Lda.          | 87.52  | 87.52  | Equity interests, prod |
| CSN Mining GmbH (4)                     | 87.52  | 87.52  | Financial transactions |
| Namisa Asia Limited                     | 87.52  | 87.52  | Commercial represen    |

**Direct interest in joint operations: proportionate consolidation**

|  |       |       |                       |
|--|-------|-------|-----------------------|
| Itá Energética S.A.                          | 48.75 | 48.75 | Electric power genera |
| CGPAR - Construção Pesada S.A.               | 50.00 | 50.00 | Mining support servic |
| Consórcio da Usina Hidrelétrica de Igarapava | 17.92 | 17.92 | Electric power consor |

**Direct interest in joint ventures: equity method**

|   |       |       |                        |
|---|-------|-------|------------------------|
| MRS Logística S.A.  | 18.64 | 18.64 | Railroad transportatio |
| Aceros Del Orinoco S.A.                                   | 31.82 | 31.82 | Dormant company        |
| CBSI - Companhia Brasileira de Serviços de Infraestrutura | 50.00 | 50.00 | Equity interests and p |
| Transnordestina Logística S.A.                            | 51.81 | 56.92 | Railroad logistics     |

**Indirect interest in joint ventures: equity method**

|                    |       |       |                        |
|--------------------|-------|-------|------------------------|
| MRS Logística S.A. | 16.30 | 16.30 | Railroad transportatio |
|--------------------|-------|-------|------------------------|

**Direct interest in associates: equity method**

|                                |       |       |                       |
|--------------------------------|-------|-------|-----------------------|
| Arvedi Metalfer do Brasil S.A. | 20.00 | 20.00 | Metallurgy and Equity |
|--------------------------------|-------|-------|-----------------------|

(\*) They are Dormant Companies therefore they do not appear in the note 8.a, where is disclosed business information under the equity method.

(1) New corporate name of Mineração Nacional, amended in March 2016;

(2) Company liquidated in January 2016;

(3) Company incorporated by CSN Mining GmbH (subsidiary with indirect interest) on January 2016;

(4) New corporate name of Namisa Handel GmbH, amended in February 2016;





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- **Exclusive funds**

| <b>Exclusive funds</b>                              | <b>Equity interests (%)</b> |                   | <b>Core business</b> |
|---|-----------------------------|-------------------|----------------------|
|   | <b>06/30/2016</b>           | <b>12/31/2015</b> |                      |
| <b>Direct interest: full consolidation</b>          |                             |                   |                      |
| Diplic II - Private credit balanced mutual fund     | 100.00                      |                   | Investment fund      |
| Caixa Vértice - Private credit balanced mutual fund | 100.00                      | 100.00            | Investment fund      |
| VR1 - Private credit balanced mutual fund           | 100.00                      | 100.00            | Investment fund      |
| Diplic - Private credit balanced mutual fund (1)    |                             | 100.00            | Investment fund      |
| BB Steel - Private credit balanced mutual fund (1)  |                             | 100.00            | Investment fund      |

(1) Multimarket investment fund fully redeemed.

**2.d) Restatement of accounting balances at June 2015**

- **Forfaiting**

Trough out the financial year 2015 the Company purchased raw materials from its suppliers located abroad through a foreign trade operation called Forfaiting, in which the financial institution makes the payment in cash to exporter by the net values of the securities (discount rate and other possible expenses already deducted), allowing the Company to finance imported goods by a yearly interest rate from 1.25% to 3.28%, maturing in 12 months.

- Drawee risk

During the financial year 2015 the Company carried out transactions denominated drawee risk, the transaction occurs when the financial institution engaged by the Company anticipates to suppliers the debt securities, so then subsequently receives from the Company on the maturity date those anticipated values.

The Company reclassified the balances of forfaiting transactions and drawee risk with commercial suppliers originally presented in cash flow on June 2015, as follows:

a) Statements of cash flows at June 30, 2015

|   | Consolidated                 |                   |  |                              |            |
|---|------------------------------|-------------------|--|------------------------------|------------|
|   | As<br>Originally<br>Reported | Reclassifications | 06/30/2015<br>Statement<br>of Cash<br>flow<br>Adjusted | As<br>Originally<br>Reported | Reclassifi |
| <b>Cash generated by operating activities</b>                     |                              |                   |  |                              |            |
| Profit (loss) for the year attributed to controlling shareholders | (222,212)                    |                   | (222,212)  | (222,212)                    |            |
| Trade payables  | 86,589                       | 180,521           | 267,110  | 96,574                       |            |
| Interest paid   | (1,358,562)                  | (3,716)           | (1,362,278)  | (1,201,511)                  |            |
| Others  | 2,495,448                    |                   | 2,495,448  | 1,481,277                    |            |
| <b>Net cash generated by operating activities</b>                 | <b>1,001,263</b>             | <b>176,805</b>    | <b>1,178,068</b>                                       | <b>154,128</b>               |            |
| <b>Net cash generated by investing activities</b>                 | <b>185,918</b>               |                   | <b>185,918</b>   | <b>(51,015)</b>              |            |
| <b>Cash generated by financing activities</b>                     |                              |                   |  |                              |            |
| Funding Forfaiting/ Drawee risk                                   |                              | 386,143           | 386,143  |                              |            |
| Payment Forfaiting / Drawee risk                                  |                              | (562,948)         | (562,948)  |                              | (5         |
| Others  | (2,022,975)                  |                   | (2,022,975)  | (1,007,594)                  |            |
| <b>Net cash used in financing activities</b>                      | <b>(2,022,975)</b>           | <b>(176,805)</b>  | <b>(2,199,780)</b>                                     | <b>(1,007,594)</b>           | (1         |
| <b>Exchange differences on cash and cash equivalents</b>          | <b>(5,799)</b>               |                   | <b>(5,799)</b>   |                              |            |
| <b>Increase (decrease) in cash and cash equivalents</b>           | <b>(841,593)</b>             |                   | <b>(841,593)</b>                                       | <b>(904,481)</b>             |            |



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**b) Statement of income and statement of comprehensive income at June 30, 2015**

The Company has not restated the others statements of June 30, 2015 since the changes in those tables were not material.

**2.e) Restatement of the Quarterly Financial Information for the six-month period ended June 30, 2016, previously restated on November 14, 2016.**

In addition to the detailed review of the business combination transaction explained in item (a) below, the Company's management performed a thorough review of various components and transactions, including the studies that support the recognition and maintenance of the amounts of long-lived assets, such as investments in subsidiaries and associates, goodwill, property, plant and equipment and tax credits. As a result of this review, a long-lived asset whose realization depends on projections with observable assumptions was revalued and its expected realization was adjusted. Accordingly, the financial statements for the year ended December 31, 2015, originally dated March 28, 2016 and restated on November 14, 2016 due to adjustments in non-controlling interests, were restated for the second time as a result of the detailed review mentioned above, which resulted in material adjustments to the following items:

- (a) Business combination between CSN Mineração and NAMISA; and
- (b) Expected realization of income tax and social contribution tax credits.

We present below further details on the adjustments that led management to opt for the second restatement of the financial statements for the year ended December 31, 2015.

**a. Business Combination**

The Company is restating the balances of the financial statements for the year ended December 31, 2015, as a result of a detailed review of all aspects of the business combination occurred on November 30, 2015, by which the Company's mining activities were restructured and concentrated on a primary entity, CSN Mineração S.A. This review occurred after the first restatement, on November 14, 2016, of those financial statements resulting from a change in the interpretation of the gains attributed to owners and to non-controlling, as disclosed in note 2.a.b, of those financial statements.

Within this context, the Company identified errors in certain assumptions used in the fair value determination of the entities involved in the transaction, Nacional Minérios S.A. (NAMISA) and CSN Mineração, as well as in the accounting for the clause of the Investment Agreement signed in December 2014 that approached the treatment to be given to NAMISA's assets excluded from the transaction, Fernandinho, Cayman and Pedras Pretas ("excluded assets"). As per that clause, Fernandinho, Cayman and Pedras Pretas assets included in the fair value determination of NAMISA shall be transferred directly to any entity other than CSN Mineração. By mistake, those assets were included within the net assets of NAMISA contributed to CSN Mineração and, in a subsequent act, were transferred from CSN Mineração to another entity, Minérios Nacional S.A (current corporate name of Mineração Nacional S.A.). And finally, the review appointed to a change in the interpretation of the determination of the gain or loss in the pre-existing relationship between the acquirer and the acquiree entities as established in the accounting pronouncement CPC15/IFRS3.

The Company opted to restate the year ended December 31, 2015 as comparative information in the financial statements for the year ended December 31, 2016. Thus, the reasons that led the Company to restate the business combination performed in 2015 are described in detail in Note 2 (ab) to the financial statements for the year ended December 31, 2016, which are being approved on the same date.

**b. Estimated losses of deferred income tax and social contribution credits**

The Company is restating the balances of deferred income tax and social contribution credits of its financial statements for the year ended December 31, 2015 after the technical review, during 2016, of the negative and positive aspects that supported their maintenance. The main change in the decision for this

restatement is the exclusion of the sale of certain non-core assets from the studies of recovery of credits, reducing the future taxable base of projections, and the higher weight attributed to the observable evidence of tax losses existing in the last years, according to the interpretation given by accounting standard IAS 12 / CPC 32. As established in the standard, in the case of existence of recent history of successive losses or losses alternated in several years, this becomes the primary evidence for assessing the maintenance or recording of tax credits to offset against future taxable profits, with the study of projections of these profits remaining as a source of secondary evidences and with lower weight in the assessment.

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Thus, the Company elected to maintain in assets an amount of tax losses and negative basis of social contribution equivalent to 30% of the deferred income tax liability balance, an amount that will be used as the deferred tax liability becomes current income tax payable. With this, the total credits arising from temporary differences were accrued and maintained in inventory of credits in the Company's tax books for future utilization. This system of maintenance of tax credits equivalent to 30% of the deferred income tax liability will remain until a new history of taxable profits is formed and the studies of projections of future profits become again primary evidences for the recording of tax credits, when the Company will recognize the temporary differences and higher amounts of tax losses and negative basis of social contribution losses that will be utilized to offset income tax payable arising from future taxable profits.

The adjustments in items (a) and (b) that generated the restatement of the financial statements for the year ended December 31, 2015, which consequently impacted the six-month period ended June 30, 2016 are detailed in the table below:

- **Balance Sheet**

- **June 2016**

| <b>As<br/>Originally</b> | <b>Reclassifications</b> | <b>Consolidated<br/>06/31/2016<br/>Restated</b> | <b>As<br/>Originally</b> | <b>Reclassifications</b> |
|--------------------------|--------------------------|---|--------------------------|--------------------------|
|--------------------------|--------------------------|---|--------------------------|--------------------------|



|   | Reported          |                    | Reported          |                   |                    |
|---|-------------------|--------------------|-------------------|-------------------|--------------------|
| <b>ASSETS</b>                                   |                   |                    |                   |                   |                    |
| <b>Current</b>                                  | <b>11,925,609</b> |                    | <b>11,925,609</b> | <b>7,745,548</b>  |                    |
| <b>Non- current</b>                             | <b>32,404,128</b> | <b>(1,184,050)</b> | <b>31,220,078</b> | <b>33,654,059</b> | <b>(876,415)</b>   |
| Long term receivables                           | 4,708,126         | (3,102,446)        | 1,605,680         | 4,330,913         | (3,105,030)        |
| Investments                                     | 4,400,282         | 12                 | 4,400,294         | 20,018,260        | 2,228,615          |
| Property, Plant and Equipment                   | 17,953,537        | (45,373)           | 17,908,164        | 9,245,398         |                    |
| Intangible                                      | 5,342,183         | 1,963,757          | 7,305,940         | 59,488            |                    |
| <b>TOTAL ASSETS</b>                             | <b>44,329,737</b> | <b>(1,184,050)</b> | <b>43,145,687</b> | <b>41,399,607</b> | <b>(876,415)</b>   |
| <b>Liabilities</b>                              |                   |                    |                   |                   |                    |
| <b>Current</b>                                  | <b>4,511,055</b>  | <b>(329,947)</b>   | <b>4,181,108</b>  | <b>3,533,932</b>  |                    |
| <b>Non- current</b>                             | <b>31,149,356</b> | <b>625,186</b>     | <b>31,774,542</b> | <b>30,286,578</b> | <b>663,581</b>     |
| <b>Shareholders' Equity</b>                     | <b>8,669,326</b>  | <b>(1,479,289)</b> | <b>7,190,037</b>  | <b>7,579,097</b>  | <b>(1,539,996)</b> |
| Common stock                                    | 4,540,000         |                    | 4,540,000         | 4,540,000         |                    |
| Capital reserves                                | 30                |                    | 30                | 30                |                    |
| Earnings reservers                              | 2,464,701         | (2,464,701)        |                   | 2,464,701         | (2,464,701)        |
| Comprehensive Income                            | 1,468,293         | 1,152,330          | 2,620,623         | 1,468,293         | 1,152,330          |
| Profit (Loss) for the period                    | (893,927)         | (227,625)          | (1,121,552)       | (893,927)         | (227,625)          |
| Non- controlling interest                       | 1,090,229         | 60,707             | 1,150,936         |                   |                    |
| <b>Total Liabilities + Shareholders' Equity</b> | <b>44,329,737</b> | <b>(1,184,050)</b> | <b>43,145,687</b> | <b>41,399,607</b> | <b>(876,415)</b>   |

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|  | <b>As Originally Reported</b> | <b>Reclassifications</b> | <b>Consolidated<br/>12/31/2015<br/>Restated</b> | <b>As Orig</b> |
|--|-------------------------------|--------------------------|---|----------------|
| <b><u>ASSETS</u></b>                             |                               |                          |   |                |
| <b>Current</b>                                   | <b>16,430,691</b>             |                          | <b>16,430,691</b>                               |                |
| <b>Non-Current</b>                               | <b>32,219,283</b>             | <b>(1,310,565)</b>       | <b>30,908,718</b>                               |                |
| Long - term receivables                          | 4,890,948                     | (3,228,961)              | 1,661,987                                       |                |
| Investments                                      | 3,998,227                     | 12                       | 3,998,239                                       |                |
| Property, Plant and Equipment                    | 17,871,599                    | (45,373)                 | 17,826,226                                      |                |
| Intangible                                       | 5,458,509                     | 1,963,757                | 7,422,266                                       |                |
| <b>TOTAL ASSETS</b>                              | <b>48,649,974</b>             | <b>(1,310,565)</b>       | <b>47,339,409</b>                               |                |
| <b><u>LIABILITIES</u></b>                        |                               |                          |   |                |
| <b>Current</b>                                   | <b>5,325,571</b>              | <b>(243,372)</b>         | <b>5,082,199</b>                                |                |
| <b>Non-current</b>                               | <b>34,588,740</b>             | <b>577,182</b>           | <b>35,165,922</b>                               |                |
| <b>Shareholders ' equity</b>                     | <b>8,735,663</b>              | <b>(1,644,375)</b>       | <b>7,091,288</b>                                |                |
| Common stock                                     | 4,540,000                     |                          | 4,540,000                                       |                |
| Capital reserves                                 | 30                            |                          | 30  |                |
| Earnings reserves                                | 2,464,701                     | (2,464,701)              |   |                |
| Comprehensive income                             | 660,016                       | 1,130,677                | 1,790,693                                       |                |
| Accumulated Losses                               |                               | (367,214)                | (367,214)                                       |                |
| Non- controlling Interest                        | 1,070,916                     | 56,863                   | 1,127,779                                       |                |
| <b>Total Liabilities + Shareholders ' Equity</b> | <b>48,649,974</b>             | <b>(1,310,565)</b>       | <b>47,339,409</b>                               |                |

• **Statement of income**

|                          | <b>Consolidated<br/>06/30/2016<br/>Restated</b> | <b>Parent<br/>Company<br/>06/30/2016<br/>Restated</b> |
|--------------------------|---|---|
| <b>Reclassifications</b> |   | <b>Reclassifications</b>                              |

|   | <b>As<br/>Originally<br/>Reported</b> |                | <b>As<br/>Originally<br/>Reported</b> |                    |                           |
|---|---------------------------------------|----------------|---------------------------------------|--------------------|---------------------------|
| <b>Net Revenue</b>                                      | <b>8,193,149</b>                      |                | <b>8,193,149</b>                      | <b>4,169,314</b>   | <b>4,169,314</b>          |
| <b>Cost of goods sold</b>                               | <b>(6,344,665)</b>                    |                | <b>(6,344,665)</b>                    | <b>(3,545,062)</b> | <b>(3,545,062)</b>        |
| <b>Operating Income (expenses)</b>                      | <b>(1,343,279)</b>                    |                | <b>(1,343,279)</b>                    | <b>(1,520,490)</b> | <b>26,966 (1,493,524)</b> |
| Selling Expenses  | (844,604)                             |                | (844,604)                             | (306,229)          | (306,229)                 |
| General and administrative expenses                     | (264,341)                             |                | (264,341)                             | (195,627)          | (195,627)                 |
| Equity Results  | 63,407                                |                | 63,407                                | (833,736)          | 26,967 (806,769)          |
| Other Operating income (expenses),net                   | (297,741)                             |                | (297,741)                             | (184,898)          | (1) (184,899)             |
| <b>Income before financial results</b>                  | <b>505,205</b>                        |                | <b>505,205</b>                        | <b>(896,238)</b>   | <b>26,966 (869,272)</b>   |
| Financial results ,net                                  | (1,147,497)                           | 53,539         | (1,093,958)                           | 112,485            | 112,485                   |
| <b>Income before income tax and social contribution</b> | <b>(642,292)</b>                      | <b>53,539</b>  | <b>(588,753)</b>                      | <b>(783,753)</b>   | <b>26,966 (756,787)</b>   |
| Income tax and social contribution                      | (231,715)                             | 89,894         | (141,821)                             | (110,174)          | 112,623 2,449             |
| <b>Net income for the year</b>                          | <b>(874,007)</b>                      | <b>143,433</b> | <b>(730,574)</b>                      | <b>(893,927)</b>   | <b>139,589 (754,338)</b>  |
| <b>Attributable to:</b>                                 |                                       |                |                                       |                    |                           |
| Participation of controlling interest                   | (893,927)                             | 139,589        | (754,338)                             | (893,927)          | 139,589 (754,338)         |
| Participation of non - controlling interest             | 19,920                                | 3,844          | 23,764                                |                    |                           |
|   | <b>(874,007)</b>                      | <b>143,433</b> | <b>(730,574)</b>                      | <b>(893,927)</b>   | <b>139,589 (754,338)</b>  |

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**Version:  
1**• **Statement of Value Added**

|  | <b>Consolidated<br/>06/30/2016</b>    |                          | <b>As<br/>06/30/2016</b> |                                | <b>Parent<br/>Company<br/>06/30/2016</b> |                    |
|--|---------------------------------------|--------------------------|--------------------------|--------------------------------|--|--------------------|
|  | <b>As<br/>Originally<br/>Reported</b> | <b>Reclassifications</b> | <b>Restated</b>          | <b>Originally<br/>Reported</b> | <b>Reclassifications</b>                 | <b>Restated</b>    |
| Revenues   | 9,298,317                             |                          | 9,298,317                | 5,137,596                      |  | 5,137,596          |
| Inputs acquired<br>from third<br>parties               | (6,694,416)                           |                          | (6,694,416)              | (4,128,170)                    |  | (4,128,170)        |
| <b>Gross added<br/>value</b>                           | <b>2,603,901</b>                      |                          | <b>2,603,901</b>         | <b>1,009,426</b>               |  | <b>1,009,426</b>   |
| Withholdings   | (637,392)                             |                          | (637,392)                | (275,222)                      |  | (275,222)          |
| <b>Net added<br/>value</b>                             | <b>1,966,509</b>                      |                          | <b>1,966,509</b>         | <b>734,204</b>                 |  | <b>734,204</b>     |
| <b>Added value<br/>received on<br/>transfer</b>        | <b>(748,600)</b>                      |                          | <b>(748,600)</b>         | <b>(1,065,919)</b>             | <b>26,967</b>                            | <b>(1,038,952)</b> |
| Equity in<br>earnings of<br>subsidiaries               | 63,407                                |                          | 63,407                   | (833,736)                      | 26,967                                   | (806,769)          |
| Others   | (812,007)                             |                          | (812,007)                | (232,183)                      |  | (232,183)          |
| <b>VALUE<br/>ADDED<br/>TOTAL TO BE<br/>DISTRIBUTED</b> | <b>1,217,909</b>                      |                          | <b>1,217,909</b>         | <b>(331,715)</b>               | <b>26,967</b>                            | <b>(304,748)</b>   |
| <b>Staff and<br/>Charges</b>                           | <b>1,024,077</b>                      |                          | <b>1,024,077</b>         | <b>562,304</b>                 |  | <b>562,304</b>     |
| <b>Taxes, fees<br/>and<br/>contributions</b>           | <b>723,217</b>                        | <b>(89,894)</b>          | <b>633,323</b>           | <b>340,260</b>                 | <b>(112,622)</b>                         | <b>227,638</b>     |
| <b>Remuneration<br/>of third-party</b>                 | <b>344,622</b>                        | <b>(53,539)</b>          | <b>291,083</b>           | <b>(340,352)</b>               |  | <b>(340,352)</b>   |

|   |                  |                |                  |                  |                |                  |
|---|------------------|----------------|------------------|------------------|----------------|------------------|
| <b>capital<br/>Remuneration<br/>of<br/>shareholders'<br/>equity</b> | <b>(874,007)</b> | <b>143,433</b> | <b>(730,574)</b> | <b>(893,927)</b> | <b>139,589</b> | <b>(754,338)</b> |
| (Loss) profit<br>for the year                                       | (893,927)        | 139,589        | (754,338)        | (893,927)        | 139,589        | (754,338)        |
| Non-controlling<br>interest   | 19,920           | 3,844          | 23,764           |                  |                |                  |
| <b>DISTRIBUTION<br/>OF VALUE<br/>ADDED</b>                          | <b>1,217,909</b> |                | <b>1,217,909</b> | <b>(331,715)</b> | <b>26,967</b>  | <b>(304,748)</b> |

- Statement of Changes in Equity**

|  | Paid - in<br>capital | Capital, reserve,<br>granted<br>options and<br>treasury shares | Earnings<br>reserve | Retained<br>earnings<br>(accumulated<br>losses) | Other<br>comprehensive<br>income | Parent<br>Company<br>06/30/2016<br>Shareholders' equity | Non-c<br>in |
|--|----------------------|--|---------------------|---|----------------------------------|---|-------------|
| <b>As Originally<br/>Reported<br/>06/30/2016</b> | <b>4,540,000</b>     | <b>30</b>  | <b>2,464,701</b>    | <b>(893,927)</b>                                | <b>1,468,293</b>                 | <b>7,579,097</b>  |             |
| Reclassifications                                |                      |  | (2,464,701)         | (227,625)                                       | 1,152,330                        | (1,539,996)   |             |
| <b>Restated<br/>06/30/2016</b>                   | <b>4,540,000</b>     | <b>30</b>  |                     | <b>(1,121,552)</b>                              | <b>2,620,623</b>                 | <b>6,039,101</b>  |             |

- Statement of Cash Flows**

The Company did not restate the balances of the December cash flow statement because the change had no material effect.

### 3. CASH AND CASH EQUIVALENTS

|  | Consolidated   |                | Parent<br>Company |               |
|--|----------------|----------------|-------------------|---------------|
|  | 06/30/2016     | 12/31/2015     | 06/30/2016        | 12/31/2015    |
| <b>Current<br/>Cash and cash equivalents</b> |                |                |                   |               |
| <b>Cash and banks</b>                        | <b>678,446</b> | <b>434,014</b> | <b>34,050</b>     | <b>37,003</b> |

**Short-term investments****In Brazil:**

|                       |                  |                  |                  |                |
|-----------------------|------------------|------------------|------------------|----------------|
| Government securities | 260,251          | 165,520          | 259,715          | 164,311        |
| Private securities    | 1,926,190        | 945,420          | 1,729,034        | 570,284        |
|                       | <b>2,186,441</b> | <b>1,110,940</b> | <b>1,988,749</b> | <b>734,595</b> |

**Abroad:**

|                                     |                  |                  |                  |                  |
|-------------------------------------|------------------|------------------|------------------|------------------|
| <i>Time deposits</i>                | 2,274,154        | 6,316,098        | 464,669          | 1,113,601        |
| <b>Total short-term investments</b> | <b>4,460,595</b> | <b>7,427,038</b> | <b>2,453,418</b> | <b>1,848,196</b> |
| <b>Cash and cash equivalents</b>    | <b>5,139,041</b> | <b>7,861,052</b> | <b>2,487,468</b> | <b>1,885,199</b> |

The funds available in the Group and parent company set up in Brazil are basically invested in investment funds, classified as exclusive and its financial statements were consolidated within CSN the financial statements, consolidated and parent company. The funds include repurchase agreements backed by private and public securities, with pre-fixed income, with 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 funds are managed by BNY Mellon Serviços Financeiros DTVM S.A., BB Gestão de Recursos DVTM and Caixa Econômica Federal (CEF) and their assets collateralize possible losses on investments and transactions carried out. The investments in those funds were consolidated.

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A significant part of the funds of the Company and its foreign subsidiaries is invested in time deposits in banks considered by the administration as top rated banks and the returns are based on fixed interest rates.

**4. SHORT-TERM INVESTMENTS**

|                           | <b>Consolidated</b> |                   | <b>Parent Company</b> |                   |
|---------------------------|---------------------|-------------------|-----------------------|-------------------|
|                           | <b>06/30/2016</b>   | <b>12/31/2015</b> | <b>06/30/2016</b>     | <b>12/21/2015</b> |
| Time Deposit (1)          | 212,810             |                   |                       |                   |
| Government securities (2) | 110,115             | 763,599           | 109,092               | 763,599           |
|                           | <b>322,925</b>      | <b>763,599</b>    | <b>109,092</b>        | <b>763,599</b>    |

1. Financial investments that guarantee letters of credit issued by Banco do Brazil for the acquisition of the northeast and the south cement plants. The carrying amount of these investments on June 30, 2016 is R\$212,810.

2. Investment in Treasury Financial Letters (LFT) managed by its exclusive funds that have been qualified as a margin deposits for future contracts traded at BM&F Bovespa and detailed in note 12 (b) and LFT's for investments.

**5. TRADE RECEIVABLES**

|                                      | <b>Consolidated</b> |                   | <b>Parent Company</b> |                   |
|--------------------------------------|---------------------|-------------------|-----------------------|-------------------|
|                                      | <b>06/30/2016</b>   | <b>12/31/2015</b> | <b>06/30/2016</b>     | <b>12/31/2015</b> |
| <b>Trade receivables</b>             |                     |                   |                       |                   |
| <b>Third parties</b>                 |                     |                   |                       |                   |
| Domestic market                      | 922,521             | 772,617           | 540,766               | 425,108           |
| Foreign market                       | 784,429             | 818,562           | 143,782               | 250,588           |
|                                      | <b>1,706,950</b>    | <b>1,591,179</b>  | <b>684,548</b>        | <b>675,696</b>    |
| Allowance for doubtful debts         | (167,066)           | (151,733)         | (121,833)             | (112,502)         |
|                                      | <b>1,539,884</b>    | <b>1,439,446</b>  | <b>562,715</b>        | <b>563,194</b>    |
| Related parties (Note 17 b)          | 82,602              | 61,366            | 933,505               | 1,140,172         |
|                                      | <b>1,622,486</b>    | <b>1,500,812</b>  | <b>1,496,220</b>      | <b>1,703,366</b>  |
| <b>Other receivables</b>             |                     |                   |                       |                   |
| Dividends receivable (Note 17 b) (*) | 26,902              | 27,817            | 730,062               | 737,668           |
| Advances to employees                | 31,676              | 40,190            | 19,066                | 24,465            |
| Other receivables                    | 7,313               | 9,458             | 101                   | 2,024             |
|                                      | <b>65,891</b>       | <b>77,465</b>     | <b>749,229</b>        | <b>764,157</b>    |
|                                      | <b>1,688,377</b>    | <b>1,578,277</b>  | <b>2,245,449</b>      | <b>2,467,523</b>  |

(\*) Refers mainly to dividends receivable from CSN Mineração S.A. totaling R\$694,080.

In accordance with Group' internal sales policy the Group performs operations relating to assignment of receivables without co-obligation in which, after assigning the customer's trade notes/bills and receiving the amounts from each transaction closed, CSN settles the trade receivables and becomes entirely free of the credit risk on the transaction. This transaction totals R\$280,506 as of June 30, 2016 (R\$232,275 as of December 31, 2015), less the trade receivables.

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

|                         | <b>Consolidated</b> |                   | <b>Parent Company</b> |                   |
|-------------------------|---------------------|-------------------|-----------------------|-------------------|
|                         | <b>06/30/2016</b>   | <b>12/31/2015</b> | <b>06/30/2016</b>     | <b>12/31/2015</b> |
| Current                 | 1,263,653           | 1,049,033         | 406,039               | 423,801           |
| Past-due up to 180 days | 268,173             | 353,443           | 163,173               | 118,488           |
| Past-due over 180 days  | 175,124             | 188,703           | 115,336               | 133,407           |
|                         | <b>1,706,950</b>    | <b>1,591,179</b>  | <b>684,548</b>        | <b>675,696</b>    |

The movements in the Group's allowance for doubtful debts are as follows:

**Consolidated**



|   | <b>06/30/2016</b> | <b>12/31/2015</b> | <b>06/30/2016</b> | <b>Parent<br/>Company<br/>12/31/2015</b> |
|---|-------------------|-------------------|-------------------|--|
| <b>Opening balance</b>  | <b>(151,733)</b>  | <b>(127,223)</b>  | <b>(112,502)</b>  | <b>(93,536)</b>                          |
| Estimated losses  | (51,578)          | (35,631)          | (47,266)          | (26,288)                                 |
| Recovery of receivables   | 36,245            | 11,121            | 37,935            | 4,504                                    |
| Incorporation of CSN Cimentos and Spin-off<br>assets to Congonhas |                   |                   |                   | 2,818                                    |
| <b>Closing balance</b>  | <b>(167,066)</b>  | <b>(151,733)</b>  | <b>(121,833)</b>  | <b>(112,502)</b>                         |

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1****6. INVENTORIES**

|                         | <b>Consolidated</b> |                   | <b>Parent Company</b> |                   |
|-------------------------|---------------------|-------------------|-----------------------|-------------------|
|                         | <b>06/30/2016</b>   | <b>12/31/2015</b> | <b>06/30/2016</b>     | <b>12/31/2015</b> |
| Finished goods          | 1,073,932           | 1,912,868         | 704,856               | 1,078,554         |
| Work in progress        | 744,122             | 1,007,630         | 524,164               | 746,614           |
| Raw materials           | 850,563             | 1,062,557         | 525,637               | 563,119           |
| Spare Parts             | 947,575             | 962,078           | 506,825               | 489,816           |
| Iron ore                | 309,313             | 95,461            | 8,741                 | 6,912             |
| Advances to suppliers   | 7,626               | 12,147            | 4,231                 | 6,191             |
| (-)Provision for losses | (99,083)            | (111,427)         | (40,874)              | (40,462)          |
|                         | <b>3,834,048</b>    | <b>4,941,314</b>  | <b>2,233,580</b>      | <b>2,850,744</b>  |

The movements in the provision for inventory losses are as follows:

|  | <b>Consolidated</b> |                   | <b>Parent Company</b> |                   |
|--|---------------------|-------------------|-----------------------|-------------------|
|  | <b>06/30/2016</b>   | <b>12/31/2015</b> | <b>06/30/2016</b>     | <b>12/31/2015</b> |
| <b>Opening balance</b>                                       | <b>(111,427)</b>    | <b>(112,581)</b>  | <b>(40,462)</b>       | <b>(88,056)</b>   |
| Reversal / (losses) for slow-moving and obsolescence(note22) | 12,344              | 1,154             | (412)                 | 15,835            |
| Drop down of assets to Congonhas                             |                     |                   |                       | 31,759            |
| <b>Closing balance</b>                                       | <b>(99,083)</b>     | <b>(111,427)</b>  | <b>(40,874)</b>       | <b>(40,462)</b>   |

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

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

|   | Current    |            | Consolidated<br>Non-current |            | Current    |            | Parent Company<br>Non-current |            |
|---|------------|------------|-----------------------------|------------|------------|------------|-------------------------------|------------|
|   | 06/30/2016 | 12/31/2015 | 06/30/2016                  | 12/31/2015 | 06/30/2016 | 12/31/2015 | 06/30/2016                    | 12/31/2015 |
| Judicial deposits (note 15)                     |            |            | 346,495                     | 328,542    |            |            | 273,027                       | 263,046    |
| Credits with the PGFN (1)                       |            |            | 45,185                      | 87,761     |            |            | 45,185                        | 87,761     |
| Recoverable taxes (2)                           | 813,021    | 996,679    | 394,060                     | 445,926    | 562,131    | 702,722    | 187,325                       | 245,833    |
| Prepaid expenses                                | 81,390     | 119,456    | 22,089                      | 28,119     | 40,339     | 19,440     |                               | 4,500      |
| Actuarial asset - related party (note 17 b)     |            |            | 99,580                      | 114,433    |            |            | 101,305                       | 112,660    |
| Derivative financial instruments (note 12 I)    |            | 118,592    |                             |            |            |            |                               |            |
| Exclusive funds (note 17b)                      |            |            |                             |            |            | 110,075    |                               |            |
| Securities held for trading (note 12 I)         | 12,882     | 10,778     |                             |            | 12,752     | 10,659     |                               |            |
| Iron ore inventory (3)                          |            |            | 144,499                     | 144,499    |            |            |                               |            |
| Northeast Investment Fund – FINOR               |            |            | 10,888                      | 10,888     |            |            | 8,452                         | 8,452      |
| Other receivables (note 12 I)                   |            |            | 13,311                      | 6,877      |            |            | 1,464                         | 1,439      |
| Loans with related parties (note 17 b and 12 I) |            |            | 400,053                     | 373,214    |            |            | 257,480                       | 239,930    |
| Other receivables from related parties (note    | 9,209      | 9,420      | 32,770                      | 29,020     | 54,737     | 32,479     | 328,393                       | 303,441    |

17 b)

|        |                |                  |                  |                  |                |                |                  |                  |
|--------|----------------|------------------|------------------|------------------|----------------|----------------|------------------|------------------|
| Others | 24,716         | 31,524           | 23,642           | 14,642           |                |                | 23,252           | 14,408           |
|        | <b>941,218</b> | <b>1,286,449</b> | <b>1,532,572</b> | <b>1,583,921</b> | <b>669,959</b> | <b>875,375</b> | <b>1,225,883</b> | <b>1,281,470</b> |

(1) Refers to the excess of judicial deposit originated by the 2009 REFIS (Tax Debt Refinancing Program). After the settlement of the tax debt refinancing program, the amount related to one of the lawsuits was fully redeemed through a judicial authorization.

(2) Refers mainly to taxes on revenue (PIS/COFINS) and State VAT (ICMS) recoverable and income tax and social contribution for offset.

(3) Long-term iron ore inventories that will be used after the construction of the processing plant, which will produce pellet feed, expected to start operating in the second half of 2017.

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## **8. 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, 2015 and, accordingly, the Company decided not to repeat it in the condensed interim financial statements as of June 30, 2016.

- **Reduce of financial leverage**

With the primary objective of reducing the Company's financial leverage, Management is committed to a plan to dispose of a set of assets, however, it is not possible to confirm that the sale within a period of 12 months is highly probable for any of the assets contemplated. The Company considers several sales scenarios that vary according to different macroeconomic and operational assumptions. In this context, the Company did not segregate and did not reclassify such assets in the financial statements as discontinued operations in accordance with CPC 31 (IFRS 5).

The sale of the subsidiary Metalic Nordeste, as mentioned in note 29 (subsequent events), is part of the Company's effort with the plan of assets disposal and demonstrates Management's commitment with this plan.

- **Transnordestina**

The joint venture Transnordestina is in pre-operational phase and will continue as such until the completion of railway number II (rail network II). Approved construction schedule established the completion of the construction by January 2017. The said schedule is currently under review and being discussed with the government authorities, however, the Company's management believes that any delay in completion of the project will not cause a substantial negative impact on the expected return on the investment. After analyzing this matter, Company's management has concluded for proper of use the accounting basis of operational continuity (going concern) in the preparation of the quarterly financial information.

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1****8.a) Direct equity interests in subsidiaries, joint ventures, joint operations, associates and other investments**

06/30/2016

| Companies  | Number of shares held by CSN (In units) |           | % Direct equity Interest | Participation In |             | Shareholder's Equity | Profit (loss) for the period | % Direct equity Interest |
|--|---|-----------|--------------------------|------------------|-------------|----------------------|------------------------------|--------------------------|
|  | Common                                  | Preferred |                          | Assets           | Liabilities |                      |                              |                          |
| <b>Investments under the equity Subsidiaries</b> |   |           |                          |                  |             |                      |                              |                          |
| CSN Islands VII Corp.                            | 20,001,000                              |           | 100.00                   | 6,310,398        | 6,345,212   | (34,814)             | (74,813)                     | 100.00                   |
| CSN Islands IX Corp.                             | 3,000,000                               |           | 100.00                   | 948              | 3           | 945                  | (1,384)                      | 100.00                   |
| CSN Islands X Corp. <sup>(1)</sup>               |   |           |                          |                  |             |                      |                              |                          |
| CSN Islands XI Corp.                             | 50,000                                  |           | 100.00                   | 2,517,658        | 2,466,501   | 51,157               | 29,165                       | 100.00                   |
| CSN Islands XII Corp.                            | 1,540                                   |           | 100.00                   | 2,262,421        | 3,214,171   | (951,750)            | 143,336                      | 100.00                   |
| CSN Minerals S.L.U.                              | 3,500                                   |           | 100.00                   | 3,926,850        | 11,106      | 3,915,744            | (835,350)                    | 100.00                   |
| CSN Export Europe, S.L.U.                        | 3,500                                   |           | 100.00                   | 713,717          | 93,522      | 620,195              | (201,146)                    | 100.00                   |
| CSN Metals S.L.U.                                | 16,504,020                              |           | 100.00                   | 625,744          | 24,672      | 601,072              | (189,903)                    | 100.00                   |
| CSN Americas S.L.U.                              | 3,500                                   |           | 100.00                   | 1,627,041        | 163,935     | 1,463,106            | (234,309)                    | 100.00                   |

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|   |                 |           |        |                   |                   |                   |                  |        |
|---|-----------------|-----------|--------|-------------------|-------------------|-------------------|------------------|--------|
| CSN Steel S.L.U.  | 22,042,688      |           | 100.00 | 2,566,869         | 1,581,876         | 984,993           | 333,219          | 100.00 |
| Sepetiba Tecon S.A.                                       | 254,015,052     |           | 99.99  | 397,287           | 130,303           | 266,984           | 9,927            | 99.99  |
| Mineração Nacional S.A.                                   | 65,020,211      |           | 99.99  | 74,916            | 23,128            | 51,788            | (7,460)          | 99.99  |
| Fair value - Mineração                                    | (2)             |           |        |                   |                   | 2,123,507         |                  |        |
| Estanho de Rondônia S.A.                                  | 108,655,326     |           | 99.99  | 32,769            | 17,473            | 15,296            | (6,995)          | 99.99  |
| Cia Metalic Nordeste                                      | 92,459,582      |           | 99.99  | 163,360           | 33,087            | 130,273           | 198              | 99.99  |
| Companhia Metalúrgica Prada                               | 313,651,399     |           | 99.99  | 758,767           | 578,528           | 180,239           | (32,694)         | 99.99  |
| CSN Cimentos S.A.   | (3)             |           |        |                   |                   |                   |                  |        |
| CSN Mineração S.A.  | (4) 158,419,480 |           | 87.52  | 12,464,670        | 4,652,471         | 7,812,199         | 163,145          | 87.52  |
| CSN Energia S.A.  | 43,149          |           | 99.99  | 72,774            | 13,684            | 59,090            | 12,879           | 99.99  |
| FTL - Ferrovia Transnordestina Logística S.A.             | 353,190,644     |           | 89.79  | 522,854           | 192,006           | 330,848           | 904              | 89.79  |
| Companhia Florestal do Brasil                             | 35,454,849      |           | 99.99  | 34,878            | 3,600             | 31,278            | (964)            | 99.99  |
| Nordeste Logística  | 99,999          |           | 99.99  | 100               | 55                | 45                | (55)             | 99.99  |
|   |                 |           |        | <b>35,074,021</b> | <b>19,545,333</b> | <b>17,652,195</b> | <b>(892,300)</b> |        |
| <b>Joint-venture and Joint-operation</b>                  |                 |           |        |                   |                   |                   |                  |        |
| Nacional Minérios S.A.                                    | (3) 253,606,846 |           | 48.75  | 286,475           | 33,732            | 252,743           | 4,639            | 48.75  |
| MRS Logística S.A.  | 26,611,282      | 2,673,312 | 18.64  | 1,478,595         | 875,810           | 602,785           | 46,531           | 18.64  |
| CBSI - Companhia Brasileira de Serviços de Infraestrutura | 1,876,146       |           | 50.00  | 12,893            | 11,914            | 979               | 1,417            | 50.00  |
| CGPAR - Construção Pesada S.A.                            | 50,000          |           | 50.00  | 42,636            | 30,944            | 11,692            | 3,091            | 50.00  |
| Transnordestina Logística S.A.                            | 22,761,085      | 1,397,545 | 51.81  | 3,965,311         | 2,704,425         | 1,260,886         | (10,742)         | 56.99  |
| Fair Value allocated to TLSA on loss of control           |                 |           |        |                   |                   | 659,105           |                  |        |



|   |            |       | 5,785,910     | 3,656,825     | 2,788,190         | 44,936           |       |
|---|------------|-------|---------------|---------------|-------------------|------------------|-------|
| <b>Associates</b>   |            |       |               |               |                   |                  |       |
| Arvedi Metalfer do Brasil                                 | 27,239,971 | 20.00 | 52,862        | 49,436        | 3,426             | (44)             | 20.00 |
|   |            |       | <b>52,862</b> | <b>49,436</b> | <b>3,426</b>      | <b>(44)</b>      |       |
| <b>Classified as available for sale (note 12 I)</b>       |            |       |               |               |                   |                  |       |
| Usiminas  |            |       |               |               | 769,489           |                  |       |
| Panatlântica  |            |       |               |               | 20,473            |                  |       |
|   |            |       |               |               | <b>789,962</b>    |                  |       |
| <b>Other investments</b>                                  |            |       |               |               |                   |                  |       |
| Profit on subsidiaries inventories                        |            |       |               |               | (37,001)          | 45,041           |       |
| Others  |            |       |               |               | 63,539            | (4,402)          |       |
|   |            |       |               |               | <b>26,538</b>     | <b>40,639</b>    |       |
| <b>Total investments</b>                                  |            |       |               |               | <b>21,260,311</b> | <b>(806,769)</b> |       |
| <b>Classification of investments in the balance sheet</b> |            |       |               |               |                   |                  |       |
| Investments assets  |            |       |               |               | 22,246,875        |                  |       |
| Investments whith negative equity                         |            |       |               |               | (986,564)         |                  |       |
|   |            |       |               |               | <b>21,260,311</b> |                  |       |

(1) Company extinguished in 2015;

(2) Fair value of mining and fixed assets rights arising from the business combination;

(3) Company incorporated in 2015;

(4) The amounts presented reflect off-balance adjustments made at the company CSN Mineração.

The number of shares, the carrying amounts of assets, liabilities and shareholders' equity, and the amounts of profit/(loss) for the period refer to the equity interests held by CSN in those companies.

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**Version:  
1****8.b) Changes of investments balances in subsidiaries, joint ventures, joint operations, associates and other investments**

|  | Consolidated     |                   | Parent Company     |                    |
|--|------------------|-------------------|--------------------|--------------------|
|  | 06/30/2016       | 12/31/2015        | 06/30/2016         | 12/31/2015         |
|  | Restated         | Restated          | Restated           | Restated           |
| <b>Opening balance of investments</b>                            | <b>3,998,239</b> | <b>13,665,453</b> | <b>25,517,369</b>  | <b>24,199,129</b>  |
| <b>Opening balance of loss provisions</b>                        |                  |                   | <b>(1,095,086)</b> | <b>(1,088,559)</b> |
| Investment balance of Namisa 11.30.15                            |                  | (10,160,981)      |                    |                    |
| Capital increase/acquisition of shares                           | 190,435          | 3,575             | 201,263            | 490,842            |
| Acquisition of 4,16% shares of Congonhas Minérios                |                  |                   |                    | 2,732,605          |
| Capital reduction  |                  | (466,758)         |                    | (546,796)          |
| Dividends (1)  | 194              | (54,464)          | (2,291,507)        | (3,985,128)        |
| Comprehensive income (2)   | 128,558          | (967,447)         | (263,477)          | (426,622)          |
| Comprehensive income - Business Combination                      |                  |                   |                    | 2,943,244          |
| Capital contribution – Transfer of excluded assets               |                  |                   |                    | (547,494)          |
| Equity pickup (3)  | 84,344           | 1,192,034         | (806,769)          | 5,604,950          |
| Incorporation of subsidiary - CSN Cimentos                       |                  |                   |                    | (1,061,005)        |
| Transfer of shares – Namisa and MRS                              |                  | 786,812           |                    | (6,173,113)        |
| Transfer of assets - Casa de Pedra and Tecar                     |                  |                   |                    | 156,723            |
| Fair Value of assets - Mineração Nacional                        |                  |                   |                    | 2,123,507          |
| Others   | (1,476)          | 15                | (1,482)            |                    |
| <b>Closing balance of investments</b>                            | <b>4,400,294</b> | <b>3,998,239</b>  | <b>22,246,875</b>  | <b>25,517,369</b>  |
| <b>Balance of provision for investments with negative equity</b> |                  |                   | <b>(986,564)</b>   | <b>(1,095,086)</b> |
| <b>Total</b>   | <b>4,400,294</b> | <b>3,998,239</b>  | <b>21,260,311</b>  | <b>24,422,283</b>  |

(1) In 2016 refers to the allocation of dividends from subsidiaries CSN Energia, Itá Energética, CGPAR Construção Pesada, CSN Minerals, CSN Export, CSN Steel, CSN Metals and CSN Americas.

(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), actuarial gain/loss and gain/loss on net investment hedge from investments measured by equity method.

(3) The table below shows the reconciliation of the equity in results of affiliated companies included on investment balance with the amount disclosed in the income statement and it is due to the elimination of the results of the CSN's transactions with these companies

|   | <b>06/30/2016</b> | <b>Consolidated<br/>06/30/2015</b> |
|---|-------------------|------------------------------------|
| <b>Equity in results of affiliated companies</b>          |                   |                                    |
| Nacional Minérios S.A.                                    |                   | 347,498                            |
| MRS Logística S.A.  | 93,038            | 38,734                             |
| CBSI - Companhia Brasileira de Serviços de Infraestrutura | 1,417             | (2,263)                            |
| Transnordestina   | (10,742)          | (14,490)                           |
| Arvedi Metalfer do Brasil                                 | (44)              | (1,329)                            |
| Others  | 675               |                                    |
|   | <b>84,344</b>     | <b>368,150</b>                     |
| <b>Eliminations</b>                                       |                   |                                    |
| To cost of sales  | (23,414)          | (18,258)                           |
| To net revenues   |                   | (2,188)                            |
| To taxes  | 7,961             | 6,952                              |
| <b>Others</b>   | (5,484)           |                                    |
| <b>Equity in results</b>                                  | <b>63,407</b>     | <b>354,656</b>                     |

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1****8.c) Joint ventures and joint operations financial information**

The balances of the balance sheets and income statements of joint venture and joint operation are presented as follows and refer to 100% of the companies' profit/loss:

|   | 06/30/2016                 |  |  |   |                 |                            |
|---|----------------------------|--|--|---|-----------------|----------------------------|
| Equity interest (%)                     | MRS<br>Logística<br>34.94% | <i>Joint-Venture</i><br>CBSI<br>50.00% | Transnordestina<br>Logística<br>51.81% | <i>Joint-Operation</i><br>Itá<br>Energética<br>48.75% | CGPAR<br>50.00% | MRS<br>Logística<br>34.94% |
| <b>Balance sheet</b>                    |                            |  |  |   |                 |                            |
| <b>Current assets</b>                   |                            |  |  |   |                 |                            |
| Cash and cash equivalents               | 578,179                    | 1,500                                  | 30,793                                 | 7,769   | 7,784           | 67,115                     |
| Advances to suppliers                   | 10,178                     | 958                                    | 35,992                                 | 79  | 60              | 10,178                     |
| Other current assets                    | 540,078                    | 19,224                                 | 87,680                                 | 17,130  | 38,264          | 65,000                     |
| <b>Total current assets</b>             | <b>1,128,435</b>           | <b>21,682</b>                          | <b>154,465</b>                         | <b>24,978</b>   | <b>46,108</b>   | <b>1,333,375</b>           |
| <b>Non-current assets</b>               |                            |  |  |   |                 |                            |
| Other non-current assets                | 675,618                    | 275                                    | 260,863                                | 45,261  | 17,486          | 53,000                     |
| Investments, PP&E and intangible assets | 6,128,579                  | 3,829                                  | 7,237,600                              | 517,402   | 21,677          | 6,193,000                  |
| <b>Total non-current assets</b>         | <b>6,804,197</b>           | <b>4,104</b>                           | <b>7,498,463</b>                       | <b>562,663</b>  | <b>39,163</b>   | <b>6,722,000</b>           |
| <b>Total Assets</b>                     | <b>7,932,632</b>           | <b>25,786</b>                          | <b>7,652,928</b>                       | <b>587,641</b>  | <b>85,271</b>   | <b>8,060,000</b>           |
| <b>Current liabilities</b>              |                            |  |  |   |                 |                            |
| Borrowings and financing                | 770,913                    | -                                      | 48,237                                 | -   | 9,063           | 84,000                     |
| Other current liabilities               | 772,484                    | 23,008                                 | 190,123                                | 66,911  | 44,302          | 89,000                     |
| <b>Total current liabilities</b>        | <b>1,543,397</b>           | <b>23,008</b>                          | <b>238,360</b>                         | <b>66,911</b>   | <b>53,365</b>   | <b>1,733,000</b>           |
| <b>Non-current liabilities</b>          |                            |  |  |   |                 |                            |
| Borrowings and financing                | 2,576,007                  | -                                      | 4,841,095                              | -   | 8,522           | 2,775,000                  |
| Other non-current liabilities           | 579,298                    | 820                                    | 140,002                                | 2,283   | -               | 562,000                    |
| <b>Total non-current liabilities</b>    | <b>3,155,305</b>           | <b>820</b>                             | <b>4,981,097</b>                       | <b>2,283</b>  | <b>8,522</b>    | <b>3,337,000</b>           |
| <b>Shareholders' equity</b>             | <b>3,233,930</b>           | <b>1,958</b>                           | <b>2,433,471</b>                       | <b>518,447</b>  | <b>23,384</b>   | <b>2,980,000</b>           |
|   | <b>7,932,632</b>           | <b>25,786</b>                          | <b>7,652,928</b>                       | <b>587,641</b>  | <b>85,271</b>   | <b>8,060,000</b>           |

**Total liabilities and shareholders' equity**

| Equity interest (%)                                     | <i>Joint-Venture</i>           |                       | 01/01/2016 to 06/30/2016                   |                                 |                        | <i>MRS Logística</i><br>27.27% |
|---|--------------------------------|-----------------------|--|---------------------------------|------------------------|--------------------------------|
|   | <i>MRS Logística</i><br>34.94% | <i>CBSI</i><br>50.00% | <i>Transnordestina Logística</i><br>51.81% | <i>Itá Energética</i><br>48.75% | <i>CGPAR</i><br>50.00% |                                |
| <b>Statements of Income</b>                             |                                |                       |  |                                 |                        |                                |
| Net revenue   | 1,581,554                      | 61,199                |  | 85,757                          | 65,570                 | 1,470,683                      |
| Cost of sales and services                              | (1,061,738)                    | (52,815)              |  | (45,887)                        | (47,683)               | (1,016,883)                    |
| Gross profit  | 519,816                        | 8,384                 |  | 39,870                          | 17,887                 | 453,800                        |
| Operating (expenses) and revenues                       | (3,613)                        | (4,385)               | (11,011)                                   | (25,964)                        | (7,615)                | (110,658)                      |
| Finance income (costs), net                             | (129,168)                      | (891)                 | (8,586)                                    | 494                             | (412)                  | (125,965)                      |
| Income before income tax and social contribution        | 387,035                        | 3,108                 | (19,597)                                   | 14,400                          | 9,860                  | 217,177                        |
| Current and deferred income tax and social contribution | (137,397)                      | (274)                 |  | (4,884)                         | (3,679)                | (74,503)                       |
| <b>Profit / (loss) for the period</b>                   | <b>249,638</b>                 | <b>2,834</b>          | <b>(19,597)</b>                            | <b>9,516</b>                    | <b>6,181</b>           | <b>142,674</b>                 |

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

The information related to property, plant and equipment has not changed significantly compared to the disclosed in the Company's financial statements on December 31, 2015.

|  | Land           | Buildings and<br>Infrastructure | Machinery,<br>equipment<br>and<br>facilities | Furniture<br>and<br>fixtures |
|--|----------------|---------------------------------|--|------------------------------|
| <b>Balance at December 31, 2014</b>                          | <b>216,458</b> | <b>2,432,450</b>                | <b>10,499,676</b>                            | <b>36,633</b>                |
| Cost   | 216,458        | 3,021,437                       | 16,791,750                                   | 167,410                      |
| Accumulated depreciation                                     |                | (588,987)                       | (6,292,074)                                  | (130,777)                    |
| <b>Balance at December 31, 2014</b>                          | <b>216,458</b> | <b>2,432,450</b>                | <b>10,499,676</b>                            | <b>36,633</b>                |
| Effect of foreign exchange differences                       | 16,418         | 51,910                          | 230,588                                      | 1,453                        |
| Acquisitions   | 1,841          | 9,710                           | 242,656                                      | 3,292                        |
| Capitalized interest   |                |                                 |  |                              |
| Write-offs   |                |                                 | (2,507)                                      | (49)                         |
| Depreciation   |                | (103,387)                       | (1,005,848)                                  | (6,214)                      |
| Transfers to other asset categories                          | 22,623         | 95,524                          | 880,652                                      | 81                           |
| Transfers to intangible                                      |                |                                 |  |                              |
| Business Combination, fair value of assets acquired (nota 3) | 6,199          | 208,757                         | 229,906                                      | 3,534                        |
| Update of the ARO estimation                                 |                |                                 |  |                              |
| Others   |                | (5,723)                         | (2,879)                                      |                              |
| <b>Balance at December 31, 2015 (restated)</b>               | <b>263,539</b> | <b>2,689,241</b>                | <b>11,072,244</b>                            | <b>38,730</b>                |
| Cost   | 263,539        | 3,429,573                       | 18,601,088                                   | 182,830                      |
| Accumulated depreciation                                     |                | (740,332)                       | (7,528,844)                                  | (144,100)                    |
| <b>Balance at December 31, 2015 (restated)</b>               | <b>263,539</b> | <b>2,689,241</b>                | <b>11,072,244</b>                            | <b>38,730</b>                |
| Effect of foreign exchange differences                       | (11,663)       | (34,354)                        | (137,336)                                    | (800)                        |
| Acquisitions   | 4              | 100                             | 44,574                                       | 392                          |

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|   |                |                  |                   |               |
|---|----------------|------------------|-------------------|---------------|
| Capitalized interest (notes 23 and 27)    |                |                  |                   |               |
| Write-offs (note 22)                      |                | (34)             | (6,997)           | (6)           |
| Depreciation                              |                | (57,218)         | (535,721)         | (2,965)       |
| Transfers to other asset categories       |                | 80,110           | 454,292           | 61            |
| Transfers to intangible assets            |                |                  |                   |               |
| Others                                    |                |                  | (542)             |               |
| <b>Balance at June 30,2016 (restated)</b> | <b>251,880</b> | <b>2,677,845</b> | <b>10,890,514</b> | <b>35,412</b> |
| Cost                                      | 251,880        | 3,452,097        | 18,777,579        | 178,434       |
| Accumulated depreciation                  |                | (774,252)        | (7,887,065)       | (143,022)     |
| <b>Balance at June 30,2016 (restated)</b> | <b>251,880</b> | <b>2,677,845</b> | <b>10,890,514</b> | <b>35,412</b> |

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|  | 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, 2014</b>                        | <b>110,181</b> | <b>1,786,572</b>                | <b>8,882,070</b>                             | <b>29,036</b>                | <b>2,118,097</b>            | <b>183,000</b> |
| Cost   | 110,181        | 2,003,303                       | 13,877,027                                   | 136,041                      | 2,118,097                   | 301,000        |
| Accumulated depreciation                                   |                | (216,731)                       | (4,994,957)                                  | (107,005)                    |                             | (118,000)      |
| <b>Balance at December 31, 2014</b>                        | <b>110,181</b> | <b>1,786,572</b>                | <b>8,882,070</b>                             | <b>29,036</b>                | <b>2,118,097</b>            | <b>183,000</b> |
| Acquisitions   |                | -                               | 203,870                                      | 2,030                        | 1,769,120                   | 4,000          |
| Incorporation of subsidiaries                              | 1,400          | 214,879                         | 175,298                                      | 561                          | 13                          | 4,000          |
| Transfers of the assets related to Casa de Pedra and Tecar | (50,854)       | (1,287,945)                     | (3,332,850)                                  | (9,268)                      | (1,117,432)                 | (115,000)      |
| Capitalized interest                                       |                |                                 |  |                              | 160,777                     |                |
| Write-offs   |                |                                 | (91)   | (14)                         | (3,827)                     |                |
| Depreciation   |                | (57,055)                        | (782,928)                                    | (4,680)                      |                             | (10,000)       |
| Transfer to other asset categories                         | 22,623         | 218,343                         | 959,632                                      | 14                           | (1,200,871)                 |                |
| Transfer to intangible                                     |                |                                 |  |                              | (624)                       |                |
| Others   |                | (5,723)                         | (1,281)                                      |                              | (1,926)                     | 2,000          |
| <b>Balance at December 31, 2015</b>                        | <b>83,350</b>  | <b>869,071</b>                  | <b>6,103,720</b>                             | <b>17,679</b>                | <b>1,723,327</b>            | <b>69,000</b>  |
| Cost   | 83,350         | 1,025,848                       | 10,677,122                                   | 118,301                      | 1,723,327                   | 159,000        |
| Accumulated depreciation                                   |                | (156,777)                       | (4,573,402)                                  | (100,622)                    |                             | (90,000)       |
| <b>Balance at December 31, 2015</b>                        | <b>83,350</b>  | <b>869,071</b>                  | <b>6,103,720</b>                             | <b>17,679</b>                | <b>1,723,327</b>            | <b>69,000</b>  |
| Acquisitions   |                |                                 | 25,182                                       | 165                          | 565,284                     | 17,000         |
| Capitalized interest (Notes 23 and 27)                     |                |                                 |  |                              | 62,942                      |                |
| Write-offs (Note 22)                                       |                | (34)                            | (7)  | (3)                          |                             | (7,000)        |
| Depreciation   |                | (12,348)                        | (255,604)                                    | (1,463)                      |                             | (3,000)        |
| Transfer to other asset categories                         |                | 49,193                          | 185,288                                      |                              | (234,481)                   |                |
| Transfer to intangible                                     |                |                                 |  |                              | (12,544)                    |                |
| Others   |                |                                 | (24)   |                              | 566                         |                |
| <b>Balance at June 30, 2016</b>                            | <b>83,350</b>  | <b>905,882</b>                  | <b>6,058,555</b>                             | <b>16,378</b>                | <b>2,105,094</b>            | <b>76,000</b>  |
| Cost   | 83,350         | 1,075,172                       | 10,887,384                                   | 118,056                      | 2,105,094                   | 176,000        |
| Accumulated depreciation                                   |                | (169,290)                       | (4,828,829)                                  | (101,678)                    |                             | (99,000)       |
| <b>Balance at June 30, 2016</b>                            | <b>83,350</b>  | <b>905,882</b>                  | <b>6,058,555</b>                             | <b>16,378</b>                | <b>2,105,094</b>            | <b>76,000</b>  |



(\*) Refer basically to railway assets such as courtyards, tracks and leasehold improvements, vehicles, hardware, mines, ore deposits, and spare parts inventories.

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

|                                 | Project description  | Start date | Completion date          | Consolidated           |                  |
|---------------------------------|--|------------|--------------------------|------------------------|------------------|
|                                 |  |            |                          | 06/30/2016             | 12/31/2015       |
| <b>Logistics</b>                | Current investments for maintenance of current operations. |            |                          | 55,213                 | 35,457           |
|                                 |  |            |                          | <b>55,213</b>          | <b>35,457</b>    |
| <b>Mining</b>                   | Expansion of Casa de Pedra Mine capacity production.       | 2007       | 2016/2017 <sup>(1)</sup> | 738,528                | 709,945          |
|                                 | Expansion of TECAR export capacity.                        | 2009       | 2020 <sup>(2)</sup>      | 238,453                | 390,920          |
|                                 | Current investments for maintenance of current operations. |            |                          | 318,350                | 302,764          |
|                                 |  |            |                          | <b>1,295,331</b>       | <b>1,403,629</b> |
| <b>Steel</b>                    | Equipment supply for use in the steel operation.           | 2008       | 2016                     | 93,493                 | 105,697          |
|                                 | Expansion of the service center/Mogi.                      | 2013       | 2015/2016 <sup>(3)</sup> | 77                     | 14,950           |
|                                 | Current investments for maintenance of current operations. |            |                          | <sup>(4)</sup> 496,232 | 375,579          |
|                                 |  |            |                          | <b>589,802</b>         | <b>496,226</b>   |
| <b>Cement</b>                   | Construction of cement plants.                             | 2011       | 2020 <sup>(5)</sup>      | 1,541,785              | 1,254,897        |
|                                 | Current investments for maintenance of current operations. |            |                          | 9,611                  | 9,177            |
|                                 |  |            |                          | <b>1,551,396</b>       | <b>1,264,074</b> |
| <b>Construction in progress</b> |  |            |                          | <b>3,491,742</b>       | <b>3,199,386</b> |

(1) Estimated completion date of the Central Plant Step 1;

(2) Estimated completion date of phase 60 Mtpa;

(3) Estimated completion date of Mogi Service Center;

(4) Refers substantially to the reforming of batteries for coke ovens;

(5) Estimated completion date of the unit Arcos / Minas Gerais

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The estimated useful lives are as follows (in years):

|                                     | <b>Consolidated</b> |                   | <b>Parent Company</b> |                   |
|-------------------------------------|---------------------|-------------------|-----------------------|-------------------|
|                                     | <b>06/30/2016</b>   | <b>12/31/2015</b> | <b>06/30/2016</b>     | <b>12/31/2015</b> |
| Buildings                           | 43                  | 43                | 43                    | 43                |
| Machinery, equipment and facilities | 18                  | 18                | 18                    | 18                |
| Furniture and fixtures              | 11                  | 11                | 11                    | 11                |
| Others                              | 14                  | 14                | 11                    | 11                |

**9.a) Depreciation, amortization and depletion expenses:**

Additions to depreciation, amortization and depletion for the period were distributed as follows:

|                                     | <b>Six months ended</b> |                   | <b>Three months ended</b> |                   |
|-------------------------------------|-------------------------|-------------------|---------------------------|-------------------|
|                                     | <b>06/30/2016</b>       | <b>06/30/2015</b> | <b>06/30/2016</b>         | <b>06/30/2015</b> |
| Production costs                    | 602,414                 | 531,909           | 298,503                   | 273,033           |
| Sales expenses                      | 4,527                   | 4,630             | 2,253                     | 2,330             |
| General and Administrative Expenses | 7,147                   | 6,639             | 3,496                     | 3,317             |
|                                     | <b>614,088</b>          | <b>543,178</b>    | <b>304,252</b>            | <b>278,680</b>    |
| Other operating expenses (*)        | 23,304                  | 18,477            | 11,196                    | 9,473             |
|                                     | <b>637,392</b>          | <b>561,655</b>    | <b>315,448</b>            | <b>288,153</b>    |

|                                     | <b>Six months ended</b> |                   | <b>Three months ended</b> |                   |
|-------------------------------------|-------------------------|-------------------|---------------------------|-------------------|
|                                     | <b>06/30/2016</b>       | <b>06/30/2015</b> | <b>06/30/2016</b>         | <b>06/30/2015</b> |
| Production costs                    | 267,168                 | 416,685           | 135,700                   | 214,273           |
| Sales expenses                      | 3,608                   | 3,658             | 1,798                     | 1,880             |
| General and Administrative Expenses | 4,446                   | 4,213             | 2,199                     | 2,074             |
|                                     | <b>275,222</b>          | <b>424,556</b>    | <b>139,697</b>            | <b>218,227</b>    |

**Parent  
Company**

(\*) Refers to the depreciation of unused equipment and amortization of intangible assets, see note 22.

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1****10. INTANGIBLE ASSETS**

The information related to intangible assets did not have relevant changes in relation to that disclosed in the Company's financial statements as of December 31, 2015 and, accordingly, the Company decided not to repeat it in the condensed interim financial statements as of June 30, 2016.

|   | <b>Goodwill</b>  | <b>Customer relationships</b> | <b>Software</b> | <b>Trademark and patents</b> |
|---|------------------|-------------------------------|-----------------|------------------------------|
| <b>Balance at December 31, 2014</b>                             | <b>407,434</b>   | <b>347,115</b>                | <b>79,867</b>   | <b>109,050</b>               |
| Cost  | 666,768          | 415,964                       | 153,080         | 109,050                      |
| Accumulated amortization  | (150,004)        | (68,849)                      | (73,213)        |                              |
| Adjustment for accumulated recoverable value                    | (109,330)        |                               |                 |                              |
| <b>Balance at December 31, 2014</b>                             | <b>407,434</b>   | <b>347,115</b>                | <b>79,867</b>   | <b>109,050</b>               |
| Effect of foreign exchange differences                          |                  | 104,136                       | 192             | 34,580                       |
| Acquisitions and expenditures                                   |                  |                               | 1,234           |                              |
| Incorporation of subsidiary - CSN Cimentos                      |                  |                               |                 |                              |
| Transfers of the assets related to Casa de Pedra and Tecar      |                  |                               |                 |                              |
| Business combination, fair value of assets e goodwill (note 3b) | 3,196,588        | 1,420                         | 3,437           |                              |
| Transfer of property. Plant and equipment                       |                  |                               | 930             |                              |
| Amortization  |                  | (39,395)                      | (10,423)        |                              |
| <b>Balance at December 31, 2015 (Restated)</b>                  | <b>3,604,022</b> | <b>413,276</b>                | <b>75,237</b>   | <b>143,630</b>               |
| Cost  | 3,974,128        | 549,302                       | 173,154         | 143,630                      |
| Accumulated amortization  | (260,776)        | (136,026)                     | (97,917)        |                              |
| Adjustment for accumulated recoverable value                    | (109,330)        |                               |                 |                              |
| <b>Balance at December 31, 2015 (Restated)</b>                  | <b>3,604,022</b> | <b>413,276</b>                | <b>75,237</b>   | <b>143,630</b>               |
| Effect of foreign exchange differences                          |                  | (65,524)                      | (125)           | (23,950)                     |
| Acquisitions and expenditures                                   |                  |                               | 6               |                              |

|  |                  |                |               |               |
|--|------------------|----------------|---------------|---------------|
| Transfer of property. Plant and equipment    |                  |                | 14,353        |               |
| Write-offs (note 22)                         | (13,091)         |                |               |               |
| Amortization                                 |                  | (22,066)       | (5,854)       |               |
| <b>Balance at June 30, 2016 (Restated)</b>   | <b>3,590,931</b> | <b>325,686</b> | <b>83,617</b> | <b>119,67</b> |
| Cost   | 3,834,234        | 457,911        | 179,464       | 119,67        |
| Accumulated amortization                     | (133,973)        | (132,225)      | (95,847)      |               |
| Adjustment for accumulated recoverable value | (109,330)        |                |               |               |
| <b>Balance at June 30,2016 (Restated)</b>    | <b>3,590,931</b> | <b>325,686</b> | <b>83,617</b> | <b>119,67</b> |

(\* ) Composed mainly by mineral rights with estimated resources of 1,101 million tons.  
Corresponding amortization is recorded based on production volumes.

The estimated useful lives for the current year are as follows (in years):

|                        | Consolidated |            | Parent Company |            |
|------------------------|--------------|------------|----------------|------------|
|                        | 06/30/2016   | 12/31/2015 | 06/30/2016     | 12/31/2015 |
| Software               | 8            | 8          | 8              | 8          |
| Customer relationships | 13           | 13         |                |            |

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1****11. BORROWINGS, FINANCING AND DEBENTURES**

As of June 30, 2016 the balances of borrowings, financing and debentures, which are carried at amortized cost, are as follows:

|   | Rates p.a. (%)                               | Consolidated        |                  |                         |                   |                     |            |
|---|--|---------------------|------------------|-------------------------|-------------------|---------------------|------------|
|   |  | Current liabilities |                  | Non-current liabilities |                   | Current liabilities |            |
|   |  | 06/30/2016          | 12/31/2015       | 06/30/2016              | 12/31/2015        | 06/30/2016          | 12/31/2015 |
| <b>FOREIGN CURRENCY</b>                                   |  |                     |                  |                         |                   |                     |            |
| Prepayment (*)  | 1% to 3.5%                                   | 109,231             | 207,657          | 528,547                 | 2,633,137         | 109,231             |            |
| Prepayment (*)  | 3.51% to 8%                                  | 369,012             | 286,487          | 4,289,363               | 3,429,716         | 439,384             |            |
| Perpetual bonds   | 7%   | 4,369               | 5,315            | 3,209,800               | 3,904,800         |                     |            |
| Fixed rate notes (*)                                      | 4.14% to 10%                                 | 135,052             | 175,768          | 5,445,737               | 6,910,992         | 26,634              |            |
| Intercompany (*)  | Libor 6M to 3%                               |                     |                  |                         |                   | 105,123             |            |
| Forfeiting (**)   | Libor + Spread                               | 151,079             | 288,772          |                         |                   | 151,079             |            |
| Others  | 1.2% to 8%                                   | 98,528              | 115,594          | 270,368                 | 425,635           |                     |            |
|   |  | <b>867,271</b>      | <b>1,079,593</b> | <b>13,743,815</b>       | <b>17,304,280</b> | <b>1,777,565</b>    | <b>2,</b>  |
| <b>LOCAL CURRENCY</b>                                     |  |                     |                  |                         |                   |                     |            |
| BNDES/FINAME  | 1.3% + TJLP and Fixed rate 2.5% to 6% + 1.5% | 66,393              | 55,435           | 1,021,819               | 1,018,189         | 39,581              |            |
| Debentures  | 110.8% to 113.7% CDI                         | 156,760             | 60,670           | 1,653,333               | 1,750,000         | 156,760             |            |
| Prepayment (*)  | 109.5% to 116.5% CDI and fixed rate of 8%    | 194,418             | 522,418          | 5,460,000               | 5,200,000         | 143,347             |            |
| CCB   | 112.5% and 113% CDI                          | 91,390              | 92,976           | 7,200,000               | 7,200,000         | 91,390              |            |
| Drawee risk (**)  |  |                     | 84,063           |                         |                   |                     |            |
| Others  |  |                     | 6,229            |                         | 12,107            |                     |            |
|   |  | <b>508,961</b>      | <b>821,791</b>   | <b>15,335,152</b>       | <b>15,180,296</b> | <b>431,078</b>      | <b></b>    |
| <b>Total borrowings and financing (note 12 I)</b>         |  | <b>1,376,232</b>    | <b>1,901,384</b> | <b>29,078,967</b>       | <b>32,484,576</b> | <b>2,208,643</b>    | <b>2,</b>  |
| Transaction costs and issue premiums                      |  | (38,360)            | (26,703)         | (74,000)                | (76,742)          | (33,716)            |            |
| <b>Total borrowings and financing + transaction costs</b> |  | <b>1,337,872</b>    | <b>1,874,681</b> | <b>29,004,967</b>       | <b>32,407,834</b> | <b>2,174,927</b>    | <b>2,</b>  |

(\*) The balances of Pre-export loans, Fixed Rate Notes and Intercompany Bonds from related parties of the parent company totals R\$11,043,554 on June 30, 2016 (R\$13,416,687 on December 31, 2015), see note 17b.

(\*\*) The balances of forfaiting and drawee risk operations totals R\$ 151,079 on June 30, 2016 (R\$372,835 on December 31, 2015).

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

As of June 30, 2016, the breakdown of principal plus interest of long-term liabilities as borrowings, financing and debentures by maturity date is presented as follows:

|                 |                   | <b>Consolidated</b> |                   | <b>Parent Company</b> |
|-----------------|-------------------|---------------------|-------------------|-----------------------|
| 2017            | 1,111,025         | 4%                  | 2,668,109         | 10%                   |
| 2018            | 5,602,570         | 19%                 | 4,774,316         | 17%                   |
| 2019            | 6,896,445         | 24%                 | 5,271,913         | 19%                   |
| 2020            | 7,408,444         | 25%                 | 4,621,687         | 17%                   |
| 2021            | 2,208,657         | 8%                  | 2,788,330         | 10%                   |
| After 2021      | 2,642,026         | 9%                  | 7,847,121         | 27%                   |
| Perpetual bonds | 3,209,800         | 11%                 |                   |                       |
|                 | <b>29,078,967</b> | <b>100%</b>         | <b>27,971,476</b> | <b>100%</b>           |





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

The table below presents the capitalizations and amortizations during the year:

|   | <b>Consolidated</b> |                   | <b>Parent Company</b> |                   |
|---|---------------------|-------------------|-----------------------|-------------------|
|   | <b>06/30/2016</b>   | <b>12/31/2015</b> | <b>06/30/2016</b>     | <b>12/31/2015</b> |
| <b>Opening balance</b>                          | <b>34,282,515</b>   | <b>30,354,058</b> | <b>33,988,090</b>     | <b>29,560,826</b> |
| Funding Transactions                            | 7,437               | 978,206           | 40,239                | 2,694,533         |
| Funding – Forfaiting/Drawee Risk                | 78,240              | 924,706           | 78,240                | 924,706           |
| Repayment                                       | (611,239)           | (2,850,077)       | (224,668)             | (1,542,921)       |
| Payments – Forfaiting / Drawee Risk             | (257,631)           | (1,146,306)       | (257,631)             | (1,146,306)       |
| Payment of charges                              | (1,582,124)         | (2,957,762)       | (1,323,355)           | (2,656,208)       |
| Payment of charges - Forfaiting/Drawee Risk     | (1,544)             | (7,064)           | (1,544)               | (7,064)           |
| Provision of charges                            | 1,593,578           | 3,052,164         | 1,317,017             | 2,996,662         |
| Provision of charges - Forfaiting / Drawee Risk | 3,030               | 2,032             | 3,030                 | 2,032             |
| Other (1)                                       | (3,169,423)         | 5,932,558         | (3,541,057)           | 3,161,830         |
| <b>Closing balance</b>                          | <b>30,342,839</b>   | <b>34,282,515</b> | <b>30,078,361</b>     | <b>33,988,090</b> |

(1) Includes interests and unrealized foreign exchange variances.

In 2016, the Group capitalized and amortized loans as shown below:

- **Capitalization**

| <b>Transaction</b> | <b>Financial institution</b>          | <b>Date</b> | <b>Amount</b> | <b>Consolidated Maturity</b> |
|--------------------|---------------------------------------|-------------|---------------|------------------------------|
| Financing          | Kreissparkasse<br>Saalfeld-Rudolstadt | June/16     | 7,437         | January 2018                 |
| <b>Total</b>       |                                       |             | <b>7,437</b>  |                              |

- **Amortization**

| <b>Transaction</b>   | <b>Principal</b> | <b>Charges</b> | <b>Consolidated</b> |
|----------------------|------------------|----------------|---------------------|
| Fixed Rate Notes     | 105,178          |                | 388,450             |
| Debentures           |                  |                | 130,306             |
| Bank Credit Bill     |                  |                | 539,078             |
| Export Credit Note   | 65,000           |                | 403,811             |
| Pre - Export Payment | 116,935          |                | 103,112             |
| BNDES/FINAME         | 16,326           |                | 16,589              |
| Pre - Debt Payment   | 303,844          |                |                     |
| Others               | 3,956            |                | 778                 |
| <b>Total</b>         | <b>611,239</b>   |                | <b>1,582,124</b>    |

## 12. FINANCIAL INSTRUMENTS

The information related to financial instruments did not have significant changes compared to what was disclosed in Company's financial statements as of December 31, 2015 and, accordingly, the Company decided not to repeat it fully in the condensed interim financial statements as of June 30, 2016.

### 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. The Company also enters into derivative transactions, especially interest rate and foreign exchange rate swaps.



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1**• **Classification of financial instruments**

| Consolidated                            | Notes |                    |                                   |   |   | 06/30/2016       |                    |                                   |   |
|---|-------|--------------------|-----------------------------------|---|---|------------------|--------------------|-----------------------------------|---|
|   |       | Available for sale | Fair value through profit or loss | Loans and receivables - effective interest rate | Other liabilities amortized cost method | Balances         | Available for sale | Fair value through profit or loss | Loans and receivables - effective interest rate |
| <b>Assets</b>                           |       |                    |                                   |   |   |                  |                    |                                   |   |
| <b>Current</b>                          |       |                    |                                   |   |   |                  |                    |                                   |   |
| Cash and cash equivalents               | 3     |                    |                                   | 5,139,041                                       |   | 5,139,041        |                    |                                   | 7,861,000                                       |
| Short term investments - margin deposit | 4     |                    |                                   | 322,925   |   | 322,925          |                    |                                   | 763,000   |
| Trade receivables                       | 5     |                    |                                   | 1,622,486                                       |   | 1,622,486        |                    |                                   | 1,500,000                                       |
| Derivative financial instruments        | 7     |                    |                                   |   |   |                  |                    | 118,592                           |   |
| Trading securities                      | 7     |                    | 12,882                            |   |   | 12,882           |                    | 10,778                            |   |
| Dividends receivable                    |       |                    |                                   |   | 26,902                                  | 26,902           |                    |                                   |   |
| <b>Total</b>                            |       |                    | <b>12,882</b>                     | <b>7,084,452</b>                                | <b>26,902</b>                           | <b>7,124,236</b> |                    | <b>129,370</b>                    | <b>10,125,000</b>                               |
| <b>Non-current</b>                      |       |                    |                                   |   |   |                  |                    |                                   |   |
| Other trade receivables                 | 7     |                    |                                   | 13,311  |   | 13,311           |                    |                                   | 6,000   |
| Investments                             | 8     | 789,962            |                                   |   |   | 789,962          | 471,674            |                                   |   |
| Borrowings - related parties            | 7     |                    |                                   | 400,053   |   | 400,053          |                    |                                   | 373,000   |

|                                   |    |                |                |                  |                   |                   |                |                |                   |
|-----------------------------------|----|----------------|----------------|------------------|-------------------|-------------------|----------------|----------------|-------------------|
| <b>Total</b>                      |    | <b>789,962</b> | <b>413,364</b> |                  | <b>1,203,326</b>  | <b>471,674</b>    |                | <b>380,000</b> |                   |
| <b>Total assets</b>               |    | <b>789,962</b> | <b>12,882</b>  | <b>7,497,816</b> | <b>26,902</b>     | <b>8,327,562</b>  | <b>471,674</b> | <b>129,370</b> | <b>10,505,000</b> |
| <b>Liabilities</b>                |    |                |                |                  |                   |                   |                |                |                   |
| <b>Current</b>                    |    |                |                |                  |                   |                   |                |                |                   |
| Borrowings and financing          | 11 |                |                |                  | 1,376,232         | 1,376,232         |                |                |                   |
| Derivative financial instruments  | 13 |                |                |                  |                   |                   |                | 26,257         |                   |
| Trade payables                    |    |                |                |                  | 1,194,942         | 1,194,942         |                |                |                   |
| Dividends and interest on capital | 13 |                |                |                  | 464,982           | 464,982           |                |                |                   |
| <b>Total</b>                      |    |                |                |                  | <b>3,036,156</b>  | <b>3,036,156</b>  |                | <b>26,257</b>  |                   |
| <b>Non-current</b>                |    |                |                |                  |                   |                   |                |                |                   |
| Borrowings and financing          | 11 |                |                |                  | 29,078,967        | 29,078,967        |                |                |                   |
| <b>Total</b>                      |    |                |                |                  | <b>29,078,967</b> | <b>29,078,967</b> |                |                |                   |
| <b>Total liabilities</b>          |    |                |                |                  | <b>32,115,123</b> | <b>32,115,123</b> |                | <b>26,257</b>  |                   |

- Fair value measurement**

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

| <b>Consolidated</b>  | <b>Level 1</b> | <b>06/30/2016<br/>Balances</b> | <b>Level 1</b> | <b>Level 2</b> | <b>12/31/2015<br/>Balances</b> |
|--|----------------|--------------------------------|----------------|----------------|--------------------------------|
| <b>Assets</b>  |                |                                |                |                |                                |
| <b>Current</b>   |                |                                |                |                |                                |
| <b>Financial assets at fair value through profit or loss</b> |                |                                |                |                |                                |
| Derivative financial instruments                             |                |                                |                | 118,592        | 118,592                        |
| Trading securities   | 12,882         | 12,882                         | 10,778         |                | 10,778                         |
| <b>Non-current</b>   |                |                                |                |                |                                |
| <b>Available-for-sale financial assets</b>                   |                |                                |                |                |                                |
| Investments  | 789,962        | 789,962                        | 471,674        |                | 471,674                        |

|   |                |                |                |                |                |
|---|----------------|----------------|----------------|----------------|----------------|
| <b>Total assets</b>   | <b>802,844</b> | <b>802,844</b> | <b>482,452</b> | <b>118,592</b> | <b>601,044</b> |
| <b>Liabilities</b>  |                |                |                |                |                |
| <b>Current</b>  |                |                |                |                |                |
| <b>Financial liabilities at fair value through profit or loss</b> |                |                |                |                |                |
| Derivative financial instruments                                  |                |                |                | 26,257         | 26,257         |
| <b>Total liabilities</b>  |                |                |                | <b>26,257</b>  | <b>26,257</b>  |

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

The Company has investments in common (USIM3) and preferred (USIM5) shares of Usiminas (“Usiminas Shares”), designated as available-for-sale financial assets. The Company adopts this designation because the nature of the investment is not comprised in any 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 in line item “investments” and is carried at fair value based on the quoted price on the stock exchange (BM&FBOVESPA). According to the Company's policy, the gains and losses arising from changes in the price of shares are recorded directly in equity, as other comprehensive income. During March 2016, the Usiminas’ Board of Directors authorized a capital increase amounting to R\$64,882, through the issuance of up to 50,689,310 preferred shares. On April 22, 2016, CSN fully exercised its right of subscription, paying R\$11,603 by 9,064,856 preferred shares. The capital increase has been approved by the Usiminas’ Board of Directors on June 03, 2016.

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The Usiminas' Board of Directors authorized in April 2016 an increase in its share capital in the amount of R\$1,000,000, through the issuance of 200,000,000 common shares. Over again, on May 20, 2016, CSN fully exercised its right of subscription, paying R\$178,832 by 35,766,351 preferred shares. The capital increase has been approved by the Usiminas' Board of Directors on July 19, 2016.

As of June 30, 2016, there was no impairment recorded and the gain from the change in share price in the period was recorded in other comprehensive income (the impairment recorded as of 30 June, 2015 amounted to R\$ 89,433):

| Class of shares | 06/30/2016         |             |                 | 12/31/2015  |             |                 | Variation in the quarter |                                  |
|-----------------|--------------------|-------------|-----------------|-------------|-------------|-----------------|--------------------------|----------------------------------|
|                 | Quantity           | Share price | Carrying amount | Quantity    | Share price | Carrying amount | Share price              | Variation in the carrying amount |
| Common (*)      | 107,156,651        | 5.08        | 544,356         | 71,390,300  | 4.02        | 286,989         | 1.06                     | 257,367                          |
| Preferred       | 114,280,556        | 1.97        | 225,133         | 105,215,700 | 1.55        | 163,084         | 0.42                     | 62,049                           |
|                 | <b>221,437,207</b> |             | <b>769,489</b>  |             |             | <b>450,073</b>  |                          | <b>319,416</b>                   |

(\*) The quantity and carrying amount of the common shares already reflect the approval of the capital increase on July 19, 2016

As of June 30, 2016, the Company's shareholding equity in USIMINAS was 14.13% in the common shares and 20.86% in the preferred shares. Since July 19, 2016, upon approval of the capital increase in common shares, the Company's shareholding equity in USIMINAS is 15.19% of the common shares and 20.86% are preferred shares.



As of June 30, 2016 the carrying amounts recorded in other comprehensive income for investments available for sale is R\$127,780 (R\$ (73) as of December 31, 2015).

### III - Financial risk management

As of June 30, 2016, 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, 2015

#### 12.a) Foreign exchange and interest rate risks

- **Exchange rate risk**

The exchange rate risk arises from the existence of assets and liabilities generated in US dollars or Euros is called natural currency exposure. Net exposure is the result of offsetting the natural currency exposure by hedging instruments adopted by CSN.

The consolidated net exposure as of June 30, 2016 is as follows:

| <b>Foreign Exchange Exposure</b>                    | <b>(Amounts in US\$'000)</b> | <b>06/30/2016<br/>(Amounts in €'000)</b> |
|---|------------------------------|--|
| Cash and cash equivalents overseas                  | 802,027                      | 56,126                                   |
| Trade receivables                                   | 306,844                      | 9,423                                    |
| Other assets  | 9,740                        | 15,840                                   |
| <b>Total assets</b>                                 | <b>1,118,611</b>             | <b>81,389</b>                            |
| Borrowings and financing                            | (4,437,097)                  | (97,581)                                 |
| Trade payables                                      | (5,988)                      | (8,840)                                  |
| Other liabilities                                   | (7,216)                      | (81,329)                                 |
| <b>Total liabilities</b>                            | <b>(4,450,301)</b>           | <b>(187,750)</b>                         |
| <b>Foreing exchange exposure</b>                    | <b>(3,331,690)</b>           | <b>(106,361)</b>                         |
| Cash flow hedge accounting                          | 1,541,000                    |  |
| Net Investment hedge accounting                     |                              | 96,000                                   |
| <b>Net foreign exchange exposure</b>                | <b>(1,790,690)</b>           | <b>(10,361)</b>                          |
| Bonds Perpetual                                     | 1,000,000                    |  |
| <b>Net currency exposure of the Perpetual Notes</b> | <b>(790,690)</b>             | <b>(10,361)</b>                          |



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During the second quarter of 2016 CSN initiated a process of reviewing its foreign exchange hedging strategy that resulted in the liquidation of the future dollar derivatives portfolio. Consequently, the net foreign exchange exposure on our consolidated balance sheet as of June 30, 2016 was US\$1,790,690 thousand, as shown in the table above. It is important to mention that included in the net foreign exchange exposure there is a liability of US\$ 1 billion, classified as loans and financing, related to perpetual bonds; which will not require a disbursement to settle its principal in the foreseeable future considering corresponding nature. Therefore, excluding perpetual bonds, the Company's net foreign exchange exposure amounts to US\$ 790,690 thousand. The company began to focus its hedging strategy to preserve its cash flow and is analyzing the replacement of the exposure generated by the settlement of derivatives with new designations of hedge accounting, capturing existing natural relations, and may also utilize other derivative instruments with the objective of protecting future cash flows.

- **Interest rate risk**

Risk arises from short and long term liabilities with fixed or post fixed interest rates and inflation rates.

**12.b) CSN uses several instruments for protection of foreign currency risk and interest rate risk, as shown in the following topics:**

- **Portfolio of derivative financial instruments**



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| Counterparties                                    | Functional Currency | Notional amount | Appreciation (R\$) | Asset position | Liability position | 06/30/2016 Fair value (market) Amounts receivable / (payable) | Notional amount  | A        |
|---|---------------------|-----------------|--------------------|----------------|--------------------|---|------------------|----------|
| BM&FBovespa                                       | Dollar              |                 |                    |                |                    |   | 1,435,000        | 1        |
| <b>Total forward dollar</b>                       |                     |                 |                    |                |                    |   | <b>1,435,000</b> | <b>1</b> |
| BBVA  | Dollar              |                 |                    |                |                    |   | 39,450           | 1        |
| BNPP  | Dollar              |                 |                    |                |                    |   | 18,700           |          |
| <b>Total dollar-to-euro swap</b>                  |                     |                 |                    |                |                    |   | <b>58,150</b>    | <b>2</b> |
| Itaú BBA  | Real                |                 |                    |                |                    |   | 150,000          | 1        |
| HSBC  | Real                |                 |                    |                |                    |   | 185,000          | 2        |
| Deutsche Bank                                     | Real                |                 |                    |                |                    |   | 10,000           |          |
| <b>Total Fixed rate-to-CDI interest rate swap</b> |                     |                 |                    |                |                    |   | <b>345,000</b>   | <b>4</b> |
| Itaú BBA  | Real                |                 |                    |                |                    |   | 30,000           |          |
| HSBC  | Real                |                 |                    |                |                    |   | 120,000          | 1        |
| <b>Total interest rate- to-CDI swap</b>           |                     |                 |                    |                |                    |   | <b>150,000</b>   | <b>1</b> |

• Classification of the derivatives in the balance sheet and statement of income

| Instruments | Current | Assets | Total | Current | Liabilities | Total | 06/30/2016 Finance income and |
|-------------|---------|--------|-------|---------|-------------|-------|-------------------------------|
|-------------|---------|--------|-------|---------|-------------|-------|-------------------------------|

|   | <b>expenses, net<br/>(Note 23)</b> |
|---|------------------------------------|
| <i>Future Dollar<br/>BM&amp;F</i>       | (800,621)                          |
| <i>Dollar - to- euro<br/>swap</i>       | (6,898)                            |
| <i>Fixed rate- to- CDI<br/>swap (*)</i> | (299)                              |
| <i>CDI -to- fixed rate<br/>swap (*)</i> | (63)                               |
|   | <b>(807,881)</b>                   |

| <b>Instruments</b>                  | <b>Assets</b>  |                | <b>Liabilities</b> |                             | <b>06/30/2015<br/>Finance<br/>income and<br/>expenses, net<br/>(Note 23)</b> |
|-------------------------------------|----------------|----------------|--------------------|-----------------------------|--|
|                                     | <b>Current</b> | <b>Total</b>   | <b>Current</b>     | <b>12/31/2015<br/>Total</b> |  |
| <i>Dollar - to-CDI<br/>swap</i>     |                |                |                    |                             | (18)   |
| <i>Dollar- to- real<br/>NDF</i>     |                |                |                    |                             | 316,805  |
| <i>Future Dollar<br/>BM&amp;F</i>   | 110,075        | 110,075        |                    |                             |  |
| <i>Dollar- to- euro<br/>NDF</i>     |                |                |                    |                             | 39,668   |
| <i>Dollar - to- euro<br/>swap</i>   | 7,647          | 7,647          |                    |                             | (2,884)  |
| <i>Fixed rate- to- CDI<br/>swap</i> |                |                | 26,257             | 26,257                      | (3,596)  |
| <i>CDI -to- fixed rate<br/>swap</i> | 870            | 870            |                    |                             | 938  |
|                                     | <b>118,592</b> | <b>118,592</b> | <b>26,257</b>      | <b>26,257</b>               | <b>350,913</b>   |

(\*) The positions of swap and future dollar transactions were settled in February, March and April 2016.

- **Hedge accounting – cash flow**

Beginning November 1, 2014, the Company formally designated cash flow hedging relationships to protect highly probable future cash flows against US dollar fluctuations.

In order to better reflect the accounting impacts of this foreign exchange hedging strategy on its profit, CSN designated part of its US dollar-denominated liabilities as a hedging instrument of its future exports. As a result, foreign exchange differences arising on translating the designated liabilities shall be temporarily recognized in shareholders' equity and allocated to profit or loss when such exports are carried out, which will allow recognizing the US dollar impact on liabilities and exports concurrently.

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The table below shows a summary of the hedging relationships as of June 30, 2016:

| Designation Date | Hedging Instrument                          | Hedged item   | Type of hedged risk                       | Hedged period               | Exchange rate on designation | Designated amounts (US\$'000) | Amortized part (USD'000) | Impact on finance income (expenses) (*) |
|------------------|---|---|---|-----------------------------|------------------------------|-------------------------------|--------------------------|---|
| 3/11/2014        | Export prepayments in US\$ to third parties | Part of the highly probable future monthly iron ore exports | Foreign exchange - R\$ vs. US\$ spot rate | October 2016-September 2019 | 2.4442                       | 500,000                       |                          |   |
| 1/12/2014        | Export prepayments in US\$ to third parties | Part of the highly probable future monthly iron ore exports | Foreign exchange - R\$ vs. US\$ spot rate | October 2015-February 2019  | 2.5601                       | 175,000                       | (25,000)                 | 20,520                                  |
| 12/18/2014       | Export prepayments in US\$ to third parties | Part of the highly probable future monthly iron ore exports | Foreign exchange - R\$ vs. US\$ spot rate | May 2020                    | 2.6781                       | 100,000                       |                          |   |



|            |   |   |   |              |        |         |
|------------|---|---|---|--------------|--------|---------|
| 07/21/2015 | Export prepayments in US\$ to third parties | Part of the highly probable future monthly iron ore exports | Foreign exchange - R\$ vs. US\$ spot rate | March 2021   | 3.1813 | 60,000  |
| 07/23/2015 | Export prepayments in US\$ to third parties | Part of the highly probable future monthly iron ore exports | Foreign exchange - R\$ vs. US\$ spot rate | March 2021   | 3.2850 | 100,000 |
| 07/23/2015 | Export prepayments in US\$ to third parties | Part of the highly probable future monthly iron ore exports | Foreign exchange - R\$ vs. US\$ spot rate | October 2022 | 3.285  | 30,000  |
| 07/24/2015 | Export prepayments in US\$ to third parties | Part of the highly probable future monthly iron ore exports | Foreign exchange - R\$ vs. US\$ spot rate | October 2022 | 3.3254 | 100,000 |
| 07/27/2015 | Export prepayments in US\$ to third parties | Part of the highly probable future monthly iron ore exports | Foreign exchange - R\$ vs. US\$ spot rate | October 2022 | 3.3557 | 25,000  |
| 07/27/2015 | Export prepayments in US\$ to third parties | Part of the highly probable future monthly iron ore exports | Foreign exchange - R\$ vs. US\$ spot rate | October 2022 | 3.3557 | 70,000  |
| 07/27/2015 | Export prepayments in US\$ to               | Part of the highly  | Foreign exchange - R\$ vs.                | October 2022 | 3.3557 | 30,000  |

|              |   |  |   |              |        |                  |                 |
|--------------|---|--|---|--------------|--------|------------------|-----------------|
|              | third parties                               | probable future monthly iron ore exports Part of the highly probable future monthly iron ore exports | US\$ spot rate                            |              |        |                  |                 |
| 07/28/2015   | Export prepayments in US\$ to third parties | Part of the highly probable future monthly iron ore exports  | Foreign exchange - R\$ vs. US\$ spot rate | October 2022 | 3.3815 | 30,000           |                 |
| 1/8/2015     | Export prepayments in US\$ to third parties | Part of the highly probable future monthly iron ore exports  | Foreign exchange - R\$ vs. US\$ spot rate | (1)          | 3.3940 | (9,000)          |                 |
| 3/8/2015     | Export prepayments in US\$ to third parties | Part of the highly probable future monthly iron ore exports  | Foreign exchange - R\$ vs. US\$ spot rate | October 2022 | 3.3940 | 355,000          |                 |
| <b>Total</b> |   |  |   |              |        | <b>1,566,000</b> | <b>(25,000)</b> |
|              |   |  |   |              |        |                  | <b>20,520</b>   |

(\*) The effect on the financial result was recorded in net foreign exchange rates.

(1) During the designation on August 2015, we reviewed the future export projections and identified that the amount of US\$ 9 million designated previously were not highly probable due to Platt's quotation reduction. Therefore, the hedge relationship was discontinued from August 2015. The exchange rate of the effective period remains recorded in Stockholders' Equity until the time of debt settlement.

In the hedging relationships described above, the amounts of the debt instruments were fully designated for equivalent iron ore export portions.

The movements in the hedge accounting amounts recognized in shareholders' equity as of June 30, 2016 are as follows:

|   | <b>12/31/2015</b> | <b>Movement</b>    | <b>Realization</b> | <b>06/30/2016</b> |
|---|-------------------|--------------------|--------------------|-------------------|
| Cash flow hedge accounting  | 1,520,089         | (1,072,884)        | (20,523)           | 426,682           |
| Income tax and social contribution on cash flow hedge accounting              | (516,831)         | 364,781            | 6,978              | (145,072)         |
| Not recorded Income tax and social contribution on cash flow hedge accounting | 516,831           | (371,759)          |                    | 145,072           |
| <b>Cash flow hedge accounting, net of taxes</b>                               | <b>1,520,089</b>  | <b>(1,079,862)</b> | <b>(13,545)</b>    | <b>426,682</b>    |

As of June 30, 2016 the hedging relationships established by the Company were effective, according to the prospective tests conducted. Thus, no reversal for hedge accounting ineffectiveness was recognized.

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- **Net investment hedge in foreign subsidiaries**

CSN has foreign exchange exposure in Euros arising from a loan made by a foreign subsidiary with functional currency in Reais, for the acquisition of investments abroad whose functional currency is Euro. Such exposure arises from converting the balance sheets of these subsidiaries for consolidation in CSN, and the exchange rate of the loans affected the income statement in the financial result item and the exchange variation of the net assets of the foreign operation directly affected the equity in other comprehensive income.

As from September 1<sup>st</sup>, 2015 CSN began to adopt hedge of net investment to eliminate exposure in order to cover future fluctuations of the Euro on such loans. Non-derivative financial liabilities have been designated represented by loan agreements with financial institutions in the amount of € 120 million. The carrying amounts on June 30, 2016 are:

| <b>Designation Date</b> | <b>Hedging Instrument</b>                                   | <b>Hedged item</b>   | <b>Type of hedged risk</b>               | <b>Exchange rate on designation</b> | <b>Designated amounts (EUR'000)</b> | <b>06/30/2016 Impact on shareholders' equity</b> |
|-------------------------|---|--|--|-------------------------------------|-------------------------------------|--|
| 9/1/2015                | Non-derivative financial liabilities in EUR – Debt contract | Investments in subsidiaries which EUR is the functional currency | Foreign exchange - R\$ vs. EUR spot rate | 4.0825                              | 120,000                             | 47,916   |
| 01/31/2016              | Non-derivative financial liabilities in EUR – Debt contract | Investments in subsidiaries which EUR is the functional currency | Foreign exchange - R\$ vs. EUR spot rate | (1)                                 | (24,000)                            |  |

|              |  |  |               |               |
|--------------|--|--|---------------|---------------|
| <b>Total</b> |  |  | <b>96,000</b> | <b>47,916</b> |
|--------------|--|--|---------------|---------------|

(1) In January 2016 it was settled the portion of debt designated as a hedge instrument.

The changes in the amounts related to net investment hedge as of June 30, 2016 are presented below:

|   | <b>12/31/2015</b> | <b>Movement</b> | <b>Realization</b> | <b>06/30/2016</b> |
|---|-------------------|-----------------|--------------------|-------------------|
| Net Investment hedge accounting                                 | 20,148            | (68,064)        |                    | (47,916)          |
| <b>Fair value of net investment hedge in foreign operations</b> | <b>20,148</b>     | <b>(68,064)</b> |                    | <b>(47,916)</b>   |

On June 30, 2016 hedge relationships established by the Company found to be effective, according to prospective tests. Therefore, no reversal by ineffectiveness of the hedge was recorded.

## 12.c) Sensitivity analysis

We present below the sensitivity analysis for currency risk and interest rate.

- **Sensitivity analysis of Derivative Financial Instruments and consolidated Foreign Exchange Exposure**

The Company considered scenarios 1 and 2 as 25% and 50% of deterioration for volatility of the currency, using as reference the closing exchange rate as of June 30, 2016.

The currencies used in the sensitivity analysis and its scenarios are shown below:

**06/30/2016**

| <b>Currency</b> | <b>Exchange rate</b> | <b>Probable scenario</b> | <b>Scenario 1</b> | <b>Scenario 2</b> |
|-----------------|----------------------|--------------------------|-------------------|-------------------|
| USD             | 3.2098               | 3.1412                   | 4.0123            | 4.8147            |
| EUR             | 3.5414               | 3.7230                   | 4.4268            | 5.3121            |

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The effects on income statement, considering both scenarios are shown below:

| Instruments   | Notional amount    | Risk          | Probable scenario (*) | 06/30/2016         |                    |
|---|--------------------|---------------|-----------------------|--------------------|--------------------|
|   |                    |               |                       | Scenario 1         | Scenario 2         |
| Hedge accounting of exports   | 1,541,000          | Dollar        | (105,713)             | 1,236,575          | 2,473,151          |
| Currency position<br>(Not including exchange derivatives above)                 | (3,331,690)        | Dollar        | 228,554               | (2,673,515)        | (5,347,029)        |
| <b>Consolidated exchange position</b><br>(Including exchange derivatives above) | <b>(1,790,690)</b> | <b>Dollar</b> | <b>122,841</b>        | <b>(1,436,940)</b> | <b>(2,873,878)</b> |
| Net Investment hedge accounting   | 96,000             | Euro          | 17,434                | 84,992             | 169,985            |
| Currency position   | (106,361)          | Euro          | (19,315)              | (94,166)           | (188,332)          |
| <b>Consolidated exchange position</b><br>(Including exchange derivatives above) | <b>(10,361)</b>    | <b>Euro</b>   | <b>(1,881)</b>        | <b>(9,174)</b>     | <b>(18,347)</b>    |

(\*) The likely scenarios were calculated considering the following changes to the risks: Real x Dollar - Real depreciation of 1.32% / Real x Euro – Real appreciation of 5.13%. Source: Central Bank of Brazil on 09/25/2017.

- Sensitivity analysis of changes in interest rates**

The Company considered the scenarios 1, and 2 as 25% and 50% of evolution for volatility of the interest as of June 30, 2016.

| Changes in interest rates | % p.a | Assets    | Liabilities  | Probable scenario (*) | Impact on profit or loss |            |
|---------------------------|-------|-----------|--------------|-----------------------|--------------------------|------------|
|                           |       |           |              |                       | Scenario 1               | Scenario 2 |
| TJLP                      | 7.50  |           | (1,070,670)  | (8,751)               | (20,075)                 | (40,150)   |
| Libor                     | 0.92  |           | (5,251,233)  | (44,920)              | (12,132)                 | (24,264)   |
| CDI                       | 14.13 | 1,926,190 | (14,438,793) | (325,900)             | (442,008)                | (884,016)  |

(\*) The sensitivity analysis is based on the assumption of maintaining as probable scenario the market rates at June 30, 2016 recorded in the Company's assets and liabilities.



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1****12.d) Liquidity risk**

The following table shows the contractual maturities of financial liabilities, including accrued interest.

|                                      |                               |                                      |                                       |                            | <b>Consolidated</b> |
|--------------------------------------|-------------------------------|--------------------------------------|---------------------------------------|----------------------------|---------------------|
| <b>At June 30,2016</b>               | <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> | <b>Total</b>        |
| Borrowings, financing and debentures | 1,376,232                     | 6,713,595                            | 16,513,546                            | 5,851,826                  | 30,455,199          |
| Trade payables                       | 1,194,942                     |                                      |                                       |                            | 1,194,942           |
| Dividends and interest on capital    | 464,982                       |                                      |                                       |                            | 464,982             |

**IV - Fair values of assets and liabilities as compared to their carrying amounts**

The estimated fair values for certain 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 below:

|                  | <b>06/30/2016</b>          |                   | <b>12/31/2015</b>          |                   |
|------------------|----------------------------|-------------------|----------------------------|-------------------|
|                  | <b>Carrying<br/>amount</b> | <b>Fair value</b> | <b>Carrying<br/>amount</b> | <b>Fair value</b> |
| Perpetual bonds  | 3,214,169                  | 1,280,700         | 3,910,115                  | 1,330,685         |
| Fixed Rate Notes | 5,580,789                  | 3,410,094         | 7,086,760                  | 3,915,310         |

**13. OTHER PAYABLES**

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

|   | Current                                 |                  | Consolidated Non-current |                | Current        |                | P<br>N<br>06/30/2 |
|---|---|------------------|--------------------------|----------------|----------------|----------------|-------------------|
|   | 06/30/2016                              | 12/31/2015       | 06/30/2016               | 12/31/2015     | 06/30/2016     | 12/31/2015     |                   |
|   | Payables to related parties (note 17 b) | 7,270            | 6,798                    |                |                | 127,157        |                   |
| Derivative financial instruments (note 12 I)  |   | 26,257           |                          |                |                |                |                   |
| Exclusive funds (Note 17 b) (1)   |   |                  |                          |                |                | 25,387         |                   |
| Dividends and interest on capital payable to non- controlling shareholders (note 12 I)(2) | 464,982                                 | 464,982          |                          |                | 2,262          | 2,262          |                   |
| Advances from customers   | 51,049                                  | 49,505           |                          |                | 39,691         | 40,988         |                   |
| Taxes in installments   | 26,600                                  | 24,237           | 84,702                   | 87,890         | 9,388          | 9,207          | 1                 |
| Profit sharing - employees  | 89,565                                  | 171,695          |                          |                | 58,471         | 121,423        |                   |
| Provision for freight   | 26,811                                  | 105,104          |                          |                | 8,679          | 10,190         |                   |
| Provision industrial restructuring  | 100,244                                 | 122,854          |                          |                | 56,402         | 74,382         |                   |
| Taxes payable   |   |                  | 21,498                   | 7,805          |                |                | 7                 |
| Other provisions  | 35,795                                  | 30,784           |                          |                | 17,397         | 10,289         |                   |
| Other payables  | 62,969                                  | 70,801           | 30,832                   | 35,589         | 5,793          | 7,465          |                   |
|   | <b>865,285</b>                          | <b>1,073,017</b> | <b>137,032</b>           | <b>131,284</b> | <b>325,240</b> | <b>411,699</b> | <b>88</b>         |

(1) Refers to derivative transactions managed by exclusive funds.

(2) Dividends payable by the subsidiary CSN Mineração.

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1****14. INCOME TAX AND SOCIAL CONTRIBUTION****14.a) Income tax and social contribution recognized in profit or loss:**

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

|  | <b>Six months ended</b> |                   | <b>Consolidated</b> |                   |
|--|-------------------------|-------------------|---------------------|-------------------|
|  | <b>06/30/2016</b>       |                   | <b>06/30/2016</b>   |                   |
|  | <b>Restated</b>         | <b>06/30/2015</b> | <b>Restated</b>     | <b>06/30/2015</b> |
| <b>Income tax and social contribution income (expense)</b> |                         |                   |                     |                   |
| Current  | (54,090)                | (92,044)          | (26,504)            | 121,915           |
| Deferred   | (87,731)                | 599,697           | (1,627)             | (116,779)         |
|  | <b>(141,821)</b>        | <b>507,653</b>    | <b>(28,131)</b>     | <b>5,136</b>      |

|  | <b>Six months ended</b> |                   | <b>Parent Company</b> |                   |
|--|-------------------------|-------------------|-----------------------|-------------------|
|  | <b>06/30/2016</b>       |                   | <b>06/30/2016</b>     |                   |
|  | <b>Restated</b>         | <b>06/30/2015</b> | <b>Restated</b>       | <b>06/30/2015</b> |
| <b>Income tax and social contribution income (expense)</b> |                         |                   |                       |                   |
| Current  | (51)                    | (6,040)           |                       | 150,725           |
| Deferred   | 2,500                   | 642,283           | 2,050                 | (52,263)          |
|  | <b>2,449</b>            | <b>636,243</b>    | <b>2,050</b>          | <b>98,462</b>     |

The reconciliation of consolidated income tax and social contribution expenses and income and the result from applying the effective rate to profit before income tax and social contribution are as follows:

|   | <b>Six months ended</b> |                   | <b>Three mo</b>   |
|---|-------------------------|-------------------|-------------------|
|   | <b>06/30/2016</b>       | <b>06/30/2015</b> | <b>06/30/2016</b> |
|   | <b>Restated</b>         |                   | <b>Restated</b>   |
| <b>(Loss)/Profit before income tax and social contribution</b>              | <b>(588,753)</b>        | <b>(730,444)</b>  | <b>74,254</b>     |
| Tax rate  | 34%                     | 34%               | 34%               |
| <b>Income tax and social contribution at combined statutory rate</b>        | <b>200,176</b>          | <b>248,351</b>    | <b>(25,246)</b>   |
| <b>Adjustment to reflect the effective rate:</b>                            |                         |                   |                   |
| Equity pickup   | 21,558                  | 120,583           | 6,265             |
| Profit with differentiated rates or untaxed                                 | (358,175)               | 195,504           | (178,308)         |
| Transfer pricing adjustment   | (13,028)                | (22,335)          | 31,144            |
| Tax loss carryforwards without recognizing deferred taxes                   | (791,260)               | (25,194)          | (346,453)         |
| Limit of indebtedness   | (18,681)                | (18,712)          | (9,470)           |
| Deferred taxes on temporary differences - non computed (1)                  | 703,320                 |                   | 390,075           |
| Deferred taxes on foreign profit  |                         |                   | 6,798             |
| Estimated reversals for deferred income and social contribution tax credits | 112,622                 |                   | 82,841            |
| Other permanent deductions (additions)                                      | 1,647                   | 9,456             | 5,898             |
| Amortization of goodwill  |                         |                   | 8,325             |
| <b>Income tax and social contribution in profit for the period</b>          | <b>(141,821)</b>        | <b>507,653</b>    | <b>(28,131)</b>   |
| <b>Effective tax rate</b>   | <b>-24%</b>             | <b>69%</b>        | <b>-4%</b>        |

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|   | <b>Six months ended</b> |                   | <b>Three mo</b>   |
|---|-------------------------|-------------------|-------------------|
|   | <b>06/30/2016</b>       | <b>06/30/2015</b> | <b>06/30/2016</b> |
|   | <b>Restated</b>         |                   | <b>Restated</b>   |
| <b>(Loss)/ Profit before income e tax and social contribution</b>           | <b>(756,787)</b>        | <b>(858,455)</b>  | <b>28,803</b>     |
| Tax rate  | 34%                     | 34%               | 34%               |
| <b>Income tax and social contribution at combined statutory rate</b>        | <b>257,308</b>          | <b>291,875</b>    | <b>(9,793)</b>    |
| <b>Adjustment to reflect the effective rate:</b>                            |                         |                   |                   |
| Equity pickup   | (274,301)               | 379,942           | (116,078)         |
| Transfer pricing adjustment   | -                       | (22,335)          | -                 |
| Limit of indebtndness   | (18,681)                | (18,712)          | (9,470)           |
| Tax loss carryforwards without recognizing deferred taxes                   | (776,690)               |                   | (342,258)         |
| Deferred taxes on temporary differences - non computed (1)                  | 700,146                 |                   | 394,787           |
| Estimated reversals for deferred income and social contribution tax credits | 112,622                 |                   | 82,841            |
| Other permanent deductions (additions)                                      | 2,045                   | 5,473             | 2,021             |
| <b>Income tax and social contribution in profit for the period</b>          | <b>2,449</b>            | <b>636,243</b>    | <b>2,050</b>      |
| <b>Effective tax rate</b>   | <b>0%</b>               | <b>74%</b>        | <b>-7%</b>        |

(1) As from third quarter of 2015 the Company no longer computes income tax and social contribution credits on tax losses and temporary differences.

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1****14.b) Deferred income tax and social contribution:**

The deferred income tax and social contribution are calculated on income tax, tax losses and the temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements:

|  | <b>Opening<br/>Balance<br/>12/31/2015<br/>Restated</b> | <b>Comprehensive<br/>income</b> | <b>Movement<br/>P&amp;L</b> | <b>Others</b> | <b>Consolidated<br/>Closing<br/>balance<br/>06/30/2016<br/>Restated</b> |
|--|--|---------------------------------|-----------------------------|---------------|---|
| <b>Deferred tax assets</b>   |  |                                 |                             |               |   |
| Income tax losses  | 417,256  |                                 | 571,135                     |               | 988,391   |
| Social contribution tax losses   | 161,769  |                                 | 207,269                     |               | 369,038   |
| <b>Temporary differences</b>   | <b>(1,572,992)</b>                                     | <b>49,327</b>                   | <b>(866,135)</b>            | <b>2,036</b>  | <b>(2,387,764)</b>  |
| - Provision for tax, social security, labor, civil and environmental risks | 245,923  |                                 | 7,032                       |               | 252,955   |
| - Provision for environmental liabilities                                  | 89,290   |                                 | (2,146)                     |               | 87,144  |
| - Asset impairment losses  | 87,152   |                                 | 2,560                       | (3)           | 89,709  |
| - Inventory impairment losses  | 29,048   |                                 | 1,824                       |               | 30,872  |
| - (Gains)/losses on financial instruments                                  | (5,454)  |                                 | 3,568                       |               | (1,886)   |

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|   |                  |               |                 |              |                    |
|---|------------------|---------------|-----------------|--------------|--------------------|
| - (Gains)/losses on available for sale financial assets | 947,989          | (43,470)      |                 |              | 904,519            |
| - Actuarial liability (pension and healthcare plan)     | 164,167          |               |                 |              | 164,167            |
| - Accrued supplies and services                         | 92,401           |               | 17,066          |              | 109,467            |
| - Allowance for doubtful debts                          | 38,614           |               | 16,876          |              | 55,490             |
| - Goodwill on merger                                    | 9,211            |               | (8,254)         |              | 957                |
| - Unrealized exchange differences (*)                   | 2,427,926        |               | (866,241)       |              | 1,561,685          |
| - Gain in loss of control the Transnordestina           | (224,096)        |               |                 |              | (224,096)          |
| - Cash flow hedge accounting                            | 516,831          | (371,759)     |                 |              | 145,072            |
| -Aquisition Fair value SWT/CBL                          | (299,574)        | 46,696        | 17,788          |              | (235,090)          |
| - Deferred tax non computed                             | (1,673,904)      | 401,421       | (87,940)        |              | (1,360,423)        |
| -Estimated losses to deferred tax credits               | (3,173,048)      | 13,808        | 112,622         |              | (3,046,618)        |
| - Business combination                                  | (1,058,088)      |               | 1,165           |              | (1,056,923)        |
| - Other   | 212,620          | 2,631         | (82,055)        | 2,039        | 135,235            |
| <b>Total</b>  | <b>(993,967)</b> | <b>49,327</b> | <b>(87,731)</b> | <b>2,036</b> | <b>(1,030,335)</b> |
| Total Deferred Assets                                   | 78,066           |               |                 |              | 73,108             |
| Total Deferred Liabilities                              | (1,072,033)      |               |                 |              | (1,103,443)        |
| <b>Total Deferred</b>                                   | <b>(993,967)</b> |               |                 |              | <b>(1,030,335)</b> |

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|  | Opening balance<br>12/31/2015<br>Restated | Movement<br>Comprehensive<br>income | P&L              |
|--|---|-------------------------------------|------------------|
| <b>Deferred tax assets</b>   |   |                                     |                  |
| Income tax losses  | 226,246                                   |                                     | 569,884          |
| Social contribution tax losses   | 93,031                                    |                                     | 206,806          |
| <b>Temporary differences</b>   | <b>(985,358)</b>                          |                                     | <b>(774,190)</b> |
| - Provision for tax, social security, labor, civil and environmental risks | 216,862                                   |                                     | 4,427            |
| - Provision for environmental liabilities                                  | 88,501                                    |                                     | (2,420)          |
| - Asset impairment losses  | 67,483                                    |                                     | 2,902            |
| - Inventory impairment losses  | 13,757                                    |                                     | 140              |
| - (Gain)/loss in financial instruments                                     | (5,454)                                   |                                     | 3,568            |
| - (Gains)/losses on available for sale financial assets                    | 947,989                                   | (43,470)                            |                  |
| - Actuarial liability (pension and healthcare plan)                        | 163,560                                   |                                     |                  |
| - Accrued supplies and services  | 49,040                                    |                                     | 32,114           |
| - Allowance for doubtful debts   | 28,087                                    |                                     | (481)            |
| - Unrealized exchange differences (*)                                      | 2,427,926                                 |                                     | (823,741)        |
| - Gain loss of control of the transnordestina                              | (224,096)                                 |                                     |                  |
| - Cash flow hedge accounting   | 516,831                                   | (371,759)                           |                  |
| -Deferred taxes non computed   | (1,491,042)                               | 401,421                             | (76,544)         |
| - Estimated loss to deferred tax credits                                   | (3,173,048)                               | 13,808                              | 112,622          |
| - Business Combination   | (721,993)                                 |                                     |                  |
| - Other  | 110,239                                   |                                     | (26,777)         |
| <b>Total</b>   | <b>(666,081)</b>                          |                                     | <b>2,500</b>     |
| Total Deferred Liabilities   | (666,081)                                 |                                     |                  |
| <b>Total Deferred</b>  | <b>(666,081)</b>                          |                                     |                  |

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



The Company has foreign subsidiaries in its corporate structure, for which profits are taxed at income tax in the countries where they are domiciled by lower rates than those prevailing in Brazil. From 2012 up to the 2<sup>nd</sup> quarter of 2016 such foreign subsidiaries generated profits amounting to R\$1,706,873. If for some reason tax authorities understand that these profits are subject to additional taxation in Brazil in respect of income tax and social contribution, which if due, would total R\$459.628.

The Company, based on its legal counsel's opinion, assessed the likelihood of loss in a potential claiming by tax authorities which resulted in a possible risk of loss and, therefore, no provision was recognized in the financial statements.

#### 14.c) Income tax and social contribution recognized in shareholders' equity:

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

|  | 06/30/2016       | Consolidated<br>12/31/2015 | 06/30/2016       | Parent Company<br>12/31/2015 |
|--|------------------|----------------------------|------------------|------------------------------|
| <b>Income tax and social contribution</b>  |                  |                            |                  |                              |
| Actuarial gains on defined benefit pension plan  | 64,603           | 64,489                     | 65,128           | 65,246                       |
| Estimated losses for deferred income and social contribution tax credits-actuarial gains           | (65,128)         | (65,128)                   | (65,128)         | (65,128)                     |
| Changes in the fair value on available-for-sale financial assets                                   | 38               | 38                         | 38               | 19,269                       |
| Actuarial gains and assets available for sale by incorporation                                     |                  |                            |                  | (19,349)                     |
| Estimated losses for deferred income and social contribution tax credits-available for sale assets | (38)             | (38)                       | (38)             | (38)                         |
| Exchange differences on translating foreign operations   | (426,682)        | (425,510)                  | (426,682)        | (425,510)                    |
| Cash flow hedge accounting   | 145,072          | 158,880                    | 145,072          | 158,880                      |
| Estimated losses for deferred income and social contribution tax credits - cash flow hedge         | (145,072)        | (158,880)                  | (145,072)        | (158,880)                    |
|  | <b>(427,207)</b> | <b>(426,149)</b>           | <b>(426,682)</b> | <b>(425,510)</b>             |

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

On June 30, 2016, the information related to judicial deposits and processes has not changed significantly compared to the disclosed in the Company's financial statements as of December 31, 2015. The breakdown of the provisioned amounts and its respective judicial deposits are presented as following:

|                        | <b>Consolidated</b>        |                   |                          |                   | <b>Parent Company</b>      |                   |                          |                   |
|------------------------|----------------------------|-------------------|--------------------------|-------------------|----------------------------|-------------------|--------------------------|-------------------|
|                        | <b>Accrued liabilities</b> |                   | <b>Judicial deposits</b> |                   | <b>Accrued liabilities</b> |                   | <b>Judicial deposits</b> |                   |
|                        | <b>06/30/2016</b>          | <b>12/31/2015</b> | <b>06/30/2016</b>        | <b>12/31/2015</b> | <b>06/30/2016</b>          | <b>12/31/2015</b> | <b>06/30/2016</b>        | <b>12/31/2015</b> |
| Tax                    | 127,927                    | 143,852           | 82,861                   | 82,472            | 66,095                     | 82,619            | 65,321                   | 67,843            |
| Social security        | 73,861                     | 70,174            | 46,193                   | 46,193            | 72,934                     | 69,293            | 46,193                   | 46,193            |
| Labor                  | 471,607                    | 478,611           | 184,412                  | 165,027           | 381,763                    | 388,763           | 150,931                  | 133,686           |
| Civil                  | 133,901                    | 128,451           | 23,408                   | 24,634            | 106,900                    | 103,087           | 9,461                    | 13,696            |
| Environmental          | 7,529                      | 17,646            | 1,190                    | 1,697             | 2,263                      | 12,536            | 1,121                    | 1,628             |
| Deposit of a guarantee |                            |                   | 8,431                    | 8,519             |                            |                   |                          |                   |
|                        | <b>814,825</b>             | <b>838,734</b>    | <b>346,495</b>           | <b>328,542</b>    | <b>629,955</b>             | <b>656,298</b>    | <b>273,027</b>           | <b>263,046</b>    |

The changes in the provision for tax, social security, labor, civil and environmental risks in the year ended June 30, 2016 were as follows:

**Consolidated****Current + Non- Current**

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| <b>Nature</b>   | <b>12/31/2015</b> | <b>Additions</b> | <b>Accrued charges</b> | <b>Net utilization of reversal</b> | <b>06/30/2016</b> |
|-----------------|-------------------|------------------|------------------------|------------------------------------|-------------------|
| Tax             | 143,852           |                  | 5,093                  | (21,018)                           | 127,927           |
| Social security | 70,174            |                  | 3,687                  |                                    | 73,861            |
| Labor           | 478,611           | 26,297           | 41,758                 | (75,059)                           | 471,607           |
| Civil           | 128,451           | 2,188            | 5,157                  | (1,895)                            | 133,901           |
| Environmental   | 17,646            | 1,072            | 454                    | (11,643)                           | 7,529             |
|                 | <b>838,734</b>    | <b>29,557</b>    | <b>56,149</b>          | <b>(109,615)</b>                   | <b>814,825</b>    |

| <b>Nature</b>   | <b>12/31/2015</b> | <b>Additions</b> | <b>Accrued charges</b> | <b>Net utilization of reversal</b> | <b>Parent Company Current + Non-current 06/30/2016</b> |
|-----------------|-------------------|------------------|------------------------|------------------------------------|--|
| Tax             | 82,619            |                  | 2,651                  | (19,175)                           | 66,095   |
| Social security | 69,293            |                  | 3,641                  |                                    | 72,934   |
| Labor           | 388,763           | 17,589           | 38,247                 | (62,836)                           | 381,763  |
| Civil           | 103,087           | 2,022            | 3,505                  | (1,714)                            | 106,900  |
| Environmental   | 12,536            | 52               | 202                    | (10,527)                           | 2,263  |
|                 | <b>656,298</b>    | <b>19,663</b>    | <b>48,246</b>          | <b>(94,252)</b>                    | <b>629,955</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. This provision includes tax liabilities resulting from lawsuits filed by the Company, subject to SELIC (Special System for Settlement and Custody) interest rates.

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- Other administrative and judicial proceedings

The table below shows a summary of the carrying amounts of the main legal matters with possible risk of loss at December 31, 2015 and at June 30, 2016. The increase in the carrying amounts substantially reflects the monetary update.

|   | <b>Consolidated</b> |                   |
|---|---------------------|-------------------|
|   | <b>06/30/2016</b>   | <b>12/31/2015</b> |
| Income tax / Social contribution - Assessment Notice and imposition of fine (AIIM) - Capital gain for an alleged sale of the shares of its subsidiary NAMISA (note 29).                             | 8,060,222           | 7,743,501         |
| Income tax / Social contribution - Assessment Notice and imposition of fine (AIIM) - Disallowance of deductions of goodwill generated in the reverse incorporation of Big Jump by Namisa (note 29). | 2,348,457           | 2,250,833         |
| Assessment Notice and Imposition of Fine (AIIM) - Income tax / Social contribution - gross of interest on prepayment arising from supply contracts of iron ore and port services                    | 1,156,764           | 1,105,793         |
| Tax foreclosures - ICMS - Electricity credits   | 831,640             | 785,043           |
| Installments MP 470 - alleged insufficiency of tax losses   | 618,021             | 587,205           |
| Offset of taxes that were not approved by the Federal Revenue Service - IRPJ/CSLL, PIS/COFINS e IPI   | 1,432,359           | 1,015,355         |
| Income tax / Social contribution - Assessment Notice and imposition of fine (AIIM) - profits from foreign subsidiaries years 2008, 2010 and 2011 (1)  | 1,578,471           | 832,183           |
| Disallowance of the ICMS credits - Transfer of iron ore   | 542,356             | 516,581           |
| Disallowance of the ICMS credits - ICMS - acquisition of subsidiary (*)   |                     | 277,389           |
| ICMS - Refers to the transfer of imported raw material at an amount lower than the price disclosed in the import documentation  | 265,033             | 252,112           |
| Disallowance of the tax losses arising on adjustments to the SAPLI  | 430,964             | 409,323           |
| Assessment Notice - ICMS - shipping and return merchandise for Industrialization  | 572,991             | 541,338           |
| Assessment Notice- Income tax- Capital Gain of CFM vendors located outside  | 177,108             | 170,835           |
| Other tax (federal, state, and municipal) lawsuits.   | 2,787,313           | 2,537,626         |
| Social security lawsuits  | 302,786             | 289,923           |
| Law suit applied by Brazilian antitrust authorities (CADE)  | 94,659              | 70,423            |
| Other civil lawsuits  | 755,628             | 763,576           |

|                                    |                   |                   |
|------------------------------------|-------------------|-------------------|
| Labor and social security lawsuits | 1,111,944         | 1,032,678         |
| Environmental lawsuits             | 342,375           | 359,046           |
|                                    | <b>23,409,091</b> | <b>21,540,763</b> |

(\* ) Tax assessments were canceled due to a favorable decision to the Company in the 2nd administrative judicial level, the referred judgment occurred on February 15, 2016.

(1) The increase is due to an assessment notice received in June 2016, related to the profits from foreign subsidiaries in 2011.

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.

- Environmental lawsuits

The environmental processes present high complexity for estimating the amount at risk, should be taken into consideration, among various aspects, procedural development, the extent of damage and the projection of repairing costs.

There are other environmental processes for which it is not yet possible to assess the risk and contingency value due to the aforementioned complexity estimation, the peculiarities of the matters involving them and also their procedural steps.

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1****16. PROVISION FOR ENVIRONMENTAL LIABILITIES AND ASSET RETIREMENT OBLIGATIONS**

The information related to environmental liabilities and asset retirement obligation has not changed significantly compared to the disclosed in the Company's financial statements as of December 31, 2015.

The carrying amount of the provision for environmental liabilities and asset retirement obligation (ARO) are as follows:

|                              | <b>06/30/2016</b> | <b>Consolidated<br/>12/31/2015</b> | <b>06/30/2016</b> | <b>Parent Company<br/>12/31/2015</b> |
|------------------------------|-------------------|------------------------------------|-------------------|--------------------------------------|
| Environmental liabilities    | 253,862           | 262,290                            | 249,486           | 259,115                              |
| Asset retirement obligations | 70,163            | 66,641                             |                   |                                      |
|                              | <b>324,025</b>    | <b>328,931</b>                     | <b>249,486</b>    | <b>259,115</b>                       |

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

The information regarding the related party transactions has not changed significantly compared to the disclosed in the Company's financial statements as of December 31, 2015.

**17.a) Transactions with holding companies**

After payment of dividends in 2015 amounting to R\$306,139, there were no transactions with holding companies.

**17.b) Transactions with subsidiaries, joint ventures, associates, exclusive funds and other related parties**

- By transaction**

|                                    | Current           |                   | Non-current            |                        | Consolidated Total |                |
|------------------------------------|-------------------|-------------------|------------------------|------------------------|--------------------|----------------|
|                                    | 06/30/2016        | 12/31/2015        | 06/30/2016<br>Restated | 12/31/2015<br>Restated | 06/30/2016         | 12/31/2015     |
| <b>Assets</b>                      |                   |                   |                        |                        |                    |                |
| Trade receivables (note 5)         | 82,602            | 61,366            |                        |                        | 82,602             | 61,366         |
| Dividends receivable (note 5)      | 26,902            | 27,817            |                        |                        | 26,902             | 27,817         |
| Actuarial asset (note 7)           |                   |                   | 99,580                 | 114,433                | 99,580             | 114,433        |
| Financial investments/ investments | 161,084           |                   |                        |                        | 161,084            |                |
| Loans (note 7)                     |                   |                   | 400,053                | 373,214                | 400,053            | 373,214        |
| Other receivables (note 7)         | 9,209             | 9,420             | 32,770                 | 29,020                 | 41,979             | 38,440         |
|                                    | <b>279,797</b>    | <b>98,603</b>     | <b>532,403</b>         | <b>516,667</b>         | <b>812,200</b>     | <b>615,270</b> |
| <b>Liabilities</b>                 |                   |                   |                        |                        |                    |                |
| <b>Other payables (Note 13)</b>    |                   |                   |                        |                        |                    |                |
| Accounts payable                   | 7,270             | 6,798             |                        |                        | 7,270              | 6,798          |
| Trade payables                     | 112,863           | 67,443            |                        |                        | 112,863            | 67,443         |
| Actuarial liabilities              |                   |                   | 25,294                 | 25,294                 | 25,294             | 25,294         |
|                                    | <b>120,133</b>    | <b>74,241</b>     | <b>25,294</b>          | <b>25,294</b>          | <b>145,427</b>     | <b>99,535</b>  |
|                                    | <b>06/30/2016</b> | <b>06/30/2015</b> |                        |                        |                    |                |
| <b>P&amp;L</b>                     |                   |                   |                        |                        |                    |                |
| <b>Revenues</b>                    |                   |                   |                        |                        |                    |                |
| Sales                              | 354,660           | 382,528           |                        |                        |                    |                |
| Interest (Note 23)                 | 27,474            | 32,119            |                        |                        |                    |                |
| <b>Expenses</b>                    |                   |                   |                        |                        |                    |                |
| Purchases                          | (517,964)         | (559,208)         |                        |                        |                    |                |
| Interest (Note 23)                 |                   | (256,087)         |                        |                        |                    |                |

**(135,830)**      **(400,648)**

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|  | <b>Assets</b>  |                    |                | <b>Liabilities</b> |                    |                | <b>P&amp;L</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> |
| <b>Joint-venture and Joint-operation</b>   |                |                    |                |                    |                    |                |                |                  |
| Itá Energética S.A.  |                |                    |                | 2,652              |                    | 2,652          |                | (16,097)         |
| CGPAR Construção Pesada S.A.   | 1,301          |                    | 1,301          | 18,038             |                    | 18,038         |                | (39,930)         |
| MRS Logística S.A.   | 26,199         |                    | 26,199         | 54,829             |                    | 54,829         |                | (418,820)        |
| CBSI - Companhia Brasileira de Serviços e Infraestrutura Transnordestina Logística S.A (1) | 5,298          |                    | 5,298          | 10,192             |                    | 10,192         | 9              | (34,603)         |
|  |                | 381,932            | 381,932        | 33,610             |                    | 33,610         | 2,312          |                  |
|  | <b>32,798</b>  | <b>381,932</b>     | <b>414,730</b> | <b>119,321</b>     |                    | <b>119,321</b> | <b>2,321</b>   | <b>(509,450)</b> |
| <b>Other related parties</b>   |                |                    |                |                    |                    |                |                |                  |
| CBS Previdência  |                | 99,580             | 99,580         |                    | 25,294             | 25,294         |                |                  |
| Fundação CSN   | 1,830          |                    | 1,830          | 77                 |                    | 77             |                |                  |
| Banco Fibra  | 161,084        |                    | 161,084        |                    |                    |                |                |                  |

|                                |                |                |                |                |               |                |                |                    |
|--------------------------------|----------------|----------------|----------------|----------------|---------------|----------------|----------------|--------------------|
| Usiminas                       |                |                |                | 509            |               | 509            | 17,027         | (5,338)            |
| Panatlântica                   | 83,892         | 3,750          | 87,642         |                |               |                | 320,845        |                    |
| Ibis                           |                |                |                |                |               |                |                |                    |
| Participações e Serviços       |                |                |                |                |               |                |                | (3,176)            |
| Partifib Projetos Imobiliários | 193            |                | 193            |                |               |                | 1,099          |                    |
|                                | <b>246,999</b> | <b>103,330</b> | <b>350,329</b> | <b>586</b>     | <b>25,294</b> | <b>25,880</b>  | <b>338,971</b> | <b>(8,514)</b>     |
| <b>Associates</b>              |                |                |                |                |               |                |                |                    |
| Arvedi Metalfer do Brasil S.A. |                | 47,141         | 47,141         | 226            |               | 226            | 13,368         |                    |
| <b>Total at 06/30/2016</b>     | <b>279,797</b> | <b>532,403</b> | <b>812,200</b> | <b>120,133</b> | <b>25,294</b> | <b>145,427</b> | <b>354,660</b> | <b>(517,964)</b>   |
| <b>Total at 12/31/2015</b>     | <b>98,603</b>  | <b>516,667</b> | <b>615,270</b> | <b>74,241</b>  | <b>25,294</b> | <b>99,535</b>  | <b>725,285</b> | <b>(1,103,428)</b> |
| <b>Total at 06/30/2015</b>     |                |                |                |                |               |                | <b>382,528</b> | <b>(559,208)</b>   |

1. Transnordestina Logística S.A: Refers mainly to contracts in R\$: interest equivalent to 108.0% and 102.0% of CDI with final maturity in June 2017. As of June 30, 2016, the borrowings carrying amounts totaled to R\$381,932 (R\$222,727 as of December 31, 2015).

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1**• **By transaction**

|   | <b>Current</b>    |                   | <b>Non-current</b> |                   | <b>Parent Company Total</b> |                   |
|---|-------------------|-------------------|--------------------|-------------------|-----------------------------|-------------------|
|   | <b>06/30/2016</b> | <b>12/31/2015</b> | <b>06/30/2016</b>  | <b>12/31/2015</b> | <b>06/30/2016</b>           | <b>12/31/2015</b> |
|   |                   |                   | <b>Restated</b>    | <b>Restated</b>   |                             |                   |
| <b>Assets</b>   |                   |                   |                    |                   |                             |                   |
| Trade receivables (1)<br>(note 5)                       | 933,505           | 1,140,172         |                    |                   | 933,505                     | 1,140,172         |
| Dividends receivable<br>(note 5)                        | 730,062           | 737,668           |                    |                   | 730,062                     | 737,668           |
| Actuarial asset (note 7)                                |                   |                   | 101,305            | 112,660           | 101,305                     | 112,660           |
| Loans (note 7)  |                   |                   | 257,480            | 239,930           | 257,480                     | 239,930           |
| Short-term investments /<br>Investments (2)             | 1,220,999         | 1,412,428         | 46,961             | 28,078            | 1,267,960                   | 1,440,506         |
| Exclusive funds (note 7)                                |                   | 110,075           |                    |                   |                             | 110,075           |
| Other receivables (3)<br>(note 7)                       | 54,737            | 32,479            | 328,393            | 303,441           | 383,130                     | 335,920           |
|   | <b>2,939,303</b>  | <b>3,432,822</b>  | <b>734,139</b>     | <b>684,109</b>    | <b>3,673,442</b>            | <b>4,116,931</b>  |
| <b>Liabilities</b>                                      |                   |                   |                    |                   |                             |                   |
| <b>Borrowings and financing</b>                         |                   |                   |                    |                   |                             |                   |
| Prepayment (note 11)                                    | 70,371            | 85,987            | 4,803,068          | 5,843,050         | 4,873,439                   | 5,929,037         |
| Fixed Rate Notes and<br>Intercompany Bonds<br>(note 11) | 26,634            | 32,402            | 3,334,373          | 4,056,347         | 3,361,007                   | 4,088,749         |
| Intercompany Loans<br>(note 11)                         | 1,051,237         | 1,261,861         | 1,757,871          | 2,137,040         | 2,809,108                   | 3,398,901         |
|   | <b>1,148,242</b>  | <b>1,380,250</b>  | <b>9,895,312</b>   | <b>12,036,437</b> | <b>11,043,554</b>           | <b>13,416,687</b> |

**Other payables (Note 13)**

|                               |                |                |                |                |                |                |
|-------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Accounts payable              | 127,141        | 110,090        | 79,785         | 118,653        | 206,926        | 228,743        |
| Advances from customers       | 16             | 16             |                |                | 16             | 16             |
| Exclusive funds (2) (note 13) |                | 25,387         |                |                |                | 25,387         |
| Trade payables                | 152,787        | 153,559        |                |                | 152,787        | 153,559        |
| Actuarial liabilities         |                |                | 25,293         | 25,293         | 25,293         | 25,293         |
|                               | <b>279,944</b> | <b>289,052</b> | <b>105,078</b> | <b>143,946</b> | <b>385,022</b> | <b>432,998</b> |

|  |                   |                   |
|--|-------------------|-------------------|
|  | <b>06/30/2016</b> | <b>06/30/2015</b> |
|--|-------------------|-------------------|

**P&L****Revenues**

|                           |           |           |
|---------------------------|-----------|-----------|
| Sales                     | 1,364,264 | 2,750,132 |
| Interest (note 23)        | 17,620    | 10,746    |
| Exclusive funds (note 23) |           | 372,782   |

**Expenses**

|   |                  |                |
|---|------------------|----------------|
| Purchases                                     | (665,007)        | (875,265)      |
| Interest (note 23)                            | (252,806)        | (713,396)      |
| Foreing exchange and monetary variations, net | 2,186,217        | (1,315,934)    |
| Exclusive funds (note 23)                     | (731,130)        |                |
|   | <b>1,919,158</b> | <b>229,065</b> |

(1) Accounts receivable derive from sales operations of goods and services between the parent company, subsidiaries and joint ventures.

(2) Assets: Financial investments classified as current totaled to R\$ 1,220,999 as of June 30, 2016 (R\$1,412,428 at December 31, 2015) and the interests in Usiminas, recorded in the exclusive funds and classified as investments available for sale, located in non-current assets, amounted to R\$46,961 (R\$28,078 as of December 31, 2015).

(3) Current: Refers mainly to assignment of tax loss credits of income tax and social contribution, related to Metallurgical Prada companies, FTL (Ferrovia Transnordestina Logistica) and MMSA (Companhia de Embalagens Metálicas).

Non-current: Refers mainly to advances for future capital increases, dividends to be received and receivables from acquisition of debentures.



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- **By company**

|  | <b>Assets</b>  |                    |              | <b>Liabilities</b> |                    |              | <b>Sales</b> | <b>Purchases</b> |
|--|----------------|--------------------|--------------|--------------------|--------------------|--------------|--------------|------------------|
|  | <b>Current</b> | <b>Non-current</b> | <b>Total</b> | <b>Current</b>     | <b>Non-current</b> | <b>Total</b> |              |                  |
| <b>Subsidiaries</b>                                  |                |                    |              |                    |                    |              |              |                  |
| Cia Metalic Nordeste Companhia Metalúrgica Prada (1) |                |                    |              | 50                 |                    | 50           | 23,904       | (13,000)         |
| Estanho de Rondônia S.A.                             | 222,697        | 121,336            | 344,033      | 12,944             | 196                | 13,140       | 485,731      | (52,160)         |
| Sepetiba Tecon S.A.                                  | 1,063          | 2,034              | 3,097        |                    |                    |              |              | (5,120)          |
| Minérios Nacional S.A.                               | 10,574         | 83,764             | 94,338       | 11,919             |                    | 11,919       |              | (20,930)         |
| CSN Mineração S.A (2)                                |                | 7,196              | 7,196        |                    |                    |              |              |                  |
| CSN Energia S.A.                                     | 733,916        |                    | 733,916      | 31,555             |                    | 31,555       | 308          | (261,670)        |
| Ferrovias Transnordestina Logística S.A.             |                |                    |              | 12,873             |                    | 12,873       |              | (118,500)        |
| Companhia Siderúrgica Nacional, LLC (3)              | 3,123          | 33,786             | 36,909       |                    | 79,589             | 79,589       | 4            |                  |
|  | 432,985        |                    | 432,985      | 123,936            |                    | 123,936      | 374,983      | (9,960)          |
|  |                |                    |              | 10,861             | 98,604             | 109,465      |              |                  |

|  |                  |                |                  |                  |  |                  |                   |                  |                 |
|--|------------------|----------------|------------------|------------------|--|------------------|-------------------|------------------|-----------------|
| CSN Europe Lda.  |                  |                |                  |                  |  |                  |                   |                  |                 |
| CSN Resources S.A. (4)                                   |                  |                |                  | 1,127,769        |  | 7,225,858        |                   | 8,353,627        |                 |
| Lusosider Aços Planos, S.A.                              | 187,383          |                | 187,383          | 32,201           |  |                  | 32,201            | 157,381          |                 |
| CSN Islands XI Corp. (5)                                 |                  |                |                  |                  |  | 1,027,136        |                   | 1,027,136        |                 |
| CSN Islands XII Corp. (6)                                |                  |                |                  | 9,613            |  | 1,457,249        |                   | 1,466,862        |                 |
| CSN Ibéria Lda.  |                  |                |                  |                  |  | 86,465           |                   | 86,465           |                 |
| Companhia de Embalagens Metálicas MMSA                   | 5,404            | 44,859         | 50,263           |                  |  |                  |                   |                  |                 |
| Companhia Florestal do Brasil                            |                  | 2,648          | 2,648            |                  |  |                  |                   |                  |                 |
| Stahlwerk Thüringen GmbH                                 |                  |                |                  |                  |  |                  |                   |                  | (22,14)         |
|  | <b>1,597,145</b> | <b>295,623</b> | <b>1,892,768</b> | <b>1,373,721</b> |  | <b>9,975,097</b> | <b>11,348,818</b> | <b>1,042,311</b> | <b>(490,65)</b> |
| <b>Joint-venture e Joint-operation</b>                   |                  |                |                  |                  |  |                  |                   |                  |                 |
| ITA Energética S.A                                       | 17,063           |                | 17,063           |                  |  |                  |                   |                  |                 |
| CGPAR Construção Pesada S.A.                             | 4,042            |                | 4,042            |                  |  |                  |                   |                  |                 |
| MRS Logística S.A.                                       | 13,111           |                | 13,111           | 38,998           |  |                  | 38,998            |                  | (98,62)         |
| CBSI - Companhia Brasileira de Serviços e Infraestrutura | 1,028            |                | 1,028            | 15,436           |  |                  | 15,436            | 9                | (67,36)         |
| Transnordestina Logística S.A.                           |                  | 239,359        | 239,359          | 16               |  |                  | 16                |                  |                 |
|  | <b>35,244</b>    | <b>239,359</b> | <b>274,603</b>   | <b>54,450</b>    |  |                  | <b>54,450</b>     | <b>9</b>         | <b>(165,98)</b> |
| <b>Other related parties</b>                             |                  |                |                  |                  |  |                  |                   |                  |                 |
| CBS Previdência  |                  | 101,305        | 101,305          |                  |  | 25,293           | 25,293            |                  |                 |
| Fundação CSN   | 1,830            |                | 1,830            | 15               |  |                  | 15                |                  | (59)            |
| Banco Fibra Usiminas                                     | 16               |                | 16               |                  |  |                  |                   |                  | (4,59)          |
| Panatlântica   | 83,892           | <b>3,750</b>   | 87,642           |                  |  |                  |                   | 320,845          |                 |

|  |                  |                |                  |                  |                   |                   |                  |  |                  |
|--|------------------|----------------|------------------|------------------|-------------------|-------------------|------------------|--|------------------|
| Ibis Participações e Serviços Partifib Projetos Imobiliários | 193              |                | 193              |                  |                   |                   | 1,099            |  | (3,17            |
|  | <b>85,931</b>    | <b>105,055</b> | <b>190,986</b>   | <b>15</b>        | <b>25,293</b>     | <b>25,308</b>     | <b>321,944</b>   |  | <b>(8,36</b>     |
| <b>Associates</b>  |                  |                |                  |                  |                   |                   |                  |  |                  |
| Arvedi Metalfer do Brasil S.A.                               |                  | 47,141         | 47,141           |                  |                   |                   |                  |  |                  |
| <b>Exclusive Funds</b>                                       |                  |                |                  |                  |                   |                   |                  |  |                  |
| Diplic, Caixa Vertice, VR1, BB Steel                         | 1,220,983        | 46,961         | 1,267,944        |                  |                   |                   |                  |  |                  |
| <b>Total at 06/30/2016</b>                                   | <b>2,939,303</b> | <b>734,139</b> | <b>3,673,442</b> | <b>1,428,186</b> | <b>10,000,390</b> | <b>11,428,576</b> | <b>1,364,264</b> |  | <b>(665,00</b>   |
| <b>Total at 12/31/2015</b>                                   | <b>3,432,822</b> | <b>684,109</b> | <b>4,116,931</b> | <b>1,669,302</b> | <b>12,180,383</b> | <b>13,849,685</b> | <b>5,852,639</b> |  | <b>(1,636,30</b> |
| <b>Total at 06/30/2015</b>                                   |                  |                |                  |                  |                   |                   | <b>2,750,132</b> |  | <b>(875,26</b>   |

(1) Companhia Metalurgica Prada refers mainly to accounts receivable and debentures from CBL amounting to R\$219,362 and 121,336, respectively, as of June 30, 2016.

(2) CSN Mineração: Assets: Refers mainly to dividends declared by Namisa amounting to R\$694,080 and posteriorly assumed by CSN Mineração due to the merger on December 31, 2015. Liabilities: Account payables related to purchases of iron ore.

(3) Companhia Siderúrgica Nacional, LLC: On June 30, 2016 the carrying amounts of trade accounts receivable totaled R\$432,985 (R\$682,875 December 31, 2015), they are related to sale of steel to resellers.

(4) CSN Resources SA: Contracts in US dollars of Prepayment Fixed Rate Notes and Intercompany Bonds, the interest rate under this transaction is 9.13% and its maturity date is June 2047. On June 30, 2016, the loans amounted to R\$8,353,627 (R\$10,146,701 on December 31, 2015).

(5) CSN Islands XI Corp.: Contracts in US dollars, without interest, maturing on August 2017. On June 30 2016, the loans amounted to R\$1,027,136 (R\$1,249,536 as of December 31, 2015).

(6) CSN Islands XII Corp.: Contracts in US dollars, interest rate of 7.64% and maturing on February 2025. On June 30, 2016, the loans amounted to R\$1,466,862 (R\$1,784,417 on December 31, 2015).





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1****17.c) Key management personnel**

The key management personnel with 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, 2016.

|  | <b>Six months ended</b> |                   | <b>Three months ended</b> |                   |
|--|-------------------------|-------------------|---------------------------|-------------------|
|  | <b>06/30/2016</b>       | <b>06/30/2015</b> | <b>06/30/2016</b>         | <b>06/30/2015</b> |
|  | <b>P&amp;L</b>          |                   | <b>P&amp;L</b>            |                   |
| Short-term benefits for employees and officers | 63,136                  | 26,297            | 23,327                    | 20,506            |
| Post-employment benefits                       | 203                     | 117               | 85                        | 87                |
|  | <b>63,339</b>           | <b>26,414</b>     | <b>23,412</b>             | <b>20,593</b>     |

The remuneration of key management personnel in 2016 includes payments for contracts with executives that were linked to parameters that were achieved in the first quarter 2016.

**18. SHAREHOLDERS' EQUITY****18.a) Paid-in capital**

Fully subscribed and paid-in capital as of June 30, 2016 and December 31, 2015 is R\$4,540,000 comprising 1,387,524,047 book-entry common shares without par value. Each common share entitles its holder to one vote in Shareholders' Meetings.

### 18.b) Authorized capital

The Company's bylaws in effect as of June 30, 2016 determine that the capital can be raised to up to 2,400,000,000 shares by decision of the Board of Directors.

### 18.c) 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.

### 18.d) Ownership structure

As of June 30, 2016, the Company's ownership structure was as follows:

|  | 06/30/2016                    |                      |                        | 12/31/2015                    |                      |                        |
|--|-------------------------------|----------------------|------------------------|-------------------------------|----------------------|------------------------|
|  | Number of<br>common<br>shares | % of total<br>shares | % of voting<br>capital | Number of<br>common<br>shares | % of total<br>shares | % of voting<br>capital |
| Vicunha Aços S.A.                              | 697,719,990                   | 50.29%               | 51.41%                 | 697,719,990                   | 50.29%               | 51.41%                 |
| Rio Iaco Participações S.A.                    | 58,193,503                    | 4.19%                | 4.29%                  | 58,193,503                    | 4.19%                | 4.29%                  |
| Caixa Beneficente dos<br>Empregados da CSN CBS | 20,143,031                    | 1.45%                | 1.48%                  | 20,143,031                    | 1.45%                | 1.48%                  |
| BNDES Participações S.A. –<br>BNDESPAR         | 8,794,890                     | 0.63%                | 0.65%                  | 8,794,890                     | 0.63%                | 0.65%                  |
| NYSE (ADRs)                                    | 327,284,764                   | 23.59%               | 24.12%                 | 336,435,464                   | 24.25%               | 24.79%                 |
| BM&FBovespa                                    | 244,996,869                   | 17.66%               | 18.05%                 | 235,846,169                   | 17.00%               | 17.38%                 |
| <b>Total shares outstanding</b>                | <b>1,357,133,047</b>          | <b>97.81%</b>        | <b>100.00%</b>         | <b>1,357,133,047</b>          | <b>97.81%</b>        | <b>100.00%</b>         |
| Treasury shares                                | 30,391,000                    | 2.19%                |                        | 30,391,000                    | 2.19%                |                        |
| <b>Total shares</b>                            | <b>1,387,524,047</b>          | <b>100.00%</b>       |                        | <b>1,387,524,047</b>          | <b>100.00%</b>       |                        |



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1****18.e) Treasury shares**

The Board of Directors authorized various share buyback programs in order to hold shares in treasury for subsequent disposal and/or cancelation with a view to maximizing the generation of value to the shareholder through an efficient capital structure management, as shown in the table below:

| Program | Board's Authorization | Authorized quantity | Program period                       | Average buyback price | Minimum and maximum buyback price | Number bought back | Share cancelation         | Balance treasury |
|---------|-----------------------|---------------------|--------------------------------------|-----------------------|-----------------------------------|--------------------|---------------------------|------------------|
| 1°      | 3/13/2014             | 70,205,661          | From<br>3/14/2014<br>to<br>4/14/2014 | R\$ 9.34              | R\$ 9.22 and R\$ 9.45             | 2,350,000          |                           | 2,350,000        |
| 2°      | 4/15/2014             | 67,855,661          | From<br>4/16/2014<br>to<br>5/23/2014 | R\$ 8.97              | R\$ 8.70 and R\$ 9.48             | 9,529,500          |                           | 11,879,000       |
| 3°      | 5/23/2014             | 58,326,161          | From<br>5/26/2014<br>to<br>6/25/2014 | R\$ 9.21              | R\$ 8.61 and R\$ 9.72             | 31,544,500         |                           | 43,429,000       |
| 4°      | 6/26/2014             | 26,781,661          | From<br>6/26/2014<br>to<br>7/17/2014 | R\$ 10.42             | R\$ 9.33 and R\$ 11.54            | 26,781,661         |                           | 70,205,661       |
|         | 7/18/2014             |                     |                                      | Not applicable        | Not applicable                    |                    | 60,000,000 <sup>(1)</sup> | 10,205,661       |
| 5°      | 7/18/2014             | 64,205,661          | From<br>7/18/2014<br>to<br>8/18/2014 | R\$ 11.40             | R\$ 11.40                         | 240,400            |                           | 10,446,061       |
|         | 8/19/2014             |                     |                                      |                       | Not applicable                    |                    | 10,446,061 <sup>(1)</sup> |                  |

|        |            |            |                              | Not applicable |                        |            |            |
|--------|------------|------------|------------------------------|----------------|------------------------|------------|------------|
| 6°     | 8/19/2014  | 63,161,055 | From 8/19/2014 to 9/25/2014  | R\$ 9.82       | R\$ 9.47 and R\$ 10.07 | 6,791,300  | 6,791,300  |
| 7°     | 9/29/2014  | 56,369,755 | From 9/29/2014 to 2/29/2014  | R\$ 7.49       | R\$ 4.48 and R\$ 9.16  | 21,758,600 | 28,548,355 |
| 8°     | 12/30/2014 | 34,611,155 | From 12/31/2014 to 3/31/2015 | R\$ 5.10       | R\$ 4.90 and R\$ 5.39  | 1,841,100  | 30,391,000 |
| 9° (*) | 03/31/2015 | 32,770,055 | From 4/01/2015 to 6/30/2015  |                |                        |            |            |

(\*) There were no share buyback in this program.

(1) In 2014 the Board of Directors approved the cancelation of 70,446,061 treasury shares without change in the Company's share capital.

As of June 30, 2016, the position of the treasury shares was as follows:

| Quantity purchased (Units) | Amount paid for the shares | Share price |           |          | Market price of the shares on 06/30/2016 (*) |
|----------------------------|----------------------------|-------------|-----------|----------|--|
|                            |                            | Minimum     | Maximum   | Average  |  |
| 30,391,000                 | R\$ 238,976                | R\$ 4.48    | R\$ 10.07 | R\$ 7.86 | R\$ 237,658                                  |

(\*) Using the last share quotation on BM&F Bovespa as of June 30, 2016 of R\$7.82 per share.

#### 18.f) Policy on investments and payment of interest on capital and dividends

At a meeting held on December 11, 2000, the Board of Directors decided to adopt a profit distribution policy which, after compliance with the provisions in Law 6,404/76, as amended by Law 9,457/97, will entail the distribution of all the profit to the Company's shareholders, provided that the following priorities are observed, irrespective of their order: (i) carrying out the business strategy; (ii) fulfilling its obligations; (iii)

making the required investments; and (iv) maintaining a healthy financial situation of the Company.

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1****18.g) Earnings/(loss) per share:**

Basic earnings per share were calculated based on the profit attributable to the owners of CSN divided by the weighted average number of common shares outstanding during the period, excluding the common shares purchased and held as treasury shares, as follows:

|                                       | <b>Six months ended</b> |                   | <b>Three months ended</b> |                   |
|---------------------------------------|-------------------------|-------------------|---------------------------|-------------------|
|                                       | <b>06/30/2016</b>       | <b>06/30/2015</b> | <b>06/30/2016</b>         | <b>06/30/2015</b> |
|                                       | <b>Restated</b>         |                   | <b>Restated</b>           |                   |
|                                       | <b>Common Shares</b>    |                   | <b>Common Shares</b>      |                   |
| <b>Net (Loss)/ Gain of the period</b> |                         |                   |                           |                   |
| Attributable to owners of the Company | (754,338)               | (222,212)         | 30,853                    | (614,268)         |
| Weighted average number of shares     | 1,357,133,047           | 1,357,167,255     | 1,357,133,047             | 1,357,133,047     |
| <b>Basic and diluted EPS</b>          | (0.55583)               | (0.16373)         | 0.02273                   | (0.45262)         |

The Company does not hold outstanding dilutable potential ordinary shares that could result in dilution of earnings per share.

**19. PAYMENT TO SHAREHOLDERS**

The table below shows the dividends approved and paid for the last years:



| <b>Year</b> | <b>Approval Year</b>  | <b>Dividends</b> | <b>Total</b>   | <b>Year</b> | <b>Payment Year</b> | <b>Dividends</b> | <b>Total</b>   |
|-------------|-----------------------|------------------|----------------|-------------|---------------------|------------------|----------------|
| 2014        | 2014                  | 700,000          | 700,000        | 2014        | 2014                | 424,939          | 424,939        |
| 2015        | 2015                  | 275,000          | 275,000        |             | 2015                | 274,917          | 274,917        |
|             |                       |                  |                | 2015        | 2015                | 274,918          | 274,918        |
|             | <b>Total approved</b> | <b>975,000</b>   | <b>975,000</b> |             | <b>Total paid</b>   | <b>974,774</b>   | <b>974,774</b> |

## 20. NET SALES REVENUE

Net sales revenue is comprised as follows:

|                               | <b>Six months ended</b> |                           | <b>Consolidated<br/>Three months ended</b> |                           |
|-------------------------------|-------------------------|---------------------------|--|---------------------------|
|                               | <b>06/30/2016</b>       | <b>06/30/2015</b>         | <b>06/30/2016</b>                          | <b>06/30/2015</b>         |
|                               |                         |                           | <b>Restated</b>                            |                           |
| <b>Gross revenue</b>          |                         |                           |  |                           |
| Domestic market               | 4,653,263               | 5,644,015                 | 2,367,186                                  | 2,701,384                 |
| Foreign market                | 4,771,684               | 3,534,614                 | 2,429,306                                  | 1,740,597                 |
|                               | <b>9,424,947</b>        | <b>9,178,629</b>          | <b>4,796,492</b>                           | <b>4,441,981</b>          |
| <b>Deductions</b>             |                         |                           |  |                           |
| Cancelled sales and discounts | (102,587)               | (153,057)                 | (33,807)                                   | (114,593)                 |
| Taxes on sales                | (1,129,211)             | (1,328,180)               | (577,607)                                  | (640,248)                 |
|                               | <b>(1,231,798)</b>      | <b>(1,481,237)</b>        | <b>(611,414)</b>                           | <b>(754,841)</b>          |
| <b>Net revenue</b>            | <b>8,193,149</b>        | <b>7,697,392</b>          | <b>4,185,078</b>                           | <b>3,687,140</b>          |
|                               |                         |                           |  | <b>Parent<br/>Company</b> |
|                               | <b>Six months ended</b> | <b>Three months ended</b> |  |                           |
|                               | <b>06/30/2016</b>       | <b>06/30/2015</b>         | <b>06/30/2016</b>                          | <b>06/30/2015</b>         |
| <b>Gross revenue</b>          |                         |                           |  |                           |
| Domestic market               | 4,292,415               | 5,271,493                 | 2,192,875                                  | 2,558,445                 |

|                               |                    |                    |                  |                  |
|-------------------------------|--------------------|--------------------|------------------|------------------|
| Foreign market                | 960,004            | 1,990,270          | 539,623          | 1,002,322        |
|                               | <b>5,252,419</b>   | <b>7,261,763</b>   | <b>2,732,498</b> | <b>3,560,767</b> |
| <b>Deductions</b>             |                    |                    |                  |                  |
| Cancelled sales and discounts | (90,985)           | (132,940)          | (29,928)         | (100,974)        |
| Taxes on sales                | (992,120)          | (1,199,944)        | (510,896)        | (588,946)        |
|                               | <b>(1,083,105)</b> | <b>(1,332,884)</b> | <b>(540,824)</b> | <b>(689,920)</b> |
| <b>Net revenue</b>            | <b>4,169,314</b>   | <b>5,928,879</b>   | <b>2,191,674</b> | <b>2,870,847</b> |

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**Version:  
1****21. EXPENSES BY NATURE**

|   | <b>Six months ended</b> |                    | <b>Consolidated<br/>Three months ended<br/>06/30/2016</b> |                    |
|---|-------------------------|--------------------|---|--------------------|
|   | <b>06/30/2016</b>       | <b>06/30/2015</b>  | <b>Restated</b>   | <b>06/30/2015</b>  |
| Raw materials and inputs                            | (2,136,375)             | (2,662,845)        | (968,110)   | (1,215,622)        |
| Labor cost  | (1,290,751)             | (881,269)          | (664,542)   | (453,190)          |
| Supplies  | (733,689)               | (526,761)          | (403,640)   | (265,501)          |
| Maintenance cost (services and materials)           | (651,244)               | (493,757)          | (358,538)   | (252,623)          |
| Outsourcing services                                | (1,758,476)             | (1,501,228)        | (965,281)   | (780,064)          |
| Depreciation, amortization and depletion (note 9 a) | (614,088)               | (543,178)          | (304,252)   | (278,680)          |
| Others  | (268,987)               | (95,506)           | (96,689)  | (22,656)           |
|   | <b>(7,453,610)</b>      | <b>(6,704,544)</b> | <b>(3,761,052)</b>  | <b>(3,268,336)</b> |
| <b>Classified as:</b>                               |                         |                    |   |                    |
| Cost of sales                                       | (6,344,665)             | (5,872,628)        | (3,262,639)   | (2,847,095)        |
| Selling expenses                                    | (844,604)               | (612,174)          | (394,183)   | (311,344)          |
| General and administrative expenses                 | (264,341)               | (219,742)          | (104,230)   | (109,897)          |
|   | <b>(7,453,610)</b>      | <b>(6,704,544)</b> | <b>(3,761,052)</b>  | <b>(3,268,336)</b> |

|   | Six months ended   |                    | Three months ended |                    |
|---|--------------------|--------------------|--------------------|--------------------|
|   | 06/30/2016         | 06/30/2015         | 06/30/2016         | 06/30/2015         |
| Raw materials and inputs                            | (1,533,676)        | (1,684,969)        | (750,204)          | (842,206)          |
| Labor cost  | (724,201)          | (731,283)          | (370,501)          | (374,119)          |
| Supplies  | (518,872)          | (513,235)          | (291,063)          | (259,965)          |
| Maintenance cost (services and materials)           | (390,349)          | (480,504)          | (221,246)          | (245,490)          |
| Outsourcing services                                | (523,290)          | (980,921)          | (287,935)          | (530,062)          |
| Depreciation, amortization and depletion (note 9 a) | (275,222)          | (424,556)          | (139,697)          | (218,227)          |
| Others  | (81,308)           | (111,333)          | (55,983)           | (36,818)           |
|   | <b>(4,046,918)</b> | <b>(4,926,801)</b> | <b>(2,116,629)</b> | <b>(2,506,887)</b> |
| <b>Classified as:</b>                               |                    |                    |                    |                    |
| Cost of sales                                       | (3,545,062)        | (4,457,281)        | (1,906,666)        | (2,267,849)        |
| Selling expenses                                    | (306,229)          | (294,150)          | (137,596)          | (148,232)          |
| General and administrative expenses                 | (195,627)          | (175,370)          | (72,367)           | (90,806)           |
|   | <b>(4,046,918)</b> | <b>(4,926,801)</b> | <b>(2,116,629)</b> | <b>(2,506,887)</b> |

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**Version:  
1****22. OTHER OPERATING INCOME (EXPENSES)**

|  | <b>Six months ended</b> |                   | <b>Consolidated<br/>Three months ended</b> |                   |
|--|-------------------------|-------------------|--|-------------------|
|  | <b>06/30/2016</b>       | <b>06/30/2015</b> | <b>06/30/2016</b>                          | <b>06/30/2015</b> |
| <b>Other operating income</b>  |                         |                   |  |                   |
| Indemnities/gains on lawsuits  | 24,960                  | 3,068             | 6,284                                      | 1,340             |
| Rentals and leases   | 578                     | 593               | 250  | 308               |
| Dividends received   |                         | 5,103             |  | 5,103             |
| Other revenues   | 8,480                   | 9,760             | 5,212                                      | 5,811             |
|  | <b>34,018</b>           | <b>18,524</b>     | <b>11,746</b>                              | <b>12,562</b>     |
| <b>Other operating expenses</b>  |                         |                   |  |                   |
| Taxes and fees   | (90,299)                | (13,266)          | (79,497)                                   | (1,399)           |
| Write-off/(Provision) of judicial deposits   | (17,165)                | (555)             | 116  | (503)             |
| Provision for environmental risks  | (545)                   | 2,663             | 597  | (813)             |
| Provision for tax, social security, labor, civil and environmental risks, net of reversals | (72,394)                | (214,783)         | (30,125)                                   | (67,250)          |
| Depreciation of unused equipment and amortization of intangible assets (note 9 a)          | (23,304)                | (18,477)          | (11,196)                                   | (9,473)           |
| Write- off of PP&E and intangible assets (notes 9 and 10)                                  | (26,988)                | (4,553)           | (14,022)                                   | (568)             |
| Estimated (losses)/reversals in inventory (note 6)   | 12,344                  | (6,414)           | (2,275)                                    | (4,517)           |
| Losses on spare parts  | (7,473)                 | (17,093)          | (894)                                      | (11,527)          |
| Studies and project engineering expenses   | (13,245)                | (21,991)          | (7,514)                                    | (13,504)          |
| Research and development expenses  | (1,168)                 | (1,622)           | (593)                                      | (871)             |

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|   |                  |                  |                  |                  |
|---|------------------|------------------|------------------|------------------|
| Healthcare plan expenses                          | (33,913)         | (29,869)         | (14,824)         | (14,907)         |
| Impairment of available for sale financial assets |                  | (97,851)         |                  | (89,434)         |
| Other expenses                                    | (57,609)         | (31,266)         | (22,700)         | (20,812)         |
|   | <b>(331,759)</b> | <b>(455,077)</b> | <b>(182,927)</b> | <b>(235,578)</b> |
| <b>Other operating income (expenses), net</b>     | <b>(297,741)</b> | <b>(436,553)</b> | <b>(171,181)</b> | <b>(223,016)</b> |

|  | Six months ended |                  | Three months ended |                       |
|--|------------------|------------------|--------------------|-----------------------|
|  | 06/30/2016       | 06/30/2015       | 06/30/2016         | 06/30/2015            |
| <b>Other operating income</b>  |                  |                  |                    | <b>Parent Company</b> |
| Indemnities/gains on lawsuits  | 2,573            | 2,780            | 685                | 1,162                 |
| Rentals and leases   | 550              | 571              | 222                | 286                   |
| Dividends received   |                  | 5,103            |                    | 5,103                 |
| Other revenues   | 1,447            | 3,815            | 823                | 1,996                 |
|  | <b>4,570</b>     | <b>12,269</b>    | <b>1,730</b>       | <b>8,547</b>          |
| <b>Other operating expenses</b>  |                  |                  |                    |                       |
| Taxes and fees   | (13,102)         | (11,332)         | (12,406)           | (506)                 |
| Write-off/(Provision) of judicial deposits   | (17,171)         | (559)            | 110                | (502)                 |
| Provision for environmental risks  | 746              | 2,663            | 1,083              | (813)                 |
| Provision for tax, social security, labor, civil and environmental risks, net of reversals | (67,158)         | (204,629)        | (21,722)           | (59,846)              |
| Write-off of PP&E and intangible assets (notes 9 and 10)                                   | (20,729)         | (3,907)          | (13,140)           | (65)                  |
| Estimated (losses)/reversals in inventory (note 6)   | (412)            | (8,440)          | 2,066              | (8,047)               |
| Losses on spare parts  | (1,081)          | (17,093)         | (894)              | (11,527)              |
| Studies and project engineering expenses   | (12,457)         | (21,824)         | (6,886)            | (13,463)              |
| Research and development expenses  | (1,168)          | (1,622)          | (593)              | (871)                 |
| Healthcare plan expenses   | (33,915)         | (29,869)         | (14,825)           | (14,907)              |
| Impairment of available-for-sale financial assets  |                  | (97,851)         |                    | (89,434)              |
| Other expenses   | (23,022)         | (12,224)         | (19,720)           | (4,946)               |
|  | <b>(189,469)</b> | <b>(406,687)</b> | <b>(86,927)</b>    | <b>(204,927)</b>      |
| <b>Other operating income (expenses), net</b>  | <b>(184,899)</b> | <b>(394,418)</b> | <b>(85,197)</b>    | <b>(196,380)</b>      |



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

|   | <b>Six months ended</b> |                   | <b>Consolidated</b>       |                   |
|---|-------------------------|-------------------|---------------------------|-------------------|
|   | <b>06/30/2016</b>       |                   | <b>Three months ended</b> |                   |
|   | <b>Restated</b>         | <b>06/30/2015</b> | <b>Restated</b>           | <b>06/30/2015</b> |
| <b>Finance income</b>                       |                         |                   |                           |                   |
| Related parties (note 17 b)                 | 27,474                  | 32,119            | 14,561                    | 10,032            |
| Income from short-term investments          | 138,567                 | 54,828            | 82,124                    | 25,488            |
| Gain from derivative                        |                         | 938               |                           | 584               |
| Repurchase of debt securities               | 156,329                 |                   | 12,552                    |                   |
| Other income                                | 61,513                  | 11,728            | 31,492                    | 7,373             |
|   | <b>383,883</b>          | <b>99,613</b>     | <b>140,729</b>            | <b>43,477</b>     |
| <b>Finance expenses</b>                     |                         |                   |                           |                   |
| Borrowings and financing - foreign currency | (487,884)               | (417,030)         | (230,051)                 | (199,301)         |
| Borrowings and financing - local currency   | (1,108,724)             | (981,328)         | (561,249)                 | (509,724)         |
| Related parties (note 17 b)                 |                         | (256,087)         |                           | (117,662)         |
| Capitalized interest (notes 9 and 27)       | 110,875                 | 70,483            | 53,214                    | 46,158            |
| Losses on derivatives                       | (362)                   | (3,596)           |                           | (2,117)           |
| Interest, fines and late payment charges    | (20,188)                | (12,644)          | (14,174)                  | (1,630)           |
| Commissions and bank charges                | (68,691)                | (40,203)          | (45,734)                  | (19,329)          |



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|   |                    |                    |                  |                  |
|---|--------------------|--------------------|------------------|------------------|
| PIS/COFINS over financial income                                  | (25,265)           |                    | (12,535)         |                  |
| Other finance expenses  | (47,037)           | (28,137)           | (14,894)         | (4,344)          |
|   | <b>(1,647,276)</b> | <b>(1,668,542)</b> | <b>(825,423)</b> | <b>(807,949)</b> |
| <b>Inflation adjustment and exchange differences, net</b>         |                    |                    |                  |                  |
| Inflation adjustments, net  | (16,183)           | 7,476              | (15,043)         | 1,209            |
| Exchange rates, net   | 993,137            | (433,513)          | 621,555          | 120,601          |
| Exchange gain/(losses) on derivatives                             | (807,519)          | 353,571            | (118,837)        | (129,033)        |
|   | <b>169,435</b>     | <b>(72,466)</b>    | <b>487,675</b>   | <b>(7,223)</b>   |
| <b>Finance income (expenses), net</b>                             | <b>(1,093,958)</b> | <b>(1,641,395)</b> | <b>(197,019)</b> | <b>(771,695)</b> |
| <b>Statement of gains and (losses) on derivative transactions</b> |                    |                    |                  |                  |
| Dollar-to-CDI swap  |                    | (18)               |                  |                  |
| Dollar- to- real NDF  |                    | 316,805            |                  | (119,795)        |
| Future dollar BM&F  | (800,621)          |                    | (119,445)        |                  |
| Dollar- to- euro NDF  |                    | 39,668             |                  | 6,214            |
| Dollar - to- euro swap  | (6,898)            | (2,884)            | 608              | (15,452)         |
|   | <b>(807,519)</b>   | <b>353,571</b>     | <b>(118,837)</b> | <b>(129,033)</b> |
| Fixed rate- to- CDI swap  | (299)              | (3,596)            |                  | (2,117)          |
| CDI -to- fixed rate swap  | (63)               | 938                |                  | 584              |
|   | <b>(362)</b>       | <b>(2,658)</b>     |                  | <b>(1,533)</b>   |
|   | <b>(807,881)</b>   | <b>350,913</b>     | <b>(118,837)</b> | <b>(130,566)</b> |

|                       | Six months ended |            | Three months ended |                       |
|-----------------------|------------------|------------|--------------------|-----------------------|
|                       | 06/30/2016       | 06/30/2015 | 06/30/2016         | 06/30/2015            |
| <b>Finance income</b> |                  |            |                    | <b>Parent Company</b> |

|   |                    |                    |                  |                  |
|---|--------------------|--------------------|------------------|------------------|
| Related parties (note 17 b)                               | 17,620             | 383,528            | 9,121            | (101,584)        |
| Income from short-term investments                        | 35,849             | 12,919             | 31,986           | 7,679            |
| Other income  | 33,202             | 10,609             | 27,135           | 6,268            |
|   | <b>86,671</b>      | <b>407,056</b>     | <b>68,242</b>    | <b>(87,637)</b>  |
| <b>Finance expenses</b>                                   |                    |                    |                  |                  |
| Borrowings and financing - foreign currency               | (114,687)          | (86,020)           | (54,608)         | (39,941)         |
| Borrowings and financing - local currency                 | (952,550)          | (846,509)          | (482,287)        | (439,784)        |
| Related parties (note 17 b)                               | (983,936)          | (713,396)          | (205,886)        | (326,482)        |
| Capitalized interest (notes 9 and 27)                     | 62,942             | 70,483             | 30,212           | 46,158           |
| Interest, fines and late payment charges                  | (7,196)            | (8,464)            | (4,563)          | (457)            |
| Commissions and bank charges                              | (64,185)           | (32,333)           | (43,327)         | (16,725)         |
| PIS/COFINS over financial income                          | (19,676)           |                    | (12,359)         |                  |
| Other finance expenses                                    | (29,270)           | (25,303)           | (6,309)          | (1,235)          |
|   | <b>(2,108,558)</b> | <b>(1,641,542)</b> | <b>(779,127)</b> | <b>(778,466)</b> |
| <b>Inflation adjustment and exchange differences, net</b> |                    |                    |                  |                  |
| Inflation adjustments, net                                | (10,694)           | (7,861)            | (4,914)          | (4,321)          |
| Exchange rates, net                                       | 2,145,066          | (1,341,245)        | 1,096,162        | 315,187          |
|   | <b>2,134,372</b>   | <b>(1,349,106)</b> | <b>1,091,248</b> | <b>310,866</b>   |
| <b>Finance income (expenses), net</b>                     | <b>112,485</b>     | <b>(2,583,592)</b> | <b>380,363</b>   | <b>(555,237)</b> |

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1****24. SEGMENT INFORMATION**

The segment information has not changed compared to the disclosed in the Company's financial statements as of December 31, 2015, therefore, the management decided not to repeat them in these condensed interim financial information.

According to the Group's structure, the businesses are distributed and managed in five operating segments as follows:

| P&L                                | Steel            | Mining           | Logistics     |                |                | Cement        |
|------------------------------------|------------------|------------------|---------------|----------------|----------------|---------------|
|                                    |                  |                  | Port          | Railroads      | Energy         |               |
| Metric Tons (Thou.)(* )            | 2,498,700        | 17,562,229       |               |                |                | 1,165,82      |
| Net revenues                       |                  |                  |               |                |                |               |
| Domestic market                    | 3,107,517        | 228,360          | 95,114        | 640,503        | 134,069        | 223,10        |
| Foreign market                     | 2,579,441        | 1,729,237        |               |                |                |               |
| <b>Total net revenue (note 20)</b> | <b>5,686,958</b> | <b>1,957,597</b> | <b>95,114</b> | <b>640,503</b> | <b>134,069</b> | <b>223,10</b> |
|                                    | (4,758,814)      |                  |               |                |                |               |

|  |                  |                  |               |                |                |                |
|--|------------------|------------------|---------------|----------------|----------------|----------------|
| Cost of sales and services             |                  | (1,492,028)      | (70,194)      | (440,972)      | (98,959)       | (203,435)      |
| <b>Gross profit</b>                    | <b>928,144</b>   | <b>465,569</b>   | <b>24,920</b> | <b>199,531</b> | <b>35,110</b>  | <b>19,670</b>  |
| General and administrative expenses    | (469,297)        | (36,571)         | (11,610)      | (50,402)       | (11,979)       | (34,726)       |
| Depreciation (note 9 a)                | 330,708          | 219,332          | 6,619         | 112,155        | 8,559          | 30,240         |
| Proportionate EBITDA of joint ventures |                  |                  |               |                |                |                |
| <b>Adjusted EBITDA</b>                 | <b>789,555</b>   | <b>648,330</b>   | <b>19,929</b> | <b>261,284</b> | <b>31,690</b>  | <b>15,190</b>  |
| <b>Sales by geographic area</b>        |                  |                  |               |                |                |                |
| Asia                                   | 28,200           | 1,439,498        |               |                |                |                |
| North America                          | 1,088,419        |                  |               |                |                |                |
| Latin America                          | 142,499          |                  |               |                |                |                |
| Europe                                 | 1,305,806        | 203,955          |               |                |                |                |
| Others                                 | 14,517           | 85,784           |               |                |                |                |
| <b>Foreign market</b>                  | <b>2,579,441</b> | <b>1,729,237</b> |               |                |                |                |
| <b>Domestic market</b>                 | <b>3,107,517</b> | <b>228,360</b>   | <b>95,114</b> | <b>640,503</b> | <b>134,069</b> | <b>223,100</b> |
| <b>Total</b>                           | <b>5,686,958</b> | <b>1,957,597</b> | <b>95,114</b> | <b>640,503</b> | <b>134,069</b> | <b>223,100</b> |

## Logistics

| <b>P&amp;L</b>        | <b>Steel</b> | <b>Mining</b> | <b>Port</b> | <b>Railroads</b> | <b>Energy</b> | <b>Cement</b> |
|-----------------------|--------------|---------------|-------------|------------------|---------------|---------------|
| Metric tons (thou)(*) | 1,252,565    | 9,267,136     |             |                  |               | 594,380       |
| Net revenues          |              |               |             |                  |               |               |
| Domestic market       | 1,607,150    | 77,287        | 44,691      | 337,362          | 65,920        | 108,900       |
|                       | 1,270,667    | 938,754       |             |                  |               |               |

|  |                  |                  |               |                |               |                |
|--|------------------|------------------|---------------|----------------|---------------|----------------|
| Foreign market                         |                  |                  |               |                |               |                |
| <b>Total net revenue (note 20)</b>     | <b>2,877,817</b> | <b>1,016,041</b> | <b>44,691</b> | <b>337,362</b> | <b>65,920</b> | <b>108,900</b> |
| Cost of sales and services             | (2,458,907)      | (742,643)        | (34,153)      | (226,601)      | (47,845)      | (102,243)      |
| <b>Gross profit</b>                    | <b>418,910</b>   | <b>273,398</b>   | <b>10,538</b> | <b>110,761</b> | <b>18,075</b> | <b>6,660</b>   |
| General and administrative expenses    | (213,979)        | (12,815)         | (3,332)       | (26,521)       | (6,033)       | (17,069)       |
| Depreciation (note 9 a)                | 164,480          | 104,898          | 3,326         | 56,460         | 4,279         | 17,430         |
| Proportionate EBITDA of joint ventures |                  |                  |               |                |               |                |
| <b>Adjusted EBITDA</b>                 | <b>369,411</b>   | <b>365,481</b>   | <b>10,532</b> | <b>140,700</b> | <b>16,321</b> | <b>7,020</b>   |
| <b>Sales by geographic area</b>        |                  |                  |               |                |               |                |
| Asia                                   | 23,531           | 773,628          |               |                |               |                |
| North America                          | 507,242          |                  |               |                |               |                |
| Latin America                          | 76,455           |                  |               |                |               |                |
| Europe                                 | 653,847          | 138,992          |               |                |               |                |
| Others                                 | 9,592            | 26,134           |               |                |               |                |
| <b>Foreign market</b>                  | <b>1,270,667</b> | <b>938,754</b>   |               |                |               |                |
| <b>Domestic market</b>                 | <b>1,607,150</b> | <b>77,287</b>    | <b>44,691</b> | <b>337,362</b> | <b>65,920</b> | <b>108,900</b> |
| <b>Total</b>                           | <b>2,877,817</b> | <b>1,016,041</b> | <b>44,691</b> | <b>337,362</b> | <b>65,920</b> | <b>108,900</b> |

(\* ) The iron ore volumes (Mining segment) presented in this note considered the company's sales and sales from its subsidiaries and jointly ventures. (In 2015, considers 60% interest in Namisa).

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| P&L                                    | Steel            | Mining           | Logistics     |                |                | Energy        | Cement   |
|--|------------------|------------------|---------------|----------------|----------------|---------------|----------|
|  |                  |                  | Port          | Railroads      |                |               |          |
| Metric Tons (Thou.)(*<br>Net revenues  | 2,668,458        | 10,760,664       |               |                |                |               | 1,097,64 |
| Domestic market                        | 3,745,469        | 72,841           | 90,193        | 531,036        | 124,047        | 215,95        |          |
| Foreign market                         | 2,141,649        | 1,265,412        |               |                |                |               |          |
| <b>Total net revenue (note 20)</b>     | <b>5,887,118</b> | <b>1,338,253</b> | <b>90,193</b> | <b>531,036</b> | <b>124,047</b> | <b>215,95</b> |          |
| Cost of sales and services             | (4,590,040)      | (1,101,023)      | (62,603)      | (378,885)      | (94,997)       | (141,935      |          |
| <b>Gross profit</b>                    | <b>1,297,078</b> | <b>237,230</b>   | <b>27,590</b> | <b>152,151</b> | <b>29,050</b>  | <b>74,02</b>  |          |
| General and administrative expenses    | (438,966)        | (30,870)         | (11,592)      | (43,980)       | (11,180)       | (33,437       |          |
| Depreciation (note 9 a)                | 325,108          | 177,357          | 6,345         | 91,001         | 8,517          | 19,57         |          |
| Proportionate EBITDA of joint ventures |                  |                  |               |                |                |               |          |
| <b>Adjusted EBITDA</b>                 | <b>1,183,220</b> | <b>383,717</b>   | <b>22,343</b> | <b>199,172</b> | <b>26,387</b>  | <b>60,16</b>  |          |
| <b>Sales by geographic area</b>        |                  |                  |               |                |                |               |          |
| Asia                                   | 10,612           | 1,170,513        |               |                |                |               |          |

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|                        |                  |                  |               |                |                |                |
|------------------------|------------------|------------------|---------------|----------------|----------------|----------------|
| North America          | 843,749          |                  |               |                |                |                |
| Latin America          | 184,371          | 42,730           |               |                |                |                |
| Europe                 | 1,085,129        | 52,169           |               |                |                |                |
| Others                 | 17,788           |                  |               |                |                |                |
| <b>Foreign market</b>  | <b>2,141,649</b> | <b>1,265,412</b> |               |                |                |                |
| <b>Domestic market</b> | <b>3,745,469</b> | <b>72,841</b>    | <b>90,193</b> | <b>531,036</b> | <b>124,047</b> | <b>215,950</b> |
| <b>Total</b>           | <b>5,887,118</b> | <b>1,338,253</b> | <b>90,193</b> | <b>531,036</b> | <b>124,047</b> | <b>215,950</b> |

**Logistics**

|  | <b>Steel</b>     | <b>Mining</b>  | <b>Port</b>   | <b>Railroads</b> | <b>Energy</b> | <b>Cement</b>  |
|--|------------------|----------------|---------------|------------------|---------------|----------------|
| Metric Tons (Thou.)(* )                | 1,261,151        | 5,567,087      |               |                  |               | 578,760        |
| Net revenues                           |                  |                |               |                  |               |                |
| Domestic market                        | 1,734,153        | 35,040         | 43,346        | 279,863          | 60,356        | 115,320        |
| Foreign market                         | 1,029,858        | 645,432        |               |                  |               |                |
| <b>Total net revenue (note 20)</b>     | <b>2,764,011</b> | <b>680,472</b> | <b>43,346</b> | <b>279,863</b>   | <b>60,356</b> | <b>115,320</b> |
| Cost of sales and services             | (2,224,484)      | (534,322)      | (32,033)      | (198,553)        | (48,048)      | (75,406)       |
| <b>Gross profit</b>                    | <b>539,527</b>   | <b>146,150</b> | <b>11,313</b> | <b>81,310</b>    | <b>12,308</b> | <b>39,914</b>  |
| General and administrative expenses    | (207,308)        | (9,773)        | (5,470)       | (21,014)         | (5,637)       | (18,184)       |
| Depreciation (note 9 a)                | 167,511          | 91,309         | 3,170         | 46,288           | 4,275         | 10,180         |
| Proportionate EBITDA of joint ventures |                  |                |               |                  |               |                |
| <b>Adjusted EBITDA</b>                 | <b>499,730</b>   | <b>227,686</b> | <b>9,013</b>  | <b>106,584</b>   | <b>10,946</b> | <b>31,920</b>  |

| <b>Sales by geographic area</b> |                  |                |               |                |               |                |
|---------------------------------|------------------|----------------|---------------|----------------|---------------|----------------|
| Asia                            | 8,602            | 629,499        |               |                |               |                |
| North America                   | 362,355          |                |               |                |               |                |
| Latin America                   | 103,623          |                |               |                |               |                |
| Europe                          | 549,234          | 15,933         |               |                |               |                |
| Others                          | 6,044            |                |               |                |               |                |
| <b>Foreign market</b>           | <b>1,029,858</b> | <b>645,432</b> |               |                |               |                |
| <b>Domestic market</b>          | <b>1,734,153</b> | <b>35,040</b>  | <b>43,346</b> | <b>279,863</b> | <b>60,356</b> | <b>115,320</b> |
| <b>Total</b>                    | <b>2,764,011</b> | <b>680,472</b> | <b>43,346</b> | <b>279,863</b> | <b>60,356</b> | <b>115,320</b> |

(\*) The iron ore volumes (Mining segment) presented in this note considered the company's sales and sales from its subsidiaries and jointly ventures. (In 2015, considers 60% interest in Namisa).

Adjusted EBITDA is the measurement based on which the chief operating decision maker assesses the segment performance and the capacity to generate recurring operating cash, consisting of profit for the year less net finance income (costs), income tax and social contribution, depreciation and amortization, equity in results of affiliated companies, and other operating income (expenses), plus the proportionate EBITDA of joint ventures.



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

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 months ended</b> |                   | <b>Consolidated</b> |                   |
|---|-------------------------|-------------------|---------------------|-------------------|
|   | <b>06/30/2016</b>       |                   | <b>06/30/2016</b>   | <b>06/30/2015</b> |
|   | <b>Restated</b>         | <b>06/30/2015</b> | <b>Restated</b>     |                   |
| (Loss)/Profit for the period                        | (730,574)               | (222,791)         | 46,123              | (614,593)         |
| Depreciation, amortization and depletion (note 9 a) | 614,088                 | 543,178           | 304,252             | 278,680           |
| Income tax and social contribution (note 14)        | 141,821                 | (507,653)         | 28,131              | (5,136)           |
| Finance income (expenses) (note 23)                 | 1,093,958               | 1,641,395         | 197,019             | 771,695           |
| <b>EBITDA</b>                                       | <b>1,119,293</b>        | <b>1,454,129</b>  | <b>575,525</b>      | <b>430,646</b>    |
| Other operating income (expenses) (note 22)         | 297,741                 | 436,553           | 171,181             | 223,016           |
| Equity in results of affiliated companies           | (63,407)                | (354,656)         | (18,428)            | 43,822            |
| Proportionate EBITDA of joint ventures              | 233,686                 | 176,159           | 126,367             | 103,550           |
| <b>Adjusted EBITDA (*)</b>                          | <b>1,587,313</b>        | <b>1,712,185</b>  | <b>854,645</b>      | <b>801,034</b>    |

(\*) The Company discloses its adjusted EBITDA net of its share 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. GUARANTEES

The Company is liable for guarantees of its subsidiaries and joint ventures as follows:

|                                | Currency | Maturities                      | Borrowings       |                  | Tax foreclosure |               | Others        |               | 06/30/2016     |
|--------------------------------|----------|---------------------------------|------------------|------------------|-----------------|---------------|---------------|---------------|----------------|
|                                |          |                                 | 06/30/2016       | 12/31/2015       | 06/30/2016      | 12/31/2015    | 06/30/2016    | 12/31/2015    |                |
| Transnordestina Logística      | R\$      | Up to 09/19/2056 and indefinite | 2,544,600        | 2,544,600        | 23,007          | 39,559        | 4,866         | 5,991         | 2,572,4        |
| FTL - Ferrovia Transnordestina | R\$      | 11/15/2020                      | 81,700           | 81,700           |                 |               |               | 450           | 81,7           |
| Sepetiba Tecon                 | R\$      | Indefinite                      |                  |                  |                 |               | 28,914        |               | 28,9           |
| Cia Metalurgica Prada          | R\$      | Up to 02/10/2016 and indefinite |                  |                  | 333             | 333           | 19,340        | 19,340        | 19,3           |
| CSN Energia                    | R\$      | Indefinite                      |                  |                  | 2,829           | 2,829         |               |               | 2,8            |
| Congonhas Minérios             | R\$      | 09/22/2022                      | 2,000,000        | 2,000,000        |                 |               | 2,520         |               | 2,002,5        |
| Fundação CSN                   | R\$      | Indefinite                      | 1,003            | 1,003            |                 |               |               |               | 1,0            |
| Others                         | R\$      |                                 |                  | 12,000           |                 |               |               |               |                |
| <b>Total in R\$</b>            |          |                                 | <b>4,627,303</b> | <b>4,639,303</b> | <b>26,169</b>   | <b>42,721</b> | <b>55,640</b> | <b>25,781</b> | <b>4,709,3</b> |
| CSN Islands XI                 | US\$     | 09/21/2019                      | 750,000          | 750,000          |                 |               |               |               |                |

|                       |      |            |                   |                   |               |               |               |               |  |                   |
|-----------------------|------|------------|-------------------|-------------------|---------------|---------------|---------------|---------------|--|-------------------|
|                       |      |            |                   |                   |               |               |               |               |  | 750,000           |
| CSN Islands XII       | US\$ | Perpetual  | 1,000,000         | 1,000,000         |               |               |               |               |  | 1,000,000         |
| CSN Resources         | US\$ | 07/21/2020 | 1,200,000         | 1,200,000         |               |               |               |               |  | 1,200,000         |
| <b>Total in US\$</b>  |      |            | <b>2,950,000</b>  | <b>2,950,000</b>  |               |               |               |               |  | <b>2,950,000</b>  |
| CSN Steel S.L.        | EUR  | 1/31/2020  | 120,000           | 120,000           |               |               |               |               |  | 120,000           |
| Lusosider Aços Planos | EUR  | Indefinite | 25,000            | 25,000            |               |               |               |               |  | 25,000            |
| <b>Total in EUR</b>   |      |            | <b>145,000</b>    | <b>145,000</b>    |               |               |               |               |  | <b>145,000</b>    |
| <b>Total in R\$</b>   |      |            | <b>9,982,413</b>  | <b>12,135,468</b> |               |               |               |               |  | <b>9,982,413</b>  |
|                       |      |            | <b>14,609,716</b> | <b>16,774,771</b> | <b>26,169</b> | <b>42,721</b> | <b>55,640</b> | <b>25,781</b> |  | <b>14,691,500</b> |

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## **26. INSURANCE**

Aiming to properly mitigate risk and in view of the nature of its operations, the Company and its subsidiaries have taken out several different types of insurance policies. Such policies are contracted in line with the CSN Risk Management policy and are similar to the insurance taken out by other companies operating in the same lines of business as CSN and its subsidiaries. The risks covered under such policies include the following: Domestic Transportation, International Transportation, Life and Casualty, Health Coverage, Fleet Vehicles, D&O (Civil Liability Insurance for Directors and Officers), General Civil Liability, Engineering Risks, naming Risks, Export Credit, warranty and Port Operator's Civil Liability.

In 2015, after negotiation with insurers and reinsurers in Brazil and abroad, an insurance policy was issued for the contracting of a policy of Operational Risk of Property Damages and Loss of Profits, with effect from September 30, 2015 to September 30, 2016. Under the insurance policy, the LMI (Maximum Limit of Indemnity) is US\$600 million and covers the following units and subsidiaries of the Company: Presidente Vargas steelworks, CSN Mineração, Sepetiba Tecon, and CSN Mining. CSN takes responsibility for a range of retention of US\$375 million 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 the financial statements and, accordingly, were not audited by our independent auditors.

## **27. ADDITIONAL INFORMATION TO CASH FLOWS**

The following table provides additional information on transactions related to the statement of cash flows:

|  | <b>06/30/2016</b> | <b>Consolidated<br/>06/30/2015</b> | <b>06/30/2016</b> | <b>Parent<br/>Company<br/>06/30/2015</b> |
|--|-------------------|------------------------------------|-------------------|--|
| Income tax and social contribution paid                        | 25,943            | 134,094                            |                   | 120,075                                  |
| Addition to PP&E with interest capitalization (notes 9 and 23) | 110,875           | 70,483                             | 62,942            | 70,483                                   |
| Acquisition of fixed assets without adding cash                | 7,437             |                                    |                   |  |
| Subsidiary capitalization from granted loan                    |                   |                                    | 10,828            |  |
|  | <b>144,255</b>    | <b>204,577</b>                     | <b>73,770</b>     | <b>190,558</b>                           |

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1****28. COMPREHENSIVE INCOME STATEMENT**

|  | Six months ended                         |                  | Consolidated<br>Three months ended |               | Six months ended       |                  | Parent Compar<br>Three months ended |               |
|--|--|------------------|------------------------------------|---------------|------------------------|------------------|-------------------------------------|---------------|
|  | 06/31/2016<br>Restated                   | 06/30/2015       | 06/31/2016<br>Restated             | 06/30/2015    | 06/31/2016<br>Restated | 06/30/2015       | 06/31/2016<br>Restated              | 06/30/2015    |
|  | <b>(Loss)/ Profit<br/>for the period</b> | <b>(730,574)</b> | <b>(222,791)</b>                   | <b>46,123</b> | <b>(614,593)</b>       | <b>(754,338)</b> | <b>(222,212)</b>                    | <b>30,853</b> |
| <b>Other<br/>comprehensive<br/>income</b>  |  |                  |                                    |               |                        |                  |                                     |               |
| <b>Items that will<br/>not be<br/>subsequently<br/>reclassified to<br/>the statement<br/>of income</b> |  |                  |                                    |               |                        |                  |                                     |               |
| Actuarial (loss)<br>gain the defined<br>benefit plan<br>from<br>investments in                         | 114                                      |                  | 29                                 |               | 114                    | (96)             | 29                                  | (22)          |
| subsidiaries, net<br>of taxes  |  |                  |                                    |               |                        |                  |                                     |               |
| Actuarial<br>(losses)/gains on<br>defined benefit<br>pension plan                                      |  | 202              |                                    |               |                        | 348              |                                     | 34            |
| Income tax and<br>social   |  | (68)             |                                    | 9             |                        | (118)            |                                     | (11)          |

|   |            |            |           |           |            |            |           |           |
|---|------------|------------|-----------|-----------|------------|------------|-----------|-----------|
| contribution on actuarial (losses)/gains on defined benefit pension plan        |            |            |           |           |            |            |           |           |
|   | <b>114</b> | <b>134</b> | <b>29</b> | <b>9</b>  | <b>114</b> | <b>134</b> | <b>29</b> |           |
| <b>Items that could be subsequently reclassified to the statement of income</b> |            |            |           |           |            |            |           |           |
| Cumulative translation adjustments for the period                               | (460,092)  | 168,956    | (278,981) | (7,815)   | (460,092)  | 168,956    | (278,981) | (7,815)   |
| Assets available for sale   | 127,853    | (29,287)   | 95,500    | (677,690) | 127,853    | 2,254      | 95,500    | (594,888) |
| Income taxes and social contribution available for sale assets                  |            | 9,957      |           | 195,552   |            | (767)      |           | 202,252   |
| Available for sale assets from investments in subsidiaries, net of taxes        |            |            |           |           |            | (20,817)   |           | (89,511)  |
| Impairment on available for sale assets   |            | 97,851     |           | 89,434    |            | 97,851     |           | 89,434    |
| Income taxes and social contribution on impairment of available for sale assets |            | (33,269)   |           | (30,407)  |            | (33,269)   |           | (30,407)  |
| (Loss) / gain on the percentage change in investments                           | 584        | (43)       | 584       | (43)      | 584        | (43)       | 584       | (43)      |
| (Loss)/gain on cash flow hedge accounting                                       | 1,072,884  | (345,960)  | 538,461   | 81,685    | 1,072,884  | (345,960)  | 538,461   | 81,685    |
| Income tax and social   |            | 117,626    |           | (27,773)  |            | 117,626    |           | (27,773)  |

|   |                |                  |                |                  |                |                  |                |                  |
|---|----------------|------------------|----------------|------------------|----------------|------------------|----------------|------------------|
| contribution on<br>(loss)/gain on<br>cash flow<br>hedge<br>accounting<br>Realization of<br>cash flow hedge<br>accounting<br>reclassified to             | 20,523         |                  | 7,826          |                  | 20,523         |                  | 7,826          |                  |
| income<br>statements<br>(Loss)/gain on<br>investments<br>hedge of<br>investments in<br>subsidiaries<br>(Loss)/gain on<br>foreing<br>investment<br>hedge | 68,064         |                  | 49,200         |                  | 68,064         |                  | 49,200         |                  |
|   | <b>829,816</b> | <b>(14,169)</b>  | <b>412,590</b> | <b>(377,057)</b> | <b>829,816</b> | <b>(14,169)</b>  | <b>412,590</b> | <b>(377,057)</b> |
|   | <b>829,930</b> | <b>(14,035)</b>  | <b>412,619</b> | <b>(377,048)</b> | <b>829,930</b> | <b>(14,035)</b>  | <b>412,619</b> | <b>(377,048)</b> |
| <b>Total<br/>comprehensive<br/>income for<br/>period</b>  | <b>99,356</b>  | <b>(236,826)</b> | <b>458,742</b> | <b>(991,641)</b> | <b>75,592</b>  | <b>(236,247)</b> | <b>443,472</b> | <b>(991,316)</b> |
| <b>Attributable<br/>to:</b>   |                |                  |                |                  |                |                  |                |                  |
| Participation of<br>controlling<br>interest   | 75,592         | (236,247)        | 443,472        | (991,316)        | 75,592         | (236,247)        | 443,472        | (991,316)        |
| Participation of<br>non - controlling<br>interest   | 23,764         | (579)            | 15,270         | (325)            |                |                  |                |                  |
|   | <b>99,356</b>  | <b>(236,826)</b> | <b>458,742</b> | <b>(991,641)</b> | <b>75,592</b>  | <b>(236,247)</b> | <b>443,472</b> | <b>(991,316)</b> |

## 29. SUBSEQUENT EVENTS

### • Metallic Discontinued Operations



In August 2016, the Company concluded the negotiation and signed an agreement with Can-Pack S.A. to sell 100% shares of its subsidiary Cia. Metalic do Nordeste (“Metalic”), the Company that produces and sells metal packaging. The sale was concluded on November 30, 2016 and the transaction’s base value was US\$98 million.

- **CGPAR business combination**

On September 30, 2016 the Company acquired the remaining 50% of equity interest of its joint-venture CGPAR. Under this acquisition, the Company acquired the majority control of CGPAR– Construção Pesada S.A (“CGPAR”).

- **Possible Proceedings**

- **Significant development of Proceeding No. 19515.723039/2012-79**

In February 2017, the Company was notified of the judgment of the Amendment of Judgment filed due the CARF’s decision on case 19515.723039 / 2012-79, in which the Federal Revenue Service of Brazil challenges the capital gain on the alleged sale of 40% of NAMISA (currently CSN Mineração S.A.). The CARF, in short, agreed with the infringement notice. The Company, however, is taking of the lawfulness of the operation and, therefore, is evaluating the appropriate legal and procedural measures to reverse the decision. It is important to emphasize, finally, that this decision does not alter the assessment of loss on the case, which remains as possible, see note 15.

- **Significant development of Proceeding No. 19515.723053/2012-72**

The Superior Board of Tax Appeals of CARF ruled on 03/14/2017 a special appeal by the National Treasury against a previous decision favorable to Namisa, (currently CSN Mineração S.A.) filed in case No. 19515.723053 / 2012-72, in which the Federal Revenue Service of Brazil challenges the deductibility of goodwill amortization expenses arising from the operation carried out with the Asian Consortium in 2008. The CARF, in summary, agreed with the infringement notice. The Company, however, has absolute conviction of the lawfulness of the operation and, therefore, is taking legal measures. It is important to emphasize, finally, that this decision does not alter the assessment of loss of the case, which remains as possible, see note 15.



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**• Cautionary decision – TCU – Transnordestina Logistica**

The Brazilian Court of Auditors (“TCU”) issued a cautionary decision in May 2016 referred to the action TC 012.179/2016 by which it prohibited new transfers of Government funds to TLSA to be made by Valec Engenharia, Construções e Ferrovias S.A., Fundo de Investimento do Nordeste – FINOR, Fundo Constitucional de Financiamento do Nordeste – FNE, Fundo de Desenvolvimento do Nordeste – FDNE, Banco Nacional de Desenvolvimento Econômico e Social – BNDES and BNDES Participações S.A. – BNDESPar. After TLSA appeal against the cautionary decision and further details to have been provided, in June 2016 the preliminary injunction given by TCU was unanimously revoked by the Court and the continuity of the transfer of funds was re-established.

By means of another protective order issued in January 2017, relating to the case TC 012.179/2016, the Court of Auditors of the Union forbade new transfers of public resources to TLSA by Valec Engenharia, Construções e Ferrovias S.A., Fundo de Investimento do Nordeste – FINOR, Fundo Constitucional de Financiamento do Nordeste – FNE, Fundo de Desenvolvimento do Nordeste – FDNE, Banco Nacional de Desenvolvimento Econômico e Social – BNDES and BNDES Participações S.A.– BNDESPar. The Company has provided the required clarifications to the TCU and has acted firmly in order that the decision can be repealed soon and the flow of investments planned can be restored.

There is an administrative procedure before the Transportation National Agency (“ANTT”), that assesses the regular fulfilling by the grantee FTL of the obligations contained in the Concession Agreement. By an unilateral assessment, ANTT considered that FTL was not compliant with the Term of Conduct Adjustment (“TAC”) signed in 2013 alleging that FTL had not fulfilled the 2013 production plan. ANTT decided to set up an administrative proceedings to investigate the supposed unfulfillment of the concession agreement and, in the case of confirming irregularities, may apply several penalties, including the early termination of the concession agreement. The grantee filed its defense against the administrative proceedings and currently no new decisions have been taken.

- **Independent investigation – Construction of the Long Steel Plant**

Considering the mentioning of a Company's officer in an article disclosed by the press, based on testimonials made before the Court, the Audit Committee decided to hire a specialized forensic service to conduct an external and independent investigation of the contractual relationship related to the construction of CSN's Long Steel Plant (contract in which there would have been alleged improper payments, as bonus, as reimbursement of payments made to political parties supposedly requested by such officer) and to analyze the extent of the commercial relationship between contractor . The conclusion of the investigation is that nothing in the testimonials referred to above was confirmed, there being no contingencies arising from the matters investigated. Consequently, understands the Company that at this moment there is no basis to justify the setting up of a provision for losses or the disclosure of a contingency.

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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 (“Company”), included in the Interim Financial Information Form (ITR), for the quarter ended June 30, 2016, which comprises the balance sheet as at June 30, 2016, and the statement of profit and loss and statement of comprehensive income for the three- and six-month periods then ended, and the statement of changes in equity and statement of cash flows for the six-month period then ended, including the explanatory notes.

Management is responsible for the preparation of the individual and consolidated interim financial information in accordance with CPC 21 (R1) and 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 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 the 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 interim financial information**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying individual and consolidated interim financial information included in the ITR referred to above is not prepared, in all material

respects, in accordance with CPC 21 (R1) and IAS 34 applicable to the preparation of Interim Financial Information (ITR) and presented in accordance with the standards issued by the Brazilian Securities Commission (CVM).

**Emphasis of matter**

*Restatement of the interim financial information for the six-month period ended June 30, 2016*

On November 14, 2016, we reissued the review report, without modification, on the Company's individual and consolidated interim financial information for the three- and six-month periods ended June 30, 2016. As described in note 2.e), the interim financial information referred to above has been adjusted and is being restated to reflect the impacts arising from the restatement of the financial statements for the year ended December 31, 2015, relating to: (i) the accounting and fair value

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measurement adjustments upon the application of technical pronouncement CPC 15 (R1) - Business Combination and international standard IFRS 3 - Business Combination, issued by the IASB, concerning the business combination conducted by subsidiary Congonhas Minérios S.A. and (ii) the review of the recoverability analysis and adjustments to deferred income tax and social contribution balances.

*Continuity as a going concern of the joint venture Transnordestina Logística S.A.*

We draw attention to note 8 to the interim financial information, which describes the completion stage of the new railway network of the joint venture Transnordestina Logística S.A. (“TLSA”), currently under construction, the completion period of which was initially expected for January 2017 and is currently being reviewed and discussed with the relevant governmental agencies. The completion of the construction and consequent startup of operations depend on the continuing contribution of funds by its shareholders and third parties. Those events or conditions, along with other matters described in said note, indicate that a material uncertainty exists, which may cast significant doubt on TLSA's ability to continue as a going concern.

**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, 2016, prepared under Management’s responsibility, the presentation of which is required by the standards issued by the Brazilian Securities Commission (“CVM”) applicable to the preparation of Interim Financial Information (ITR), and is considered as supplemental information for International Financial Reporting Standards (“IFRSs”), which do not require the presentation of a 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 are not prepared, in all material respects, in relation to the interim financial information taken as a whole.

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

São Paulo, October 27, 2017

DELOITTE TOUCHE TOHMATSU  
Auditores Independentes

Gilberto Grandolpho  
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: December 4, 2017

COMPANHIA SIDERÚRGICA NACIONAL

By:

/s/ Benjamin Steinbruch

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

By:

/s/ David Moise Salama

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**David Moise Salama**  
**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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