

NATIONAL STEEL CO  
Form 6-K  
November 26, 2014

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# SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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## FORM 6-K

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

For the month of November 26, 2014  
Commission File Number 1-14732

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## COMPANHIA SIDERÚRGICA NACIONAL

(Exact name of registrant as specified in its charter)

### National Steel Company

(Translation of Registrant's name into English)

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

(Address of principal executive office)

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

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

Yes ☐ No ☒

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CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL  
PREVIOUSLY ISSUED IN PORTUGUESE

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

**Version:**  
**1**

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ITR — Quarterly Financial Information - September 30, 2014 – CIA  
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**Version:**  
**1**

## Company Information / Capital Breakdown

Number of Shares	Current Quarter
(Units)	9/30/2014
<b>Paid-in Capital</b>	
Common	1,387,524,047
Preferred	0
<b>Total</b>	<b>1,387,524,047</b>
<b>Treasury Shares</b>	
Common	6,791,300
Preferred	0
<b>Total</b>	<b>6,791,300</b>

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**Company Information / Cash  
distribution**

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

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

<b>Code</b>	<b>Description</b>	<b>Current Quarter 9/30/2014</b>	<b>Previous Year 12/31/2013</b>
1	Total assets	49,048,756	48,689,176
1.01	Current assets	5,255,094	5,054,174
1.01.01	Cash and cash equivalents	477,282	206,624
1.01.03	Trade receivables	1,189,074	1,992,704
1.01.04	Inventories	3,064,068	2,459,230
1.01.08	Other current assets	524,670	395,616
1.02	Non-current assets	43,793,662	43,635,002
1.02.01	Long-term receivables	4,318,947	4,134,846
1.02.01.06	Deferred taxes	3,186,320	2,612,998
1.02.01.09	Other non-current assets	1,132,627	1,521,848
1.02.02	Investments	26,455,426	27,005,592
1.02.03	Property, plant and equipment	12,863,307	12,418,095
1.02.04	Intangible assets	155,982	76,469

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

<b>Code</b>	<b>Description</b>	<b>Current Quarter 9/30/2014</b>	<b>Prev Year 12/31/</b>
2	Total liabilities	49,048,756	48,688,756
2.01	Current liabilities	6,324,047	6,500,000
2.01.01	Payroll and related taxes	191,438	150,000
2.01.02	Trade payables	1,157,495	920,000
2.01.03	Taxes payable	100,747	150,000
2.01.04	Borrowings and financing	3,593,638	3,850,000
2.01.05	Other payables	851,132	1,130,000
2.01.06	Provisions	429,597	270,000
2.01.06.01	Provision for tax, social security, labor and civil risks	429,597	270,000
2.02	Non-current liabilities	36,841,925	34,088,756
2.02.01	Borrowings and financing	24,086,936	21,390,000
2.02.02	Other payables	10,765,066	10,170,000
2.02.04	Provisions	1,989,923	2,528,756
2.02.04.01	Provision for tax, social security, labor and civil risks	167,164	430,000
2.02.04.02	Other provisions	1,822,759	2,088,756
2.02.04.02.03	Provision for environmental liabilities and asset retirement obligation - ARO	231,019	360,000
2.02.04.02.04	Pension and healthcare plan	485,084	480,000
2.02.04.02.05	Provision for losses on investments	1,106,656	1,230,000
2.03	Shareholders' equity	5,882,784	8,090,000
2.03.01	Issued capital	4,540,000	4,540,000
2.03.02	Capital reserves	30	0
2.03.04	Earnings reserves	1,668,280	2,830,000
2.03.04.01	Legal reserve	361,641	360,000
2.03.04.02	Statutory reserve	1,373,309	2,470,000
2.03.04.09	Treasury shares	-66,670	0
2.03.05	Retained earnings/Accumulated losses	-173,056	0
2.03.08	Other comprehensive income	-152,470	710,000

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

Code	Description	Current Quarter	Current Year	Same Quarter of Previous Year	Previous Year
		7/1/2014 to 9/30/2014	1/1/2014 to 9/30/2014	7/1/2013 to 9/30/2013	1/1/2013 to 9/30/2013
3.01	Net revenue from sales and/or services	3,092,336	9,812,948	3,730,830	9,872,130
3.02	Cost of sales and/or services	-2,290,584	-6,661,971	-2,626,539	-7,248,285
3.03	Gross profit	801,752	3,150,977	1,104,291	2,623,845
3.04	Operating expenses/income	772,653	-343,970	54,531	376,874
3.04.01	Selling expenses	-113,556	-324,964	-126,726	-366,150
3.04.02	General and administrative expenses	-92,761	-279,520	-72,816	-236,009
3.04.04	Other operating income	2,537	12,366	-28,817	-23,608
3.04.05	Other operating expenses	-42,618	-222,859	-114,177	-336,862
3.04.06	Share of profits of investees	1,019,051	471,007	397,067	1,339,503
3.05	Profit before finance income (costs) and taxes	1,574,405	2,807,007	1,158,822	3,000,719
3.06	Finance income (costs)	-1,938,797	-3,256,374	-724,391	-2,504,369
3.06.01	Finance income	71,393	97,259	28,275	98,895
3.06.02	Finance costs	-2,010,190	-3,353,633	-752,666	-2,603,264
3.06.02.01	Net exchange gains (losses) on financial instruments	-1,153,777	-605,862	-36,435	-625,692
3.06.02.02	Finance costs	-856,413	-2,747,771	-716,231	-1,977,572
3.07	Loss (profit) before taxes on income	-364,392	-449,367	434,431	496,350
3.08	Income tax and social contribution	114,287	276,311	65,251	525,127
3.09	Profit from continuing operations	-250,105	-173,056	499,682	1,021,477
3.11	Profit for the period	-250,105	-173,056	499,682	1,021,477
3.99	Earnings per share - (R\$/share)				
3.99.01	Basic earnings per share				
3.99.01.01	Common shares	-0.18008	-0.12105	0.34272	0.70062
3.99.02	Diluted earnings per share				
3.99.02.01	Common shares	-0.18008	-0.12105	0.34272	0.70062

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

<b>Code</b>	<b>Description</b>	<b>Current</b>	<b>Current</b>	<b>Previous</b>
		<b>Quarter</b>	<b>Year</b>	<b>Quarter</b>
		<b>7/1/2014</b>	<b>1/1/2014</b>	<b>7/1/2014</b>
		<b>to</b>	<b>to</b>	<b>9/30/2013</b>
		<b>9/30/2014</b>	<b>9/30/2014</b>	<b>9/30/2013</b>
4.01	Profit for the period	-250,105	-173,056	499,600
4.02	Other comprehensive income	-98,799	-869,442	399,300
4.02.01	Cumulative translation adjustments for the period	60,745	-26,602	47,800
4.02.02	Actuarial (losses) gains on defined benefit pension plan from investments in subsidiaries	0	1,710	
4.02.03	Available-for-sale financial assets	-149,474	-1,208,939	538,900
4.02.04	Income tax and social contribution on available-for-sale financial assets	50,821	411,039	-183,200
4.02.05	Available-for-sale financial assets from investments in subsidiaries	0	-17,470	-4,200
4.02.06	Impairment of available-for-sale financial assets	18,429	66,476	
4.02.07	Income tax and social contribution on available-for-sale financial assets	-6,266	-22,602	
4.02.08	(Loss)/gain on the percentage change of investments	-73,054	-73,054	
4.03	Comprehensive income for the period	-348,904	-1,042,498	899,000





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

<b>Code</b>	<b>Description</b>	<b>Current Year 1/1/2014 to 9/30/2014</b>	<b>Previous Year 1/1/2013 to 9/30/2013</b>
6.01	Net cash generated by operating activities	806,633	1,091,241
6.01.01	Cash generated from operations	2,832,279	2,437,171
6.01.01.01	Profit for the period	-173,056	1,021,477
6.01.01.02	Charges on borrowings and financing	2,394,687	1,828,087
6.01.01.03	Charges on loans and financing granted	-10,446	-34,054
6.01.01.04	Depreciation, depletion and amortization	747,644	698,973
6.01.01.05	Share of profits of investees	-471,007	-1,339,503
6.01.01.06	Deferred income tax and social contribution	-306,781	-525,127
6.01.01.08	Provision for tax, social security, labor, civil and environmental risks	-57,122	77,526
6.01.01.09	Monetary variation and exchange differences, net	586,628	741,618
6.01.01.10	Gain on derivative transactions	943	3,385
6.01.01.11	Impairment of available-for-sale financial assets	66,476	3,369
6.01.01.12	Residual value of permanent assets written off	11,970	7,771
6.01.01.14	Other provisions	42,343	-46,351
6.01.02	Changes in assets and liabilities	-2,025,646	-1,345,930
6.01.02.01	Trade receivables - third parties	142,114	-1,628
6.01.02.02	Trade receivables - related parties	-248,444	-97,096
6.01.02.03	Inventories	-697,314	53,629
6.01.02.05	Recoverable taxes	56,066	-9,286
6.01.02.06	Judicial deposits	-30,801	-9,754
6.01.02.07	Dividends received from related parties	274,335	295,912
6.01.02.09	Trade payables	191,100	-251,948
6.01.02.10	Payroll and related taxes	6,175	90,743
6.01.02.11	Taxes in installments - REFIS	-59,898	-20,231
6.01.02.13	Payables to related parties	45,133	-3,122
6.01.02.15	Interest paid	-1,733,891	-1,356,808
6.01.02.16	Interest received	13,595	2,420
6.01.02.17	Interest on swaps paid	-1,279	-3,434
6.01.02.18	Other	17,463	-35,327
6.02	Net cash used in investing activities	-1,005,313	-1,410,481
6.02.01	Investments	-49,679	-83,111
6.02.02	Purchase of property, plant and equipment	-1,092,393	-1,048,763

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6.02.07	Purchase of intangible assets	0	-11
6.02.08	Related parties loans	-31,506	-299,167
6.02.09	Receipt of related parties loans	168,265	20,150
6.02.10	Cash from merger of subsidiaries	0	421
6.03	Net cash used in financing activities	469,338	-1,139,453
6.03.01	Borrowings and financing raised	1,364,400	557,517
6.03.02	Borrowings and financing raised - related parties	1,528,240	0
6.03.03	Repayment of borrowings	-1,127,864	-414,053
6.03.04	Repayment of borrowings - related parties	-124,215	-126,181
6.03.05	Dividends and interest on capital paid	-424,935	-1,156,736
6.03.06	Treasury shares	-746,288	0
6.05	Increase (decrease) in cash and cash equivalents	270,658	-1,458,693
6.05.01	Cash and equivalents at the beginning of the period	206,624	2,995,757
6.05.02	Cash and equivalents at the end of the period	477,282	1,537,064

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**Parent Company Statements / Statement of Changes in Shareholders' Equity - 1/1/2014 to 9/30/2014**  
**(R\$ thousand)**

Code	Description	Capital reserve, granted options and Raising of capital		Retained earnings/ Other Reserves		Total Equity
		00	00	00	00	
5.01	Opening balances	4,540,000	00	2,839,568	570	7,379,568,570
5.03	Adjusted opening balances	4,540,000	00	2,839,568	570	7,379,568,570
5.04	Capital transactions with shareholders	00	00	-1,171,288	1,288	
5.04.04	Treasury shares acquired	00	00	-746,288	288	
5.04.06	Dividends	00	00	-425,000	00	
5.04.08	Cancelled of treasury shares	00	00	679,679	618	
5.04.09	Cancelled of treasury shares	00	00	-679,679	618	
5.05	Total comprehensive income	00	00	-1,892,422	1,288	
5.05.01	Profit for the period	00	00	-173,056	00	
5.05.02	Other comprehensive income	00	00	-869,422	1,288	
5.05.02.04	Cumulative translation adjustments for the period	00	00	-266,002	00	
5.05.02.08	Actuarial (losses) gains on defined benefit pension plan, net of taxes	00	00	177,000	00	
5.05.02.09	Available-for-sale financial assets, net of taxes	00	00	-771,496	00	
5.05.02.10	Loss/gain on the percentage variation of investments	00	00	-73,924	00	
5.07	Closing balances	4,540,000	00	1,668,282	784	6,208,282,784

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**Parent Company Statements / Statement of Changes in Shareholders' Equity - 1/1/2013 to 9/30/2013**  
**(R\$ thousand)**

<b>Code</b>	<b>Description</b>	<b>Paid-in capital</b>	<b>Treasury shares</b>	<b>Earnings reserve</b>	<b>Other comprehensive income</b>	<b>Shareholders' Equity</b>
		<b>Capital reserve, granted options and</b>	<b>Retained earnings/</b>	<b>Other</b>		
5.01	Opening balances	4,540,000	303,690,543	388,324,897		
5.03	Adjusted opening balances	4,540,000	303,690,543	388,324,897		
5.04	Capital transactions with shareholders	0	0	-560,000	400,026	-960,026
5.04.06	Dividends	0	0	0	210,000	-210,000
5.04.07	Interest on equity capital	0	0	0	190,026	-190,026
5.04.11	Approval of prior year's proposed dividends	0	0	-560,000	0	-560,000
5.05	Total comprehensive income	0	0	0	21,477,048	
5.05.01	Profit for the period	0	0	0	21,477,021	
5.05.02	Other comprehensive income	0	0	0	-171,048	
5.05.02.04	Cumulative translation adjustments for the period	0	0	0	128,932	
5.05.02.08	Available-for-sale financial assets, net of taxes	0	0	0	-299,980	
5.07	Closing balances	4,540,000	303,130,543	362,451,307		

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

<b>Code</b>	<b>Description</b>	<b>Current year</b>	<b>Previous year</b>
		<b>1/1/2014 to 9/30/2014</b>	<b>1/1/2013 to 9/30/2013</b>
7.01	Revenues	11,922,194	12,096,876
7.01.01	Sales of products and services	11,881,880	12,047,163
7.01.02	Other revenues	49,646	48,006
7.01.04	Allowance for (reversal of) doubtful debts	-9,332	1,707
7.02	Raw materials acquired from third parties	-6,967,591	-7,970,108
7.02.01	Costs of sales and services	-6,103,603	-6,990,593
7.02.02	Materials, electric power, outside services and other	-794,338	-994,376
7.02.03	Impairment/recovery of assets	-69,650	14,861
7.03	Gross value added	4,954,603	4,126,768
7.04	Retentions	-747,644	-698,973
7.04.01	Depreciation, amortization and depletion	-747,644	-698,973
7.05	Wealth created	4,206,959	3,427,795
7.06	Value added received as transfer	581,102	1,635,586
7.06.01	Share of profits of investees	471,007	1,339,503
7.06.02	Finance income	97,259	98,895
7.06.03	Other	12,836	197,188
7.07	Wealth for distribution	4,788,061	5,063,381
7.08	Wealth distributed	4,788,061	5,063,381
7.08.01	Personnel	961,743	795,133
7.08.01.01	Salaries and wages	749,074	617,705
7.08.01.02	Benefits	160,345	132,127
7.08.01.03	Severance pay fund (FGTS)	52,324	45,301
7.08.02	Taxes, fees and contributions	640,026	440,244
7.08.02.01	Federal	510,356	309,068
7.08.02.02	State	111,656	114,238
7.08.02.03	Municipal	18,014	16,938
7.08.03	Lenders and lessors	3,359,348	2,806,527
7.08.03.01	Interest	2,747,158	1,977,339
7.08.03.02	Leases	7,326	7,638
7.08.03.03	Other	604,864	821,550
7.08.04	Shareholders	-173,056	1,021,477

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7.08.04.01	Interest on equity capital	0	190,026
7.08.04.02	Dividends	0	210,000
7.08.04.03	Retained earnings (accumulated losses) for the period	-173,056	621,451

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

<b>Code</b>	<b>Description</b>	<b>Current</b>	<b>Previous Year</b>
		<b>Quarter 9/30/2014</b>	<b>12/31/2013</b>
1	Total assets	49,731,948	50,402,539
1.01	Current assets	15,597,390	16,402,042
1.01.01	Cash and cash equivalents	8,971,362	9,995,672
1.01.03	Trade receivables	1,487,952	2,522,465
1.01.04	Inventories	3,856,384	3,160,985
1.01.08	Other current assets	1,281,692	722,920
1.02	Non-current assets	34,134,558	34,000,497
1.02.01	Long-term receivables	4,587,176	4,636,608
1.02.01.02	Investments measured at amortized cost	32,539	30,756
1.02.01.06	Deferred taxes	3,354,960	2,770,527
1.02.01.09	Other non-current assets	1,199,677	1,835,325
1.02.02	Investments	13,204,192	13,487,023
1.02.03	Property, plant and equipment	15,341,609	14,911,426
1.02.04	Intangible assets	1,001,581	965,440



**Consolidated Financial Statements / Balance Sheet - Liabilities**  
**(R\$ thousand)**

<b>Code</b>	<b>Description</b>	<b>Current Quarter 9/30/2014</b>	<b>Previous Year 12/31/2013</b>
2	Total liabilities	49,731,948	50,402,539
2.01	Current liabilities	7,155,426	5,564,230
2.01.01	Payroll and related taxes	253,595	208,921
2.01.02	Trade payables	1,469,748	1,102,037
2.01.03	Taxes payable	289,221	304,095
2.01.04	Borrowings and financing	3,657,719	2,642,807
2.01.05	Other payables	974,061	972,851
2.01.06	Provisions	511,082	333,519
2.01.06.01	Provision for tax, social security, labor and civil risks	511,082	333,519
2.02	Non-current liabilities	36,654,387	36,769,250
2.02.01	Borrowings and financing	25,061,112	25,103,623
2.02.02	Other payables	10,435,163	10,061,571
2.02.03	Deferred taxes	237,707	268,833
2.02.04	Provisions	920,405	1,335,223
2.02.04.01	Provision for tax, social security, labor and civil risks	199,139	479,664
2.02.04.02	Other provisions	721,266	855,559
2.02.04.02.03	Provision for environmental liabilities and asset retirement obligation - ARO	236,161	370,454
2.02.04.02.04	Pension and healthcare plan	485,105	485,105
2.03	Shareholders' equity	5,922,135	8,069,059
2.03.01	Issued capital	4,540,000	4,540,000
2.03.02	Capital reserves	30	30
2.03.04	Earnings reserves	1,668,280	2,839,568
2.03.04.01	Legal reserve	361,641	361,641
2.03.04.02	Statutory reserve	1,373,309	2,477,927
2.03.04.09	Treasury shares	-66,670	0
2.03.05	Retained earnings/Accumulated losses	-173,056	0
2.03.08	Other comprehensive income	-152,470	716,972
2.03.09	Non-controlling interests	39,351	-27,511



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

Code	Description	Same Quarter of			
		Current Quarter	Current Year	Previous Year	Previous Year
		7/1/2014 to 9/30/2014	1/1/2014 to 9/30/2014	7/1/2013 to 9/30/2013	1/1/2013 to 9/30/2013
3.01	Net revenue from sales and/or services	3,882,986	12,306,271	4,166,416	12,363,601
3.02	Cost of sales and/or services	-2,911,961	-8,693,082	-3,259,211	-9,131,010
3.03	Gross profit	971,025	3,613,189	1,402,205	3,232,591
3.04	Operating expenses/income	-244,156	-1,216,581	-238,753	-869,689
3.04.01	Selling expenses	-268,052	-691,619	-208,791	-666,415
3.04.02	General and administrative expenses	-110,470	-338,494	-105,862	-338,909
3.04.04	Other operating income	27,471	44,937	10,083	35,289
3.04.05	Other operating expenses	-90,686	-316,094	-142,641	-407,392
3.04.06	Share of profits of investees	197,581	84,689	208,458	507,738
3.05	Profit before finance income (costs) and taxes	726,869	2,396,608	1,163,452	2,362,902
3.06	Finance income (costs)	-944,459	-2,500,593	-597,118	-1,582,220
3.06.01	Finance income	42,735	134,217	59,280	157,382
3.06.02	Finance costs	-987,194	-2,634,810	-656,398	-1,739,602
3.06.02.01	Net exchange gains (losses) on financial instruments	-77,250	-193,453	4,844	39,681
3.06.02.02	Finance costs	-909,944	-2,441,357	-661,242	-1,779,283
3.07	Loss (profit) before taxes on income	-217,590	-103,985	566,334	780,682
3.08	Income tax and social contribution	-32,798	-75,274	-63,446	240,408
3.09	Profit from continuing operations	-250,388	-179,259	502,888	1,021,090
3.11	Consolidated Profit and Loss	-250,388	-179,259	502,888	1,021,090
3.11.01	Attributed to owners of the Company	-250,105	-173,056	499,682	1,021,477
3.11.02	Attributed to non-controlling interests	-283	-6,203	3,206	-387
3.99	Earnings per share - (R\$/share)				
3.99.01	Basic earnings per share				
3.99.01.01	Common shares	-0.18008	-0.12105	0.34272	0.70062
3.99.02	Diluted earnings per share				
3.99.02.01	Common shares	-0.18008	-0.12105	0.34272	0.70062



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

Code	Description	Sa Quar		
		Current Quarter 7/1/2014 to 9/30/2014	Current Year 1/1/2014 to 9/30/2014	Previ Y 7/1/2014 to 9/30/2014
4.01	Consolidated profit for the period	-250,388	-179,259	502,388
4.02	Other comprehensive income	-98,799	-869,442	399,442
4.02.01	Cumulative translation adjustments for the period	60,745	-26,602	47,143
4.02.02	Actuarial (losses) gains on defined benefit pension plan from investments in subsidiaries	0	1,710	
4.02.03	Available-for-sale financial assets	-151,034	-1,241,037	532,003
4.02.04	Income tax and social contribution on available-for-sale financial assets	51,351	421,952	-181,000
4.02.05	Impairment of available-for-sale financial assets	19,989	72,104	
4.02.06	Income tax and social contribution on available-for-sale financial assets	-6,796	-24,515	
4.02.07	(Loss)/gain on the percentage variation of investments	-73,054	-73,054	
4.03	Consolidated comprehensive income for the period	-349,187	-1,048,701	902,388
4.03.01	Attributed to owners of the Company	-348,904	-1,042,498	899,442
4.03.02	Attributed to non-controlling interests	-283	-6,203	3,000

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

<b>Code</b>	<b>Description</b>	<b>Current Year 01/01/2014 to 9/30/2014</b>	<b>Previous Year 01/01/2013 to 9/30/2013</b>
6.01	Net cash generated by operating activities	600,432	1,401,537
6.01.01	Cash generated from operations	2,644,889	3,765,285
6.01.01.01	Profit for the period attributable to owners of the Company	-173,056	1,021,477
6.01.01.02	Profit (loss) for the period attributable to non-controlling interests	-6,203	-387
6.01.01.03	Charges on borrowings and financing	2,056,128	1,597,890
6.01.01.04	Charges on loans and financing granted	-30,671	-33,593
6.01.01.05	Depreciation, depletion and amortization	934,555	868,884
6.01.01.06	Share of profits of investees	-84,689	-507,738
6.01.01.07	Deferred income tax and social contribution	-332,332	-527,544
6.01.01.08	Provision for tax, social security, labor, civil and environmental risks	-42,306	49,430
6.01.01.09	Monetary variation and exchange differences, net	185,777	1,272,140
6.01.01.10	Gain (loss) on derivative transactions	1,395	18,693
6.01.01.11	Impairment of available-for-sale financial assets	72,104	5,002
6.01.01.16	Residual value of permanent assets written off	12,935	26,805
6.01.01.17	Other provisions	51,252	-25,774
6.01.02	Changes in assets and liabilities	-2,044,457	-2,363,748
6.01.02.01	Trade receivables - third parties	315,486	-213,722
6.01.02.02	Trade receivables - related parties	-145,262	-26,814
6.01.02.03	Inventories	-769,929	20,856
6.01.02.04	Receivables from related parties	1,963	-29,758
6.01.02.05	Recoverable taxes	47,995	27,095
6.01.02.06	Judicial deposits	-34,323	14,132
6.01.02.07	Dividends received from related parties	232,383	268,470
6.01.02.08	Trade payables	408,619	-771,473
6.01.02.09	Payroll and related taxes	27,527	105,464
6.01.02.10	Taxes in installments - REFIS	-43,397	38,181
6.01.02.12	Payables to related parties	2,600	-3,173
6.01.02.14	Interest paid	-2,103,382	-1,772,921
6.01.02.15	Interest received - related parties	13,595	20,393
6.01.02.16	Interest on swaps paid	-1,279	-3,434
6.01.02.17	Other	2,947	-37,044
6.02	Net cash used in investing activities	-1,239,860	-1,446,979

6.02.02	Investments	-8,376	0
6.02.03	Purchase of property, plant and equipment	-1,292,180	-1,749,615
6.02.09	Receipt/payment in derivative transactions	-73,670	332,655
6.02.10	Purchase of intangible assets	-610	-70
6.02.11	Related parties loans	-31,506	-301
6.02.12	Receipt of related parties loans	168,265	0
6.02.13	Investment, net of redeemed amount	-1,783	-29,648
6.03	Net cash used in financing activities	-771,732	-411,840
6.03.01	Borrowings and financing raised	1,630,664	1,228,957
6.03.02	Repayment of borrowings	-1,175,234	-489,485
6.03.04	Dividends and interest on capital paid	-424,935	-1,156,736
6.03.05	Capital contribution by non-controlling shareholders	0	5,424
6.03.06	Treasury shares	-746,288	0
6.03.07	Repurchase of debt securities	-55,939	0
6.04	Exchange differences on translating cash and cash equivalents	386,850	-287,664
6.05	Increase (decrease) in cash and cash equivalents	-1,024,310	-744,946
6.05.01	Cash and equivalents at the beginning of the period	9,995,672	11,891,821
6.05.02	Cash and equivalents at the end of the period	8,971,362	11,146,875

**Consolidated Financial Statements / Statement of Changes in Shareholders' Equity - 1/1/2014 to 9/30/2014**  
**(R\$ thousand)**

Code	Description	Capital reserve, granted options and		
		Paid-in capital	treasury shares	Earnings(a) reserve
5.01	Opening balances	4,540,000	30	2,839,568
5.03	Adjusted opening balances	4,540,000	30	2,839,568
5.04	Capital transactions with shareholders	0	0	-1,171,288
5.04.04	Treasury shares acquired	0	0	-746,288
5.04.06	Dividends	0	0	-425,000
5.04.08	Cancelled of treasury shares	0	0	679,618
5.04.09	Cancelled of treasury shares	0	0	-679,618
5.05	Total comprehensive income	0	0	0
5.05.01	Profit for the period	0	0	0
5.05.02	Other comprehensive income	0	0	0
5.05.02.04	Cumulative translation adjustments for the period	0	0	0
5.05.02.08	Actuarial (losses) gains on defined benefit pension plan, net of taxes	0	0	0
5.05.02.09	Available-for-sale financial assets, net of taxes	0	0	0
5.05.02.10	Loss/gain on the percentage variation of investments	0	0	0
5.06	Internal changes in shareholders' equity	0	0	0
5.06.04	Non-controlling interest in subsidiaries	0	0	0
5.07	Closing balances	4,540,000	30	1,668,280



**Consolidated Financial Statements / Statement of Changes in Shareholders' Equity - 1/1/2013 to 9/30/2013**  
**(R\$ thousand)**

Code	Description	Capital reserve, granted options and		Earnings(accumulated)	Retained earnings
		Paid-in capital	treasury shares		
5.01	Opening balances	4,540,000	303,690,543		
5.03	Adjusted opening balances	4,540,000	303,690,543		
5.04	Capital transactions with shareholders	0	0	-560,000	-400,000
5.04.06	Dividends	0	0	0	-210,000
5.04.07	Interest on capital	0	0	0	-190,000
5.04.11	Approval of additional dividends at Annual General Meeting	0	0	-560,000	
5.05	Total comprehensive income	0	0	0	1,021,470
5.05.01	Profit for the period	0	0	0	1,021,470
5.05.02	Other comprehensive income	0	0	0	
5.05.02.04	Cumulative translation adjustments for the period	0	0	0	
5.05.02.08	Available-for-sale financial assets, net of taxes	0	0	0	
5.06	Internal changes in shareholders' equity	0	0	0	
5.06.04	Non-controlling interests in subsidiaries	0	0	0	
5.07	Closing balances	4,540,000	303,130,543		621,470

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

<b>Code</b>	<b>Description</b>	<b>Current year</b>	<b>Previous year</b>
		<b>1/1/2014 to 9/30/2014</b>	<b>1/1/2013 to 9/30/2013</b>
7.01	Revenues	14,684,931	14,859,753
7.01.01	Sales of products and services	14,643,220	14,797,947
7.01.02	Other revenues	52,594	60,159
7.01.04	Allowance for (reversal of) doubtful debts	-10,883	1,647
7.02	Raw materials acquired from third parties	-9,030,859	-9,705,748
7.02.01	Costs of sales and services	-7,729,543	-8,390,767
7.02.02	Materials, electric power, outside services and other	-1,222,881	-1,344,612
7.02.03	Impairment/recovery of assets	-78,435	29,631
7.03	Gross value added	5,654,072	5,154,005
7.04	Retentions	-934,555	-868,884
7.04.01	Depreciation, amortization and depletion	-934,555	-868,884
7.05	Wealth created	4,719,517	4,285,121
7.06	Value added received as transfer	970,429	2,659,610
7.06.01	Share of profits of investees	84,689	507,738
7.06.02	Finance income	134,217	157,382
7.06.03	Other	751,523	1,994,490
7.07	Wealth for distribution	5,689,946	6,944,731
7.08	Wealth distributed	5,689,946	6,944,731
7.08.01	Personnel	1,270,926	1,091,666
7.08.01.01	Salaries and wages	1,007,607	876,460
7.08.01.02	Benefits	202,041	162,038
7.08.01.03	Severance pay fund (FGTS)	61,278	53,168
7.08.02	Taxes, fees and contributions	1,220,251	1,087,961
7.08.02.01	Federal	1,012,091	771,974
7.08.02.02	State	180,115	290,865
7.08.02.03	Municipal	28,045	25,122
7.08.03	Lenders and lessors	3,378,028	3,744,014
7.08.03.01	Interest	2,391,954	1,779,545
7.08.03.02	Leases	11,397	11,512
7.08.03.03	Other	974,677	1,952,957
7.08.04	Shareholders	-179,259	1,021,090
7.08.04.01	Interest on equity capital	0	190,026
7.08.04.02	Dividends	0	210,000

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7.08.04.03	Retained earnings (accumulated losses) for the period	-173,056	621,451
7.08.04.04	Non-controlling interests in retained earnings	-6,203	-387

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The recovery of global economic activity has been occurring at a moderate pace and on heterogeneous way. While among the developed countries, the United States and the United Kingdom have been recording growth, the slower-than-expected recovery in the Eurozone and the less optimistic prospects for certain emerging economies have contributed to more conservative revisions of global growth. The International Monetary Fund (IMF) reduced the global growth projections to 3.3% in 2014 and 3.8% in 2015.

## **USA**

The latest figures from the U.S. Department of Commerce and the FED indicate an upturn in domestic economic activity. In 3Q14, the U.S. economy recorded growth of 3.5%, reflecting the good performance of exports, investments and consumption, as well as the increase in government spending. In September, industrial production increased by 1.0% over August, giving 12-month growth of 4.3%, and installed capacity use remained at 79% throughout the year.

Manufacturing PMI averaged 57.6 points in 3Q14, 2.4 points above the average in the previous quarter and continuing the expansion that began in June 2013.

In September 2014, the unemployment rate reached 5.9%, the lowest level for the last six years, giving a year-to-date decline of 1.3 p.p.

At its last meeting in October, the FED's Monetary Policy Committee (FOMC) announced the end of the securities purchase program, designed to stimulate the economy, maintaining interest rates at between 0 and 0.25%. The Committee considered it appropriate to maintain interest at this level for a considerable period of time, especially in a scenario of inflation lower than the 2% target.

As a result, the FED estimates GDP growth of between 2.0% and 2.2% in 2014.

## **Europe**

The European recovery continues at a slower pace. After four quarters of moderate expansion, 2Q14 GDP in the Eurozone remained virtually flat. Industrial output fell by 1.8% in August over July, chiefly reflecting the 4.8% reduction in capital goods production, while the manufacturing PMI declined from 52.8 points in June to 52.0 points in September, the lowest figure in the last ten months.

Eurozone unemployment rate remained stable, but still high, recording 11.5% in September. Austria and Germany recorded the lowest rates among the countries, while Greece and Spain had the highest.

Eurozone inflation came to 0.3% in the 12 months ended September 2014, well below the long-term goal of 2% established by the European Central Bank (ECB) and the lowest figure since October 2009. Certain countries such as Spain, Greece, Hungary and Bulgaria actually recorded negative inflation in the same period. In this context, the ECB implemented new measures to stimulate the economy, including the repurchase of securities, with a minimum duration of two years. The institution expects a GDP growth of 0.9% in 2014 and 1.6% in 2015.

UK GDP expanded for the seventh consecutive quarter, moving up by 0.7% in 3Q14, fueled by the service and construction sectors, which grew by 0.7% and 0.8%, respectively. The British Chamber of Commerce estimates annual GDP growth of 3.2% in 2014.

The labor market continues to improve, with unemployment between June and August 2014 declining by 6%, the lowest level since the end of 2008 and 0.4 p.p. less than in the previous three-month period from March to May. In the year through September, inflation fell to 1.2%, below the 1.5% recorded through August.

## **Asia**



Preliminary 3Q14 figures from the National Bureau of Statistics point to Chinese GDP growth of 7.3% over 3Q13, below the 7.5% recorded in 2Q14. In 9M14, the Chinese economy grew by 7.4% over 9M13, slightly below the 7.5% target established by the government.

In September 2014, the manufacturing PMI published by HSBC reached 50.2 points, continuing the expansion begun in June. Industrial production increased by 8.0% in September, higher than the 6.9% registered in August. In the first nine months, investments in fixed assets moved up by 16%, less than the 20% recorded in 9M13.

Manufacturing PMI also continued to expand in Japan, reaching 51.7 points in September. Unemployment rate recorded 3.5% in August, the lowest rate since July 2007. At its last monetary policy meeting, the Central Bank of Japan (BoJ) increased the ceiling of the security buyback program from between 60 and 70 trillion yen, to 80 trillion yen per year, maintaining interest at 0.1%. The BoJ's long-term inflation target is 2% p.y. and it is projecting GDP growth of 1.0% in 2014.

## **Brazil**

In Brazil, the economic fundamentals remain unfavorable, with GDP declining by 0.6% in 2Q14, following the 0.2% slide in 1Q14 over 4Q13. The 2Q14 result was primarily due to the negative performance of the industrial (-1.5%) and service (-0.5%) sectors. September's activity indicators, notably industrial production, suggest a further slowdown in the third quarter. Industrial output fell by 0.2% in September over August, largely due to the 1.6% reduction in the production of intermediate goods, giving a year-to-date downturn of 2.9%. The Central Bank's Focus report expects GDP growth of 0.2% in 2014 and 0.8% in 2015.

According to CAGED (the employment and unemployment registry), 80,000 new registered jobs were created in September, 41% down on the same month last year and the worst result since mid-2001. In the year through September, a net total of 905 thousand formal jobs were created.

Inflation recorded by the IPCA consumer price index moved up by 0.57% in September, giving year-to-date and last-12-month growth of 4.61% and 6.75%, respectively, exceeding the 6.5% ceiling of the annual inflation target. Given this scenario, at its last meeting in October, the Monetary Policy Committee (COPOM) raised the Selic base rate once again, this time to 11.25% p.a. The Focus report expects 2014 inflation of 6.39%, with a Selic of 11.50% at year-end.

On the foreign exchange front, the real depreciated by 11.3% against the U.S. dollar in 3Q14, closing September at R\$2.451/US\$, reflecting greater risk aversion in the domestic market, coupled with international factors such as the end of the U.S. government's security repurchase program and a possible increase in interest rates by the FED.

### Macroeconomic Projections

	2014	2015
IPCA (%)	6.39	6.40
Commercial dollar (final) – R\$	2.50	2.60
SELIC (final - %)	11.50	12.00
GDP (%)	0.20	0.80
Industrial Production (%)	-2.21	1.46

Source: FOCUS BACEN

Base: 11/07/2014

In the third quarter, consolidated net revenue totaled R\$3,883 million, 4% down on the R\$4,052 million recorded in 2Q14, chiefly influenced by the reduction in mining revenue, due to lower iron ore prices in the international market.



COGS totaled R\$2,912 million in 3Q14, 6% up on the R\$2,747 million posted in 2Q14, basically due to a nominal increase in COGS from steel operations, given non-recurring adjustments booked in 2Q14.

Consolidated SG&A expenses totaled R\$379 million in 3Q14, 6% more than the R\$358 million reported in 2Q14, due to higher selling expenses.

Other Operating Revenue/Expenses came to R\$63 million in 3Q14, versus R\$31 million in 2Q14, basically due to the write-off of judicial deposits.

The Company uses Adjusted EBITDA to measure the segments' performance and operating cash flow capacity. It comprises net income before the net financial result, income and social contribution taxes, depreciation and amortization, results from investees and other operating revenue (expenses), plus the proportional EBITDA of the jointly-owned subsidiaries, Namisa, MRS Logística and CBSI.

Third-quarter adjusted EBITDA amounted to R\$977 million, 25% less than the R\$1,303 million posted in 2Q14, basically due to the lower contribution from steel and mining operations, accompanied by a margin of 23%, down by 7 p.p. over 2Q14.

In 3Q14, CSN's consolidated net financial result was negative by R\$944 million, mainly due to the following factors:

- Interest on loans and financing totaling R\$707 million;
- The R\$119 million effect related to the complement of interest on contingencies included in the tax repayment program REFIS (Law 11941/09);
- Monetary and foreign exchange variations amounting to R\$77 million;
- Expenses of R\$40 million with the monetary restatement of tax payment installments;
- Other financial expenses totaling R\$44 million.

These negative effects were partially offset by consolidated financial revenue of R\$43 million.

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

At the close of September 30, 2014, net debt stood at R\$17.6 billion, R\$0.9 billion more than on June 30, 2014. The net debt/EBITDA ratio based on LTM adjusted EBITDA closed the third quarter at 3.2x, 0.5x more than the 2.7x recorded at the end of 2Q14. Net debt was impacted by the following factors:

- Investments of R\$0.6 billion in fixed assets;
- A R\$0.7 billion effect related to the cost of debt;

- Foreign exchange variation of R\$0.4 billion;
- Disbursements of R\$0.3 billion on the share buyback program.

These negative effects were partially offset by 3Q14 EBITDA of R\$1.0 billion and the R\$0.1 billion reduction in working capital.

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

CSN's equity result was positive by R\$198 million in 3Q14, versus a negative R\$67 million in 2Q14, chiefly due to the result of the jointly-owned subsidiary Namisa.

In the third quarter, the Company posted a consolidated net loss of R\$250 million, basically reflecting the lower operating result in the quarter.

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

CSN invested R\$613 million in 3Q14. Of this total, the main investments were R\$156 million in mining, R\$128 million in steel, R\$203 million in cement and R\$108 million in logistic.

In the third quarter, the Company reviewed the balance of the accounts composing its working capital, which includes Inventories, Suppliers, Salaries and Taxes. For comparison purposes, 2Q14 working capital was recalculated and reduced by R\$493 million.

At the close of 3Q14, working capital applied to the Company's businesses totaled R\$2,094 million, a reduction of R\$144 million compared to 2Q14, particularly due to the reduction in accounts receivable and the increase in salaries and social contributions, partially offset by higher inventories.

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The average receivables period contracted by five days, the average payment period by one day, while the average inventory turnover period widened by seven days.

<b>WORKING CAPITAL (R\$ MM)</b>	<b>2Q14</b>	<b>3Q14</b>	<b>Change 3Q14 x 2Q14</b>
<b>Assets</b>	<b>4,602</b>	<b>4,523</b>	<b>(79)</b>
<b>Accounts Receivable</b>	<b>1,716</b>	<b>1,406</b>	<b>(309)</b>
<b>Inventory (*)</b>	<b>2,766</b>	<b>2,997</b>	<b>231</b>
<b>Advances to Taxes</b>	<b>121</b>	<b>119</b>	<b>(1)</b>
<b>Liabilities</b>	<b>2,363</b>	<b>2,429</b>	<b>65</b>
<b>Suppliers</b>	<b>1,567</b>	<b>1,509</b>	<b>(58)</b>
<b>Salaries and Social Contribution</b>	<b>284</b>	<b>358</b>	<b>74</b>
<b>Taxes Payable</b>	<b>481</b>	<b>539</b>	<b>58</b>
<b>Advances from Clients</b>	<b>31</b>	<b>23</b>	<b>(8)</b>
<b>Working Capital</b>	<b>2,239</b>	<b>2,094</b>	<b>(145)</b>

<b>TURNOVER RATIO Average Periods</b>	<b>2Q14</b>	<b>3Q14</b>	<b>Change 3Q14 x 2Q14</b>
<b>Receivables</b>	<b>31</b>	<b>26</b>	<b>(5)</b>
<b>Supplier Payment</b>	<b>49</b>	<b>48</b>	<b>(1)</b>
<b>Inventory Turnover</b>	<b>87</b>	<b>94</b>	<b>7</b>
<b>Cash Conversion Cycle</b>	<b>69</b>	<b>72</b>	<b>3</b>

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

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

<b>Steel</b>	<b>Mining</b>	<b>Logistics</b>	<b>Cement</b>	<b>Energy</b>
<b>Usina Presidente Vargas Porto Real</b>	<b>Casa de Pedra Namisa (60%)</b>	<b>Railways: - MRS</b>	<b>Volta Redonda Arcos</b>	<b>CSN Energia Itasa</b>

Paraná	Tecar	- FTL
LLC	ERSA	- TLSA
Lusosider		Port:
Prada (Distribution		
and		- Sepetiba Tecon
Packaging)		
Metallic		
SWT		

The information on CSN's five business segments is derived from the accounting data, together with allocations and the apportionment of costs among the segments. Results by segment reflect the Company's proportional interest in Namisa, MRS Logística and CBSI, as well as the full consolidation of FTL.

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

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**Results by segment****R\$ million****3Q14**

Consolidated Results	Steel	Mining	Logistics (Port)	Logistics (Railways)	Energy	Cement	Corporate/ Eliminations	Consolidated
<b>Net Revenue</b>	<b>2,788</b>	<b>914</b>	<b>39</b>	<b>335</b>	<b>97</b>	<b>120</b>	<b>(410)</b>	<b>3,883</b>
Domestic Market	2,138	71	39	335	97	120	(316)	2,484
Foreign Market	649	843	-	-	-	-	(94)	1,399
Cost of Goods Sold	(2,173)	(796)	(33)	(219)	(49)	(86)	445	(2,912)
<b>Gross Profit</b>	<b>614</b>	<b>118</b>	<b>7</b>	<b>115</b>	<b>48</b>	<b>34</b>	<b>35</b>	<b>971</b>
Selling, General and Administrative Expenses	(161)	(13)	-	(25)	(5)	(18)	(155)	(379)
Depreciation	205	99	3	42	4	10	(37)	326
Proportional EBITDA of Jointly Controlled Companies	-	-	-	-	-	-	58	58
<b>Adjusted EBITDA</b>	<b>658</b>	<b>203</b>	<b>10</b>	<b>132</b>	<b>47</b>	<b>26</b>	<b>(99)</b>	<b>977</b>

**R\$ million****2Q14**

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

**Scenario**

According to the World Steel Association (WSA), global crude steel production totaled 1.2 billion tonnes in the first nine months of 2014, 2% higher than in 9M13, the same percentage growth recorded in China, which was responsible for 618 million tonnes. Global capacity use reached 76% in September 2014, 2 p.p. down on June. For 2014, the WSA expects a 2%

growth in world apparent steel consumption and an increase of 1% in China.

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According to the Brazilian Steel Institute (IABr), domestic crude steel production came to 25.5 million tonnes in 9M14, down 1% on 9M13, while rolled flat output totaled 18.7 million tonnes, down by 5%. Flat steel apparent consumption in 9M14 reached 9.0 million tonnes, 3% less year-on-year, with domestic sales totaling 8.4 million tonnes, 8% down on 9M13. On the other hand, flat steel imports climbed by 26% to 1.8 million tonnes, while exports fell by 3% to 1.2 million tonnes.

The IABr reduced its estimates for domestic steel product sales from 23.7 to 21.7 million tonnes in 2014, with apparent consumption moving down from 27.2 to 25.3 million tonnes.

### **Automotive**

According to ANFAVEA (the Auto Manufacturers' Association), Brazil's vehicle production totaled 2.4 million units in 9M14, 17% less than the 2.9 million vehicles produced in 9M13. It is important mentioning truck production, which fell by 24%, followed by vehicles, light commercial vehicles and buses, down by 17%, 14% and 12%, respectively.

Vehicle sales declined by 9% in 9M14 over 9M13, led by the bus and trucks segments, with respective downturn of 17% and 14%, partially offset by the 1% growth in the light commercial vehicle segment. Exports fell by 39% year-on-year in the first nine months, basically influenced by the lower sales to Argentina.

In this scenario, ANFAVEA revised its estimates for 2014, estimating reduction of 10% in production and 5% in vehicle sales over 2013.

With relation to light vehicles, FENABRAVE (the Vehicle Distributors' Association) registered reduction of 8% in the number of vehicles licensed, from 2.6 million units in 9M13 to 2.4 million units in 9M14. The association expects 2014 light vehicle sales to fall by 8% over last year.

### **Construction**

According to ABRAMAT (the Construction Material Manufacturers' Association), sales of building material in the last twelve months ended in September 2014 fell by 4.9% over the same period in 2013. In this context, the association revised its estimates for 2014, to a reduction of 4% in sales.

### **Home Appliances**

According to the IBGE (Brazilian Institute of Geography and Statistics), home appliance production grew by 17% in 3Q14 over 2Q14, with expansion of 3% in the first nine months of 2014 over 9M13.

### **Distribution**

According to INDA (the Brazilian steel distributors' association), flat steel sales by domestic distributors totaled 3.3 million tonnes in 9M14, 2% down on the previous year. 9M14 purchases by the associated network came to 3.2 million tonnes, 9.7% down year-on-year, while inventories totaled 1.0 million tonnes at the close of 3Q14, declining by 1% over 2Q14. In this scenario, the association estimates sales to fall by 3% in 2014 over 2013.

### **Sales Volume**

In 3Q14, CSN's steel sales totaled 1.27 million tonnes. Of this total, 72% went to the domestic market, 25% were sold by overseas subsidiaries and 3% went to exports.

### **Domestic Sales Volume**

CSN's domestic steel sales came to 921 thousand tonnes in 3Q14, slightly more than the 918 thousand tonnes sold in 2Q14.



### **Foreign Sales Volume**

Foreign sales amounted to 353 thousand tonnes in 3Q14, 3% more than in the previous quarter. Of this total, the overseas subsidiaries sold 319 thousand tonnes, 180 thousand tonnes of which by SWT. Direct exports came to 34 thousand tonnes.

### **Prices**

Net revenue per tonne averaged R\$2,130 in 3Q14, a 3.8% reduction over 2Q14, essentially due to the sales mix.

### **Net Revenue**

Net revenue from steel operations totaled R\$2,788 million in 3Q14, 2% down on the R\$2,843 million recorded in 2Q14.

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

In 3Q14, steel COGS amounted to R\$2,173 million, 4% higher than the 2Q14 figure, basically due to a nominal increase in COGS given non-recurring adjustments booked in 2Q14.

### **Adjusted EBITDA**

Adjusted steel segment EBITDA totaled R\$658 million in 3Q14, 17% down on the R\$793 million recorded in 2Q14, due to the aforementioned reasons. The adjusted EBITDA margin came to 24% in 3Q14, 4 p.p. down on 2Q14.

### **Production**

The Presidente Vargas Steelworks (UPV) produced 1.2 million tonnes of crude steel in 3Q14, 5% more than in 2Q14, with additional consumption of 125,000 slabs purchased from third parties. Third-quarter rolled steel output totaled 1.1 million tonnes, the same level of the previous quarter.

Production (in thousand t)	2Q14	3Q14	First Nine months of		Change	
			2013	2014	3Q14 x 2Q14	9M14 X 9M13
<b>Crude Steel (UPV)</b>	1,120	1,177	3,365	3,395	5%	1%
<b>Purchased Slabs from Third Parties</b>	103	125	434	329	21%	-24%
<b>Total Crude Steel</b>	<b>1,222</b>	<b>1,302</b>	<b>3,799</b>	<b>3,724</b>	<b>7%</b>	<b>-2%</b>
<b>Total Rolled Products</b>	<b>1,099</b>	<b>1,097</b>	<b>3,446</b>	<b>3,250</b>	<b>0%</b>	<b>-6%</b>

### **Production Costs (Parent Company)**

In 3Q14, total production costs at the Presidente Vargas Steelworks (UPV) came to R\$1,651 million, in line with the second-quarter figure.

At the close of 3Q14, seaborne iron ore prices recorded the lowest figure in the last five years, with the Platts Fe62% CFR China index reaching US\$77.75/dmt. Compared to the US\$134.50/dmt registered in early 2014, the price reduction came to 42%. Pressed by the capacity expansion in Australian mining companies, iron ore prices were still impacted by demand factors, such as the poor performance of the real estate sector in China, the low availability of credit for steelmakers and the high level of iron ore inventories in Chinese ports.

In this scenario, the Platts Fe62% CFR China index averaged US\$90.21/dmt in 3Q14, 12% down on the 2Q14 average. The iron ore quality premium varied between US\$1.45/dmt and US\$1.70/dmt per 1% of Fe content, while freight costs on the Tubarão/Qingdao route averaged US\$21.06/wmt, 3.7% more than the previous quarter's average.

Brazil exported 92.5 million tonnes of iron ore in the third quarter, 9% up on 2Q14.

### **Iron ore sales**

In 3Q14, sales of finished iron ore products totaled 7.7 million tonnes, 7% up on the 7.2 million tonnes sold in 2Q14. Of this total, 2.6 million tonnes were sold by Namisa<sup>1</sup>. Almost all iron ore sold in 3Q14 was exported. Iron ore volume for own consumption reached 1.5 million tonnes in 3Q14.

In 9M14, sales of finished iron ore products totaled a record of 21.3 million tonnes, 19% up on 9M13. Of this total, 7.1 million tonnes were sold by Namisa<sup>1</sup>. Virtually all iron ore sold in 9M14 was exported. In addition to sales to third-parties, CSN's steel production consumed 4.5 million tonnes in 9M14.

It is important mentioning the record volume of iron ore shipments at Tecar, which totaled 24.4 million tonnes in the first nine months, climbing by 23% year-on-year.

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

### **Net Revenue**

Net revenue from mining operations totaled R\$914 million in 3Q14, 18% less than in 2Q14, primarily due to the reduction in iron ore prices.

**Cost of Goods Sold (COGS)**

Mining COGS came to R\$796 million in 3Q14, 8% up on 2Q14, mostly due to the increase in iron ore sales volume.

**Adjusted EBITDA**

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Adjusted EBITDA from mining operations totaled R\$203 million in 3Q14, 54% down on the R\$442 million reported in 2Q14, for the above mentioned reasons, accompanied by an adjusted EBITDA margin of 22%.

## **Scenario**

### **Railway Logistics**

According to the ANTF (the National Rail Transport Association), the Brazilian railways transported 233 million tonnes in 1H14 of useful cargo. The association expects rail cargo volume to move up by 12% to 510 million tonnes between 2014 and 2016.

### **Port Logistics**

According to ANTAQ (the National Waterway Transport Agency), Brazil's port installations handled around 463 million tonnes in 1H14, 6% up on the same period the year before.

Also in 1H14, bulk solids totaled 281 million tonnes, 6% more than in 1H13, while container handling in Brazilian ports came to 4.5 million TEUs<sup>1</sup>, 9% up year-on-year.

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

## **Analysis of Results**

### **Railway Logistics**



Net revenue from railway logistics totaled R\$335 million in 3Q14. On the other hand, COGS came to R\$219 million, and adjusted EBITDA totaled R\$132 million, with an adjusted EBITDA margin of 39%.

### **Port Logistics**

Net revenue from port logistics amounted to R\$39 million in 3Q14, COGS totaled R\$33 million and adjusted EBITDA came to R\$10 million, with an adjusted EBITDA margin of 24%.

The Portland Cement Association (PCA) expects global cement production to grow by approximately 4% in 2014, and 4.6% in South America.

### **Analysis of Results**

Cement sales reached the record level of 589 thousand tonnes in 3Q14, 4% up on 2Q14, with record net revenue of R\$120 million, while COGS came to R\$86 million, generating EBITDA of R\$26 million, with a margin of 22%.

Cement sales reached the record level of 1.6 million tonnes in 9M14, 9% more than in 9M13, generating record net revenue of R\$331 million, while COGS came to R\$223 million, generating record EBITDA of R\$86 million, accompanied by a margin of 26%.

### **Scenario**

According to the Energy Research Company (EPE), Brazilian electricity consumption increased by 2.5% year-on-year in the first nine months of 2014, led by the commercial and residential segments, with respective growth of 7.6% and 5.9%.

### **Analysis of Results**

In 3Q14, net revenue from electricity reached the record amount of R\$97 million. COGS came to R\$49 million, generating record EBITDA of R\$47 million, with an EBITDA margin of 48%.

In 9M14, net revenue from electricity reached the record amount of R\$249 million. COGS came to R\$140 million, generating record EBITDA of R\$107 million, with an EBITDA margin of 43%.

CSN's shares depreciated by 7% in 3Q14, while the Company's ADRs fell by 17% on the NYSE. Daily traded volume in CSN's shares averaged R\$60 million in 3Q14, from 5.7 million shares traded. On the NYSE, daily traded volume in CSN's ADRs averaged US\$25 million, from 5.5 million ADRs traded.

#### **Capital Markets - CSNA3 / SID / IBOVESPA / DOW JONES**

**3Q14**

N# of shares	1,387,524
Market Capitalization	
Closing price (R\$/share)	8.70
Closing price (US\$/share)	3.55
Market Capitalization (R\$ million)	12,071
Market Capitalization (US\$ million)	4,926
Total return including dividends and interest on equity	

CSNA3 (%)	-7%
SID (%)	-19%
Ibovespa	7%
Dow Jones	1%
Volume	
Average daily (thousand shares)	5,678
Average daily (R\$ Thousand)	59,968
Average daily (thousand ADRs)	5,513
Average daily (US\$ Thousand)	25,279
<i>Source: Economática</i>	

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**(Expressed in thousands of reais – R\$, unless otherwise stated)**

## **1. DESCRIPTION OF BUSINESS**

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

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

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

- **Steel:**

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

- **Mining:**

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

- **Cement:**

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

- **Logistics**

*Railroads:*

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

*Ports:*

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



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

- **Energy:**

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

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

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

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

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

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

The significant accounting policies applied in these condensed interim financial statements are consistent with the policies described in Note 2 to the Company's financial statements for the year ended December 31, 2013, filed with the CVM.

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

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

Note 02 – Summary of significant accounting policies

Note 03 – Changes in accounting policies

Note 04 – Business combination

Note 28 – Employee benefits

The individual and consolidated condensed interim financial statements were approved by the Board of Directors on November 13, 2014.

**(b) Basis of presentation**

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

Transactions in foreign currencies are translated into the functional currency using the exchange rates in effect at the dates of the transactions or valuation on which items are remeasured. The asset and liability balances are translated at the exchange rate in effect at the end of the reporting period. As of September 30, 2014, US\$1 is equivalent to R\$2.4510 (R\$2.3426 as of December 31, 2013), €1 is equivalent to R\$3.0954 (R\$3.2265 as of December 31, 2013), and ¥1 is equivalent to R\$0.02235 (R\$0.02233 as of December 31, 2013).

**(c) Basis of consolidation**





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

• **Companies**

Companies	Equity interests (%)		Core business
	09/30/2014	12/31/2013	
<b>Direct interest in subsidiaries: full consolidation</b>			
CSN Islands VII Corp.	100.00	100.00	Financial transactions
CSN Islands VIII Corp.	100.00	100.00	Financial transactions
CSN Islands IX Corp.	100.00	100.00	Financial transactions
CSN Islands X Corp.	100.00	100.00	Financial transactions
CSN Islands XI Corp.	100.00	100.00	Financial transactions
CSN Islands XII Corp.	100.00	100.00	Financial transactions
CSN Minerals S.L.U.	100.00	100.00	Equity interests
CSN Export Europe, S.L.U.	100.00	100.00	Financial transactions and
CSN Metals S.L.U.	100.00	100.00	Equity interests and fina
CSN Americas S.L.U.	100.00	100.00	Equity interests and fina
CSN Steel S.L.U.	100.00	100.00	Equity interests and fina
TdBB S.A	100.00	100.00	Dormant company
Sepetiba Tecon S.A.	99.99	99.99	Port services
Mineração Nacional S.A.	99.99	99.99	Mining and equity intere
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 packagin
Companhia Metalúrgica Prada	99.99	99.99	Manufacture of packagin
CSN Cimentos S.A.	100.00	99.99	Cement manufacturing
CSN Gestão de Recursos Financeiros Ltda.	99.99	99.99	Dormant company
Congonhas Minérios S.A.	99.99	99.99	Mining and equity intere
CSN Energia S.A.	99.99	99.99	Sale of electric power
FTL - Ferrovia Transnordestina Logística S.A.	88.41	88.41	Railroad logistics
<b>Indirect interest in subsidiaries: full consolidation</b>			
CSN Aceros S.A. (1)		100.00	Equity interests
Companhia Siderúrgica Nacional LLC	100.00	100.00	Steel
CSN Europe Lda.	100.00	100.00	Financial transactions, p
CSN Ibéria Lda.	100.00	100.00	Financial transactions, p

CSN Portugal, Unipessoal Lda.	100.00	100.00	Financial transactions and
Lusosider Projectos Siderúrgicos S.A.	99.99	99.99	Equity interests
Lusosider Aços Planos, S. A.	99.99	99.98	Steel and equity interest
CSN Acquisitions, Ltd.	100.00	100.00	Financial transactions and
CSN Resources S.A.	100.00	100.00	Financial transactions and
CSN Holdings (UK) Ltd	100.00	100.00	Financial transactions and
CSN Handel GmbH	100.00	100.00	Financial transactions, p
Companhia Brasileira de Latas	99.99	59.17	Sale of cans and contain
Rimet Empreendimentos Industriais e Comerciais S. A.	99.99	58.96	Production and sale of s
Companhia de Embalagens Metálicas MMSA	99.66	58.98	Production and sale of c
Empresa de Embalagens Metálicas - LBM Ltda. (2)		58.98	Sales of containers and
Empresa de Embalagens Metálicas - MUD Ltda. (2)		58.98	Production and sale of h
Companhia de Embalagens Metálicas - MTM do Nordeste	99.66	58.98	Production and sale of c
Companhia de Embalagens Metálicas - MTM	99.66	58.98	Production and sale of c
CSN Steel Comercializadora, S.L.U.	100.00	100.00	Financial transactions, p
CSN Steel Holdings 1, S.L.U.	100.00	100.00	Financial transactions, p
CSN Steel Holdings 2, S.L.U.	100.00	100.00	Financial transactions, p
Stalhwert Thüringen GmbH	100.00	100.00	Production and sale of l
CSN Steel Sections UK Limited	100.00	100.00	Dormant company
CSN Steel Sections Czech Republic s.r.o. (3)		100.00	Financial transactions, p
CSN Steel Sections Polska Sp.Z.o.o	100.00	100.00	Financial transactions, p
CSN Asia Limited (4)	100.00		Commercial representat

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

Itá Energética S.A.	48.75	48.75	Electric power generatio
CGPAR - Construção Pesada S.A.	50.00	50.00	Mining support services
Consórcio da Usina Hidrelétrica de Igarapava	17.92	17.92	Electric power consorciu

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

Nacional Minérios S.A.	60.00	60.00	Mining and equity intere
MRS Logística S.A.	27.27	27.27	Railroad transportation
Aceros Del Orinoco S.A. (5)	31.82	22.73	Dormant company
CBSI - Companhia Brasileira de Serviços de Infraestrutura	50.00	50.00	Provision of services
Transnordestina Logística S.A.	62.68	77.30	Railroad logistics

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

Namisa International Minérios SLU	60.00	60.00	Financial transactions, p
Namisa Europe, Unipessoal Lda.	60.00	60.00	Equity interests and sale
Namisa Handel GmbH	60.00	60.00	Financial transactions, p
MRS Logística S.A.	6.00	6.00	Railroad transportation
Aceros Del Orinoco S.A. (5)		9.08	Dormant company
Namisa Asia Limited (6)	60.00		Commercial representat

**Direct interest in associates: equity method**

Arvedi Metalfer do Brasil S.A.	20.00	20.00	Steel and equity interest
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- (1) Company liquidated on August 5, 2014.
- (2) Companies merged into Companhia de Embalagens Metálicas MMSA on July 31, 2014.
- (3) Company liquidated on May 27, 2014.
- (4) Company established on June 30, 2014.
- (5) Transfer to CSN of the rights to subscribe to the shares of Aceros del Orinoco S. A. held by CSN Aceros, S.A.
- (6) Company established on July 10, 2014.

- **Exclusive funds**

Exclusive funds	Equity interests (%)		Core business
	09/30/2014	12/31/2013	
Direct interest: full consolidation			
Diplic - Private credit balanced mutual fund	100.00	100.00	Investment fund
Mugen - Private credit balanced mutual fund	100.00	100.00	Investment fund
Caixa Vértice - Private credit balanced mutual fund	100.00	100.00	Investment fund

### 3. CASH AND CASH EQUIVALENTS

	<b>09/30/2014</b>	<b>Consolidated 12/31/2013</b>	<b>09/30/2014</b>	<b>Parent Company 12/31/2013</b>
<b>Current</b>				
<b>Cash and cash equivalents</b>				
<b>Cash and banks</b>	<b>188,351</b>	<b>178,920</b>	<b>14,989</b>	<b>36,553</b>
<b>Short-term investments</b>				
<b>In Brazil:</b>				
Government securities	191,146	48,206	139,573	42,575
Private securities	422,102	240,852	293,107	57,564
	<b>613,248</b>	<b>289,058</b>	<b>432,680</b>	<b>100,139</b>
<b>Abroad:</b>				
Time deposits	8,169,763	9,527,694	29,613	69,932

<b>Total short-term investments</b>	<b>8,783,011</b>	<b>9,816,752</b>	<b>462,293</b>	<b>170,071</b>
<b>Cash and cash equivalents</b>	<b>8,971,362</b>	<b>9,995,672</b>	<b>477,282</b>	<b>206,624</b>

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

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

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

**4. TRADE RECEIVABLES**

	<b>Consolidated</b>		<b>Parent Company</b>	
	<b>09/30/2014</b>	<b>12/31/2013</b>	<b>09/30/2014</b>	<b>12/31/2013</b>
<b>Trade receivables</b>				
<b>Third parties</b>				
Domestic market	786,854	790,225	430,687	545,927
Foreign market	639,403	950,145	57,502	80,434
Estimated losses on doubtful debts	(125,055)	(114,172)	(97,850)	(88,518)
	<b>1,301,202</b>	<b>1,626,198</b>	<b>390,339</b>	<b>537,843</b>
Related parties (Note 17 - b)	<b>105,107</b>	<b>107,443</b>	<b>660,030</b>	<b>632,645</b>
	<b>1,406,309</b>	<b>1,733,641</b>	<b>1,050,369</b>	<b>1,170,488</b>
<b>Other receivables</b>				
Dividends receivable (*) (Note 17 - b)	31,535	717,595	104,552	774,147
Employees liabilities	27,093	35,267	17,953	22,237
Other receivables	23,015	35,962	16,200	25,832
	<b>81,643</b>	<b>788,824</b>	<b>138,705</b>	<b>822,216</b>
	<b>1,487,952</b>	<b>2,522,465</b>	<b>1,189,074</b>	<b>1,992,704</b>

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

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

	<b>Consolidated</b>		<b>Parent Company</b>	
	<b>09/30/2014</b>	<b>12/31/2013</b>	<b>09/30/2014</b>	<b>12/31/2013</b>
Falling due	1,144,459	1,339,481	328,281	373,190
Overdue until 180 days	156,294	216,392	58,067	90,165
Overdue above 180 days	125,504	184,497	101,841	163,006
	<b>1,426,257</b>	<b>1,740,370</b>	<b>488,189</b>	<b>626,361</b>

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

with common relationship, where CSN assigns the trade notes/bills that it issues to the banks with common relationship.

Due to the characteristics of the transactions for assignment of receivables without co-obligation, after assignment of the customer's trade notes/bills and receipt of the funds from the closing of each transaction, CSN settles the trade receivables and becomes entirely free of the credit risk on the transaction. This transaction totals R\$252,010 as of September 30, 2014 (R\$386,732 as of December 31, 2013), less the trade receivables.

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

	<b>Consolidated</b>		<b>Parent Company</b>	
	<b>09/30/2014</b>	<b>12/31/2013</b>	<b>09/30/2014</b>	<b>12/31/2013</b>
<b>Opening balance</b>	<b>(114,172)</b>	<b>(111,532)</b>	<b>(88,518)</b>	<b>(86,391)</b>
Allowance for losses on trade receivables	(15,936)	(17,988)	(13,093)	(13,902)
Recovery of receivables	5,053	15,348	3,761	11,775
<b>Closing balance</b>	<b>(125,055)</b>	<b>(114,172)</b>	<b>(97,850)</b>	<b>(88,518)</b>



**5. INVENTORIES**

	<b>Consolidated</b>		<b>Parent Company</b>	
	<b>09/30/2014</b>	<b>12/31/2013</b>	<b>09/30/2014</b>	<b>12/31/2013</b>
Finished products	1,177,260	743,831	972,303	529,068
Work in process	900,382	650,311	767,061	550,227
Raw materials	731,583	714,365	382,034	436,283
Storeroom supplies	986,354	1,003,473	859,645	877,944
Iron ore	160,571	139,275	160,571	139,275
Advances to suppliers	6,669	11,915	5,627	9,859
(-) Estimated losses	(106,435)	(102,185)	(83,173)	(83,426)
	<b>3,856,384</b>	<b>3,160,985</b>	<b>3,064,068</b>	<b>2,459,230</b>

Changes in the allowance for inventory losses are as follows:

	<b>Consolidated</b>		<b>Parent Company</b>	
	<b>09/30/2014</b>	<b>12/31/2013</b>	<b>09/30/2014</b>	<b>12/31/2013</b>
<b>Opening balance</b>	<b>(102,185)</b>	<b>(108,160)</b>	<b>(83,426)</b>	<b>(90,344)</b>
Allowance for/reversals of slow-moving inventories and obsolescence	(4,250)	5,975	253	6,918
<b>Closing balance</b>	<b>(106,435)</b>	<b>(102,185)</b>	<b>(83,173)</b>	<b>(83,426)</b>

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

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

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

	<b>Current</b>		<b>Consolidated Non-current</b>		<b>Cur</b>
	<b>09/30/2014</b>	<b>12/31/2013</b>	<b>09/30/2014</b>	<b>12/31/2013</b>	<b>09/30/2014</b>
Judicial deposits (Note 15)			546,071	693,714	
Credits with the PGFN (*)			79,394	88,921	
Recoverable taxes (**)	518,717	480,495	162,825	112,788	361,400
Prepaid expenses	27,436	37,369	34,495	38,117	15,076
Actuarial asset - related party (Note 17 b)			97,051	97,051	
Derivative financial instruments (Note 11 I)	147,075	9,681		3,879	
Securities held for trading (Note 11 I)	20,390	9,906			13,976
Ore inventory (Note 5)			144,483	144,483	
Northeast Investment Fund (FINOR)			8,452	8,452	
Other receivables (Note 11 I)			893	9,970	
Loans with related parties (Note 17 b)	533,182	147,273	99,522	603,862	112,643
Other receivables from related parties (Note 17 b)	14,982	15,658	11,655	18,129	21,575
Other	19,910	22,538	14,836	15,959	
	<b>1,281,692</b>	<b>722,920</b>	<b>1,199,677</b>	<b>1,835,325</b>	<b>524,670</b>

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

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

## 7. INVESTMENTS

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

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

Companies	Number of		% Direct equity interest	Assets	Liabilities	Shareholders'	09/30/2014
	shares held by CSN in units)						Profit (loss)
	Common	Preferred					for the period
Subsidiaries							
CSN Islands VII Corp.	20,001,000		100.00	7,158,114	7,608,217	(450,103)	245,117
CSN Islands VIII Corp.	2,501,000		100.00				(183)
CSN Islands IX Corp.	3,000,000		100.00	1,002,577	1,000,741	1,836	(133)
CSN Islands X Corp.	1,000		100.00	20	56,471	(56,451)	(3,659)
CSN Islands XI Corp.	50,000		100.00	1,848,018	1,839,933	8,085	145
CSN Islands XII Corp.	1,540		100.00	1,865,675	2,452,931	(587,256)	(111,941)
International Investment Fund							

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CSN Minerals S.L.U.	131,649,926		100.00	4,349,141	264	4,348,877	(208,053)
CSN Export Europe, S.L.U.	35,924,748		100.00	962,759	65	962,694	20,850
CSN Metals S.L.U.	256,951,582		100.00	1,508,789	885	1,507,904	58,579
CSN Americas S.L.U.	151,877,946		100.00	1,965,792	1,545	1,964,247	(36,237)
CSN Steel S.L.U.	454,072,527		100.00	2,634,551	424,651	2,209,900	(23,320)
Sepetiba Tecon S.A.	254,015,052		99.99	369,608	133,942	235,666	16,524
Mineração Nacional S.A.	999,999		99.99	1,090	18	1,072	59
Florestal Nacional S.A.							
Estanho de Rondônia S.A.	34,236,306		99.99	33,528	18,573	14,955	(9,537)
Cia Metalic Nordeste	92,459,582		99.99	183,717	42,405	141,312	196
Companhia Metalúrgica Prada	675,317		99.99	640,778	451,811	188,967	(74,332)
CSN Cimentos S.A.	3,734,582,665		100.00	1,066,198	89,330	976,868	66,619
Congonhas Minérios S.A.	64,610,862		99.99	2,058,113	2,070,958	(12,845)	(4,662)
CSN Energia S.A.	43,149		99.99	101,261	19,785	81,476	61,909
FTL - Ferrovia Transnordestina Logística S.A.	306,241,571		88.41	560,400	260,217	300,183	(2,397)
Companhia Florestal do Brasil	21,120,514		99.99	29,057	8,075	20,982	(70)
<b>Jointly controlled entities</b>							
Nacional Minérios S.A.	285,040,443		60.00	9,890,522	626,543	9,263,979	432,646
Itá Energética S.A.	253,606,842		48.75	316,841	14,113	302,728	2,609
MRS Logística S.A.	52,414,152	40,301,916	27.27	1,908,129	1,128,347	779,782	82,396
CBSI - Companhia Brasileira de Serviços de Infraestrutura	1,876,146		50.00	22,642	19,546	3,096	(84)
CGPAR - Construção	50,000		50.00	66,850	57,675	9,175	9,115

Pesada S.A.							
Transnordestina	22,714,245	1,397,545	62.68	4,073,546	2,767,640	1,305,906	(19,209)
Logística S.A.							
<b>Associates</b>							
Arvedi Metalfer	27,239,971		20.00	58,810	39,659	19,151	(1,624)
do Brasil							

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

**b) Events in 2013 and in the third quarter of 2014**

- Transnordestina Logística S.A. ("TLSA")

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

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

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

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

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

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

With the completion of the spin-off, the new Shareholders' Agreement became effective and control is now jointly held with the shareholders part of the public block, which became the holders of substantive rights to

make certain material company decisions and influence the ordinary course of business, as well as CSN, by influencing budgeting, internal policies, capital expenditures, debt, etc., thus typifying the loss of control by CSN, pursuant to specific IFRS criteria.

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

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

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

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

- Companhia Metalúrgica Prada ("Prada")

On August 1, 2014, Prada subscribed 10,820,723,155 common shares in its subsidiary Companhia Brasileira de Latas ("CBL"), which were paid up through capitalization of receivables from Advances for Future Capital Increase held against CBL in the amount of R\$108,207. Due to this increase, Prada's interest increased from 59.17% to 95.55% of CBL's total capital.

On August 28, 2014, Prada acquired all of the shares issued by CBL held by the minority shareholders representing 4.45% of the capital for R\$5, becoming the holder of a 100% interest in CBL's capital.

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

	<b>Consolidated</b>		<b>Parent Company</b>	
	<b>09/30/2014</b>	<b>12/31/2013</b>	<b>09/30/2014</b>	<b>12/31/2013</b>
<b>Opening balance of investments</b>	<b>13,487,023</b>	<b>10,839,787</b>	<b>27,005,592</b>	<b>23,356,506</b>
<b>Opening balance of impairment loss allowance</b>			<b>(1,231,511)</b>	<b>(851,298)</b>
Transnordestina Investment balance at 12.31.2012		1,452,074		
Capital increase/acquisition of shares	10,147	164,941	41,874	654,692
Capital reduction		(153,305)		
Merger and partial spin-off of subsidiaries				132,725
Dividends (1)	453,611	(85,998)	386,163	(139,887)
Comprehensive income (2)	(1,239,304)	73,213	(1,324,355)	456,978
Share of profits of investees (3)	492,718	542,711	471,007	1,502,450
Gain on loss of control over Transnordestina		659,106		659,106
Other	(3)	(5,506)		2,809
<b>Closing balance of investments</b>	<b>13,204,192</b>	<b>13,487,023</b>	<b>26,455,426</b>	<b>27,005,592</b>
<b>Closing balance of impairment loss allowance</b>			<b>(1,106,656)</b>	<b>(1,231,511)</b>



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

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

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

	<b>09/30/2014</b>	<b>Consolidated 12/31/2013</b>
<b>Share of profit of jointly controlled entities</b>	<b>492,718</b>	<b>542,711</b>
<b>Reclassifications</b>		
To cost of sales	(124,944)	(137,418)
To finance costs	(493,282)	(624,096)
To taxes	210,197	258,914
<b>Other</b>		
Elimination of Transnordestina's profit		120,102
Other		(2,075)
<b>Adjusted share of profit of investees</b>	<b>84,689</b>	<b>158,138</b>

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

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

	09/30/2014							
	Nacional Minérios (*)	Itá Energética	MRS Logística	CBSI	CGPAR	Transnordestina Logística	Nacional Minérios (*)	Itá Energética
<b>Equity interest (%)</b>	<b>60.00%</b>	<b>48.75%</b>	<b>27.27%</b>	<b>50.00%</b>	<b>50.00%</b>	<b>62.68%</b>	<b>60.00%</b>	<b>48.75%</b>
<b>Balance sheet</b>								
<b>Current assets</b>								
Cash and cash equivalents	5,089,351	25,009	345,058	1,844	30,124	687,648	4,815,211	45,000
Other current assets	925,789	15,044	603,513	36,996	32,903	50,862	1,135,192	16,000
<b>Total current assets</b>	<b>6,015,140</b>	<b>40,053</b>	<b>948,571</b>	<b>38,840</b>	<b>63,027</b>	<b>738,510</b>	<b>5,950,403</b>	<b>62,000</b>
<b>Non-current assets</b>								
Long-term assets	9,052,009	32,883	448,238	83	35	247,264	8,391,119	34,000
Investments, PP&E and intangible assets	1,410,426	576,994	5,600,516	6,360	70,637	5,513,602	1,356,909	603,000
<b>Total non-current assets</b>	<b>10,462,435</b>	<b>609,877</b>	<b>6,048,754</b>	<b>6,443</b>	<b>70,672</b>	<b>5,760,866</b>	<b>9,748,028</b>	<b>637,000</b>
<b>Total assets</b>	<b>16,477,575</b>	<b>649,930</b>	<b>6,997,325</b>	<b>45,283</b>	<b>133,699</b>	<b>6,499,376</b>	<b>15,698,431</b>	<b>699,000</b>

<b>Current liabilities</b>								
Borrowings and financing	383,497		363,272		27,601	164,841	42,247	
Other current liabilities	297,602	28,949	787,715	34,657	46,699	90,946	1,318,884	35,000
<b>Total current liabilities</b>	<b>681,099</b>	<b>28,949</b>	<b>1,150,987</b>	<b>34,657</b>	<b>74,300</b>	<b>255,787</b>	<b>1,361,131</b>	<b>35,000</b>
<b>Non-current liabilities</b>								
Borrowings and financing	30,695		2,556,288		41,050	4,156,777	339,961	
Other non-current liabilities	325,816		430,501	4,434		3,229	86,694	1,000
<b>Total non-current liabilities</b>	<b>356,511</b>		<b>2,986,789</b>	<b>4,434</b>	<b>41,050</b>	<b>4,160,006</b>	<b>426,655</b>	<b>1,000</b>
<b>Shareholders' equity</b>	<b>15,439,965</b>	<b>620,981</b>	<b>2,859,549</b>	<b>6,192</b>	<b>18,349</b>	<b>2,083,583</b>	<b>13,910,645</b>	<b>662,000</b>
<b>Total liabilities and shareholders' equity</b>	<b>16,477,575</b>	<b>649,930</b>	<b>6,997,325</b>	<b>45,283</b>	<b>133,699</b>	<b>6,499,376</b>	<b>15,698,431</b>	<b>699,000</b>

	01/01/2014 to 09/30/2014							
	Nacional Minérios (*)	Itá Energética	MRS Logística	CBSI	CGPAR Transnordestina Logística		Nacional Minérios (*)	Energética
<b>Equity interest (%)</b>	<b>60.00%</b>	<b>48.75%</b>	<b>27.27%</b>	<b>50.00%</b>	<b>50.00%</b>		<b>60.00%</b>	<b>48.75%</b>
<b>Statements of Income</b>								
Net revenue	1,218,791	104,222	2,320,733	111,898	204,572	14	1,873,759	111,898
Cost of sales and services	(970,154)	(64,304)	(1,563,603)	(105,780)	(171,723)		(1,026,348)	(58,200)
Gross profit	248,637	39,918	757,130	6,118	32,849	14	847,411	53,698
Operating (expenses) income	(169,508)	(34,295)	(187,972)	(6,397)	(3,192)	(19,345)	(178,363)	(33,000)
Finance income (costs), net	1,058,652	2,562	(109,858)	170	(899)	(11,318)	1,150,359	170
Income before income tax and social contribution	1,137,781	8,185	459,300	(109)	28,758	(30,649)	1,819,407	20,668

Current and  
deferred  
income tax and  
social  
contribution

**Profit for the  
period**

(416,704)	(2,832)	(157,146)	(59)	(10,529)		(488,297)	(7,0
<b>721,077</b>	<b>5,353</b>	<b>302,154</b>	<b>(168)</b>	<b>18,229</b>	<b>(30,649)</b>	<b>1,331,110</b>	<b>13,</b>

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

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

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## 8. PROPERTY, PLANT AND EQUIPMENT

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

	Consolidated					
	Land	Buildings and infrastructure	Machinery equipment and facilities	Furniture and fixtures	Construction in progress	Other (*)
<b>Balance at December 31, 2013</b>	<b>213,301</b>	<b>1,826,519</b>	<b>7,782,833</b>	<b>34,127</b>	<b>1,625,011</b>	<b>14,911,426</b>
Cost	213,301	2,196,994	12,968,200	51,477	1,637,845	20,929,454
Accumulated depreciation		(370,475)	(5,185,367)	(7,352)	(344,834)	(6,018,028)
<b>Balance at December 31, 2013</b>	<b>213,301</b>	<b>1,826,519</b>	<b>7,782,833</b>	<b>34,127</b>	<b>1,625,011</b>	<b>14,911,426</b>
Effect of foreign exchange differences	(2,085)	(5,911)	(19,896)	(142)	(625)	379
Acquisitions	52	986	223,744	4,839	27,205	359
Capitalized interest (Notes 23 and 29)					123,755	
Write-offs	(49)	(109)	(6,936)	(12)	(5,701)	(128)
Depreciation		(57,532)	(814,183)	(4,926)	(25,929)	
Transfers to other asset categories	3,127	532,670	2,977,328	1,052	24,127	9,983
Transfers to intangible assets					(86,381)	(922)
Other			89,960	(30,281)	(4,343)	
<b>Balance at September 30, 2014</b>	<b>214,346</b>	<b>2,296,623</b>	<b>10,232,850</b>	<b>34,902</b>	<b>1,775,477</b>	<b>15,341,609</b>
Cost	214,346	2,725,507	16,186,651	55,202	1,752,413	22,210,094
Accumulated depreciation		(428,884)	(5,953,801)	(20,297)	(365,003)	(6,868,485)
<b>Balance at September 30, 2014</b>	<b>214,346</b>	<b>2,296,623</b>	<b>10,232,850</b>	<b>34,902</b>	<b>1,775,477</b>	<b>15,341,609</b>

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

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					Parent Company	
	Land and infrastructure	Buildings and facilities	Machinery, equipment and fixtures	Furniture and fixtures	Construction in progress	Other (*)
<b>Balance at December 31, 2013</b>	<b>107,425,222</b>	<b>6,355,738</b>	<b>26,409</b>	<b>4,345,142</b>	<b>358,109</b>	<b>12,400,000</b>
Cost	107,425,222	6,355,738	26,409	4,345,142	358,109	12,400,000
Accumulated depreciation	(164,791)	(4,068,100)	(103,521)		(109,372)	(4,440,000)
<b>Balance at December 31, 2013</b>	<b>107,425,222</b>	<b>6,355,738</b>	<b>26,409</b>	<b>4,345,142</b>	<b>358,109</b>	<b>12,400,000</b>
Acquisitions	280	179,017	4,275	880,553	28,268	1,000,000
Capitalized interest (Notes 23 and 29)				123,755		12,000,000
Write-offs		(6,263)	(6)	(5,700)	(1)	(1,000,000)
Depreciation	(35,700)	(692,907)	(3,535)		(9,200)	(740,000)
Transfers to other asset categories	2,526,490	2,725,854	918	(3,081,981)	(173,987)	
Transfers to intangible assets				(85,701)		(8,000,000)
Other		110,351	2	(27,080)	(15,196)	6,000,000
<b>Balance at September 30, 2014</b>	<b>110,786,292</b>	<b>8,671,790</b>	<b>28,063</b>	<b>2,148,988</b>	<b>187,993</b>	<b>12,800,000</b>
Cost	110,786,292	8,671,790	28,063	2,148,988	187,993	12,800,000
Accumulated depreciation	(202,564)	(4,739,520)	(105,922)		(116,352)	(5,160,000)
<b>Balance at September 30, 2014</b>	<b>110,786,292</b>	<b>8,671,790</b>	<b>28,063</b>	<b>2,148,988</b>	<b>187,993</b>	<b>12,800,000</b>

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





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

	<b>Project objective</b>	<b>Start date</b>	<b>Completion date</b>		<b>9/30/2014</b>	<b>Consolidated 12/31/2013</b>
<b>Logistics</b>	Equalization of Berth 301.	2012	2014			151,932
	Current investments for maintenance of current operations.				70,531	231,832
					<b>70,531</b>	<b>383,764</b>
<b>Mining</b>	Expansion of Casa de Pedra Mine capacity production.	2007	2015/2016	(1)	524,515	1,090,568
	Expansion of TECAR's export capacity.	2009	2017	(2)	419,264	404,374
	Current investments for maintenance of current operations.				65,941	42,866
					<b>1,009,720</b>	<b>1,537,808</b>
<b>Steel</b>	Construction of a long steel plant to produce rebar and machine wire.	2008	2014	(3)	149,855	1,592,016
	Implementation of the AF#3's gas pressure recovery.	2006	2014		336	74,337
	Expansion of the service center/Mogi.	2013	2015	(4)	32,058	11,000
	Current investments for maintenance of current				119,061	668,495

	operations.				<b>301,310</b>	<b>2,345,848</b>
<b>Cement</b>						
	Construction of cement plants.	2011	2016	(5)	886,413	476,076
	Current investments for maintenance of current operations.				7,498	28,139
					<b>893,911</b>	<b>504,215</b>
<b>Total Construction in Progress</b>					<b>2,275,472</b>	<b>4,771,635</b>

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

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

(3) Operations started in the first half of 2014, in progress disbursements with commitment balances and gradual increase of the operation ramp-up.

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

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

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

	Nine-month period ended		Three-month period ended
	9/30/2014	9/30/2013	9/30/2014
Production cost	889,896	804,255	320,077
Selling expenses	6,755	6,208	2,308
General and administrative expenses	10,688	12,257	3,360
	<b>907,339</b>	<b>822,720</b>	<b>325,745</b>
Other operating expenses (*)	27,216	46,164	8,657
	<b>934,555</b>	<b>868,884</b>	<b>334,402</b>

	Nine-month period ended		Three-month period ended
	9/30/2014	9/30/2013	9/30/2014
Production cost	734,750	666,414	266,327
Selling expenses	5,162	4,818	1,773
General and administrative expenses	7,018	6,421	2,152
	<b>746,930</b>	<b>677,653</b>	<b>270,252</b>
Other operating expenses (*)	714	21,320	
	<b>747,644</b>	<b>698,973</b>	<b>270,252</b>

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

## 9. INTANGIBLE ASSETS

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

	Consolidated						
	Goodwill	Customer relations	Software	Rights and permits (*)	Other	Total	Goodwill
<b>Balance at December 31, 2013</b>	<b>407,434</b>	<b>381,480</b>	<b>67,354</b>		<b>109,172</b>	<b>965,440</b>	<b>13,091</b>
Cost	666,768	415,899	107,416		109,172	1,299,255	14,135
Accumulated amortization	(150,004)	(34,419)	(40,062)			(224,485)	(1,044)
Adjustment for accumulated recoverable value	(109,330)					(109,330)	
<b>Balance at December 31, 2013</b>	<b>407,434</b>	<b>381,480</b>	<b>67,354</b>		<b>109,172</b>	<b>965,440</b>	<b>13,091</b>
Effect of foreign exchange differences		(15,437)	(29)		(4,435)	(19,901)	
Acquisitions and expenditures			610			610	
Transfer of property, plant and equipment			17,608	69,695		87,303	
Amortization		(24,830)	(7,155)			(31,985)	
Other transactions			114			114	
<b>Balance at September 30, 2014</b>	<b>407,434</b>	<b>341,213</b>	<b>78,502</b>	<b>69,695</b>	<b>104,737</b>	<b>1,001,581</b>	<b>13,091</b>
Cost	666,768	398,999	147,615	69,695	104,737	1,387,814	14,135
Accumulated amortization	(150,004)	(57,786)	(69,113)			(276,903)	(1,044)
Adjustment for accumulated recoverable value	(109,330)					(109,330)	
<b>Balance at September 30, 2014</b>	<b>407,434</b>	<b>341,213</b>	<b>78,502</b>	<b>69,695</b>	<b>104,737</b>	<b>1,001,581</b>	<b>13,091</b>

(\*) Refers to investments in the acquisition of the right to expand the Casa de Pedra mine to 40Mpta.

**10. BORROWINGS, FINANCING AND DEBENTURES**

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

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

		Consolidated				
	Rates p.a. (%)	Current liabilities		Non-current liabilities		Current liabilities
		9/30/2014	12/31/2013	9/30/2014	12/31/2013	9/30/2014 12/31/2013
FOREIGN CURRENCY						
Prepayment	1% to 3.50%	55,587	105,874	1,933,009	1,166,615	52,711
Prepayment	3.51% to 7.50%	268,551	207,331	1,580,895	1,276,717	139,039
Perpetual bonds	7.00%	3,336	3,189	2,451,000	2,342,600	
Fixed rate notes	4.14 to 10%	1,039,521	156,868	4,719,437	5,505,110	1,129,411
BNDES/FINAME			12,356			
Intercompany	6M Libor + 2.25 and 3%					62,801
Other	1.2% up to 8%	136,574	49,306	371,448	442,843	49,484
		1,503,569	534,924	11,055,789	10,733,885	1,433,446
LOCAL CURRENCY						
		80,584	97,044	969,406	962,684	41,856
BNDES/FINAME	TJLP + 1.5% to 3.2% and 2.5% to 10% fixed rate	811,199	846,387	1,550,000	1,932,500	811,199
Debentures	105.8% to 111.20% CDI	179,998	101,330	5,345,000	5,345,000	94,444
Prepayment	106.5% to 110.79% CDI and 8% fixed rate	1,099,393	1,085,436	6,200,218	6,200,000	1,099,393
CCB	112.5% CDI					130,288
Intercompany	110.79% CDI	7,656	8,527	13,990	15,505	2,178
Other		2,178,830	2,138,724	14,078,614	14,455,689	2,179,358
Total borrowings and financing		3,682,399	2,673,648	25,134,403	25,189,574	3,612,804
Transaction costs and issue premiums		(24,680)	(30,841)	(73,291)	(85,951)	(19,166)
Total borrowings and financing + transaction costs		3,657,719	2,642,807	25,061,112	25,103,623	3,593,638

The balances of prepaid related parties borrowings total R\$4,641,837 as of September 30, 2014 (R\$2,943,964 as of December 31, 2013) and the balances of Fixed Rate Notes and related parties Bonds total R\$2,600,011 (R\$2,452,956 as of December 31, 2013), see note 17.

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

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

		<b>Consolidated</b>		<b>Parent Company</b>
2015	1,317,537	5%	1,362,970	6%
2016	2,549,840	10%	3,856,694	16%
2017	3,857,024	15%	3,670,987	15%
2018	4,214,239	17%	3,872,641	16%
2019	5,336,259	21%	3,954,622	16%
After 2019	5,408,504	22%	7,431,842	31%
Perpetual bonds	2,451,000	10%		
	<b>25,134,403</b>	<b>100%</b>	<b>24,149,756</b>	<b>100%</b>

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- Amortizations and new borrowings, financing and debentures**

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

		<b>Consolidated</b>		<b>Parent Company</b>
	<b>9/30/2014</b>	<b>12/31/2013</b>	<b>9/30/2014</b>	<b>12/31/2013</b>
<b>Opening balance</b>	<b>27,746,430</b>	<b>29,304,704</b>	<b>25,249,354</b>	<b>24,139,992</b>
Funding	1,630,664	1,697,363	2,892,640	1,363,253
Amortization	(3,278,616)	(4,300,240)	(2,985,970)	(3,991,884)
Loss of control over Transnordestina		(3,180,821)		
Other (*)	2,620,353	4,225,424	2,524,550	3,737,993
<b>Closing balance</b>	<b>28,718,831</b>	<b>27,746,430</b>	<b>27,680,574</b>	<b>25,249,354</b>

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

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

- Debentures**

#### **7th issue**

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

- **Guarantees provided**

Guarantees provided for the borrowings comprise property, plant and equipment items and sureties and do not include guarantees provided for subsidiaries and jointly controlled entities. As of September 30, 2014, the amount is R\$3,266 (R\$4,234 as of December 31, 2013).

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## 11. FINANCIAL INSTRUMENTS

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

### I - Identification and measurement of financial instruments

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

- Classification of financial instruments**

Consolidated	Notes	Available for sale	Fair value through profit or loss	Loans and receivables - effective interest rate	Other liabilities - amortized cost method	9/30/2014	
						Balances	Available for sale
<b>Assets</b>							
<b>Current assets</b>							
Cash and cash equivalents	3			8,971,362		8,971,362	
Trade receivables, net	4			1,406,309		1,406,309	
Derivative financial instruments	6		147,075			147,075	
Trading securities	6		20,390			20,390	
<b>Total</b>			<b>167,465</b>	<b>10,377,671</b>		<b>10,545,136</b>	
<b>Non-current assets</b>							
Other trade receivables	6			893		893	
Investments		1,171,667				1,171,667	2,405,174

Derivative financial instruments	6						
Short-term investments				32,539	32,539		
<b>Total</b>		<b>1,171,667</b>		<b>33,432</b>	<b>1,205,099</b>	<b>2,405,174</b>	
<b>Total assets</b>		<b>1,171,667</b>	<b>167,465</b>	<b>10,411,103</b>	<b>11,750,235</b>	<b>2,405,174</b>	<b>23</b>
<b>Liabilities</b>							
<b>Current liabilities</b>							
Borrowings and financing	10			3,682,399	3,682,399		
Derivative financial instruments	12		17,088		17,088		
Trade payables				1,469,748	1,469,748		
<b>Total</b>			<b>17,088</b>	<b>5,152,147</b>	<b>5,169,235</b>		
<b>Non-current liabilities</b>							
Borrowings and financing	10			25,134,403	25,134,403		
Derivative financial instruments	12		17,827		17,827		
<b>Total</b>			<b>17,827</b>	<b>25,134,403</b>	<b>25,152,230</b>		
<b>Total liabilities</b>			<b>34,915</b>	<b>30,286,550</b>	<b>30,321,465</b>		<b>24</b>

- Fair value measurement**

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

Consolidated	9/30/2014			12/31/2013		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
<b>Assets</b>						
<b>Current assets</b>						
<b>Financial assets at fair value through profit or loss</b>						
Derivative financial instruments		147,075			9,681	
Trading securities	20,390			9,906		
<b>Non-current assets</b>						
<b>Available-for-sale financial assets</b>						
Investments	1,171,667			2,405,174		
<b>Financial assets at fair value through profit or loss</b>						
Derivative financial instruments					3,879	
<b>Total assets</b>	<b>1,192,057</b>	<b>147,075</b>		<b>2,415,080</b>	<b>13,560</b>	
<b>Liabilities</b>						
<b>Current liabilities</b>						
<b>Financial liabilities at fair value through profit or loss</b>						
Derivative financial instruments		17,088			6,822	
<b>Non-current liabilities</b>						
<b>Financial liabilities at fair value through profit or loss</b>						
Derivative financial instruments		17,827			17,375	
<b>Total liabilities</b>		<b>34,915</b>			<b>24,197</b>	

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

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

***Impairment of financial assets classified as available for sale***

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

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

On June 30, 2014 and 2013, there was a decline in the quotation of the common shares (USIM3) which, according to the Company's accounting policy, generated a loss of R\$34,396 and R\$3,302, net of income tax and social contribution, and R\$52,115 and R\$5,002 were recorded in other operating expenses and R\$17,719 and R\$1,701 in deferred taxes, respectively.

On September 30, 2014, after a new decline in the quotation of the common shares (USIM3) in relation to the quotation of June 30, 2014, the Company reclassified the accumulated losses for the quarter recognized in other comprehensive income, in the amount of R\$13,193, net of income tax and social contribution, to profit or loss for the period, in the amount of R\$19,989 in other operating expenses and R\$6,796 in deferred taxes, totaling in 2014 R\$72,104 in other operating expenses and R\$24,515 in deferred taxes.



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

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

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

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

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

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

		9/30/2014		12/31/2013	
	Carrying amount	Fair value	Carrying amount	Fair value	
Perpetual bonds	2,454,336	2,225,003	2,345,789	1,938,780	
Fixed Rate Notes	5,758,958	6,024,515	5,661,978	6,032,207	

### IV Financial risk management policy

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

- **Foreign exchange exposure**

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

		<b>9/30/2014</b>
<b>Foreign Exchange Exposure</b>	<b>(Amounts in US\$'000)</b>	<b>(Amounts in €'000)</b>
Cash and cash equivalents overseas	3,358,639	2,466
Trade receivables - foreign market	184,734	9,135
Related parties borrowings	154,549	79,778
Other assets	128	9,154
<b>Total assets</b>	<b>3,698,050</b>	<b>100,533</b>
Borrowings and financing	(4,928,517)	(119,968)
Trade payables	(216,184)	(5,931)
Other liabilities	(15,578)	(23,700)
Related parties borrowings	(34,537)	
<b>Total liabilities</b>	<b>(5,194,816)</b>	<b>(149,599)</b>
<b>Gross exposure</b>	<b>(1,496,766)</b>	<b>(49,066)</b>
Notional amount of derivatives contracted (*)	1,508,000	(90,000)
<b>Net exposure</b>	<b>11,234</b>	<b>(139,066)</b>

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- Exchange swap transactions

Counterparties	Transaction maturity	Functional currency	Notional amount	Appreciation (R\$)		9/30/2014 Fair value (market)	Notional amount	Appreciation	
				Asset position	Liability position	Amounts receivable/ (payable)		Asset position	Liability position
<i>Santander</i>	02/01/15	US dollar	10,000	27,911	(24,405)	3,506	10,000	26,512	(3,506)
<i>Deutsche</i>	11/10/14	US dollar	20,000	49,389	(50,812)	(1,423)			
<i>Goldman Sachs</i>		US dollar					10,000	23,697	(13,697)
<i>HSBC</i>		US dollar					90,000	213,306	(123,306)
<b>Total dollar-to-CDI swap</b>			<b>30,000</b>	<b>77,300</b>	<b>(75,217)</b>	<b>2,083</b>	<b>110,000</b>	<b>263,515</b>	<b>(161,515)</b>
<i>Itaú BBA</i>	10/1/2014 to 1/6/2015	US dollar	518,000	1,264,679	(1,213,179)	51,500	85,000	199,753	(148,253)
<i>Itaú BBA</i>	2/12/2014 to 1/30/2015	US dollar	80,000	195,127	(198,119)	(2,992)			
<i>HSBC</i>	10/1/2014 to 1/6/2015	US dollar	490,000	1,196,224	(1,143,365)	52,859	208,000	488,843	(280,843)
<i>HSBC</i>	12/2/2014 to 1/30/2015	US dollar	160,000	390,010	(400,689)	(10,679)			
<i>Deutsche Bank</i>	10/1/2014 to 12/4/2014	US dollar	130,000	317,746	(304,775)	12,971			
<i>Deutsche Bank</i>	1/30/2015	US dollar	20,000	48,692	(50,436)	(1,744)			
<i>Goldman Sachs</i>	01/08/15	US dollar	30,000	73,100	(68,842)	4,258			
<i>BTG Pactual</i>	12/02/14	US dollar	50,000	122,030	(122,280)	(250)			
<b>Total dollar-to-real swap (NDF)</b>			<b>1,478,000</b>	<b>3,607,608</b>	<b>(3,501,685)</b>	<b>105,923</b>	<b>293,000</b>	<b>688,596</b>	<b>(392,596)</b>
<i>Itaú BBA</i>	11/21/2014	Euro	30,000	97,703	(92,868)	4,835	30,000	94,858	(4,835)
<i>HSBC</i>	11/21/2014	Euro	60,000	195,413	(185,736)	9,677	30,000	94,900	(4,900)
<i>Goldman Sachs</i>		Euro					30,000	94,880	(4,880)
			<b>90,000</b>	<b>293,116</b>	<b>(278,604)</b>	<b>14,512</b>	<b>90,000</b>	<b>284,638</b>	<b>(4,638)</b>



**Total dollar-to-euro swap  
(NDF)**

<i>BES</i>	11/17/14 to 1/30/15	US dollar	37,544	92,357	(87,278)	5,079	11,801	27,878
<i>BNPP</i>	10/7/2014	US dollar	12,536	30,839	(28,449)	2,390		
<b>Total dollar-to-euro swap</b>			<b>50,080</b>	<b>123,196</b>	<b>(115,727)</b>	<b>7,469</b>	<b>11,801</b>	<b>27,878</b>

<i>CSFB</i>							21,500	36,526
<b>Total LIBOR-to-CDI interest rate swap</b>							<b>21,500</b>	<b>36,526</b>

<i>Itaú BBA</i>	03/01/16	Real	150,000	165,245	(172,503)	(7,258)	150,000	152,610	(
<i>HSBC</i>	2/5/16 to 3/1/16	Real	185,000	202,827	(212,891)	(10,064)	185,000	187,395	(
<i>Deutsche Bank</i>	03/01/16	Real	10,000	10,952	(11,457)	(505)	10,000	10,114	
<b>Total fixed rate-to-CDI interest rate swap</b>			<b>345,000</b>	<b>379,024</b>	<b>(396,851)</b>	<b>(17,827)</b>	<b>345,000</b>	<b>350,119</b>	(

**4,480,244 (4,368,084) 112,160 1,651,272 (1,**

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

Instruments	Assets			Liabilities			9/30/2014 Finance income (costs), net (Note 23)
	Current	Non-current	Total	Current	Non-current	Total	
<i>Dollar-to-CDI swap</i>	3,506		3,506	1,423		1,423	(16,607)
<i>Dollar-to-real swap (NDF)</i>	121,588		121,588	15,665		15,665	34,602
<i>Dollar-to-euro swap (NDF)</i>	14,512		14,512				23,570
<i>Dollar-to-real swap</i>	7,469		7,469				7,225
<i>Libor-to-CDI swap(*)</i>							(943)
<i>Fixed rate-to-CDI swap</i>					17,827	17,827	(452)
	<b>147,075</b>		<b>147,075</b>	<b>17,088</b>	<b>17,827</b>	<b>34,915</b>	<b>47,395</b>



Instruments	Assets			Liabilities			12/31/2013	9/30/2013
	Current	Non-current	Total	Current	Non-current	Total		Finance income (costs), net (Note 23)
<i>Dollar-to-CDI swap</i>	9,033	3,879	12,912					232
<i>Dollar-to-real swap (NDF)</i>	631		631	1,228		1,228		
<i>Dollar-to-euro swap (NDF)</i>				5,258		5,258		(5,031)
<i>Yen-to-dollar swap (**)</i>								(58)
<i>Dollar-to-euro swap</i>	17		17					3,851
<i>Libor-to-CDI swap</i>				336		336		(3,385)
<i>Fixed rate-to-CDI swap</i>					17,375	17,375		(15,308)
	<b>9,681</b>	<b>3,879</b>	<b>13,560</b>	<b>6,822</b>	<b>17,375</b>	<b>24,197</b>		<b>(19,699)</b>

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

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

- Sensitivity analysis of exchange rate swaps**

The Company considered scenarios 1 and 2 as 25% and 50% of appreciation for volatility of the currency, using as reference the closing exchange rate as of September 30, 2014 for dollar-to-real exchange swap R\$2.4510, and for dollar-to-euro exchange swap R\$1.2629.

Instruments	Notional amount	Risk	Probable scenario (*)	9/30/2014	
				Scenario 1	Scenario 2
Dollar-to-CDI exchange swap	30,000	Dólar	2,083	(19,325)	(38,650)
Dollar-to-real exchange swap (NDF)	1,478,000	Dólar	105,923	(785,527)	(1,571,053)
Dollar-to-euro exchange swap (NDF)	(90,000)	Euro	14,512	69,678	138,731
Dollar-to-euro exchange swap (NDF)	50,080	Dólar	7,469	40,708	122,125

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

- Sensitivity analysis of interest rate swaps**

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

Instruments	Notional amount	Risk	9/30/2014			
			Scenario 1	Scenario 2	Scenario 3	Scenario 4
Fixed rate-to-CDI interest rate swap	345,000	CDI	(15,128)	(30,400)	14,981	29,812

- **Sensitivity analysis of changes in interest rates**

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

Changes in interest rates	% p.a	Impact on profit or loss	
		9/30/2014	12/31/2013
TJLP	5.00	2,479	2,521
Libor	0.33	7,594	5,725
CDI	10.81	76,823	71,507

- **Share market price risks**

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

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

	9/30/2014	Other comprehensive income 12/31/2013	Consolidated
			Net change
Net change in available-for-sale financial assets	8,030	779,526	(771,496)

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

<b>Companies</b>	<b>Probable</b>	<b>Impact on equity</b>	
		<b>Scenario 1</b>	<b>Scenario 2</b>
Usiminas	3,953	187,814	375,628
Panatlântica	4,077	3,504	7,007
	<b>8,030</b>	<b>191,318</b>	<b>382,635</b>

Pursuant to the Company's accounting policies, the negative variations in Usiminas investment, when considered significant (impairment), are recognized in profit or loss for the period.

- **Liquidity risk**

					<b>Consolidated</b>
	<b>Less than</b>	<b>From one</b>	<b>From two</b>	<b>Over five</b>	<b>Total</b>
<b>At September 30, 2014</b>	<b>one year</b>	<b>to two</b>	<b>to five</b>	<b>years</b>	
Borrowings, financing and debentures	3,682,399	3,867,377	13,407,522	7,859,504	28,816,802
Derivative financial instruments	17,088	17,827			34,915
Trade payables	1,469,748				1,469,748
<b>At December 31, 2013</b>					
Borrowings, financing and debentures	2,673,648	6,391,523	11,439,993	7,358,058	27,863,222
Derivative financial instruments	6,822	17,375			24,197
Trade payables	1,102,037				1,102,037

## 12. OTHER PAYABLES

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

	<b>Consolidated</b>				<b>Parent Company</b>			
	<b>Current</b>		<b>Non-current</b>		<b>Current</b>		<b>Non-current</b>	
	<b>9/30/2014</b>	<b>12/31/2013</b>	<b>9/30/2014</b>	<b>12/31/2013</b>	<b>9/30/2014</b>	<b>12/31/2013</b>	<b>9/30/2014</b>	<b>12/31/2013</b>
Payables to related parties (Note 17 b)	450,120	22,150	8,911,410	8,522,685	494,307	35,890	479,246	8,873,825
Derivative financial instruments (Note 11 I)	17,088	6,822	17,827	17,375		336		
Dividends and interest on capital payable non-controlling shareholders	2,099	2,036			2,099	2,036		
	22,942	28,213			17,504	17,501		

Advances from customers							
Taxes in installments (Note 14)	259,802	247,387	1,455,931	1,454,838	226,792	218,667	279,711
Profit sharing - employees	104,129	921,631			87,668	813,039	
Other payables	117,870	144,612	49,995	66,673	22,761	51,497	6,109
	<b>974,069</b>	<b>972,851</b>	<b>10,435,163</b>	<b>10,061,571</b>	<b>851,132</b>	<b>38,987</b>	<b>65,066</b>
							<b>10,173,732</b>

### 13. INCOME TAX AND SOCIAL CONTRIBUTION

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

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

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



	Consolidated	
	Nine-month period ended	Three-month period ended
	9/30/2014	9/30/2013
<b>Income tax and social contribution (expenses) income</b>		
Current	(407,606)	(123,290)
Deferred	332,332	59,844
	<b>(75,274)</b>	<b>(63,446)</b>

	Parent Company	
	Nine-month period ended	Three-month period ended
	9/30/2014	9/30/2013
<b>Income (expenses) tax and social contribution income</b>		
Current	(30,470)	(30,470)
Deferred	306,781	65,251
	<b>276,311</b>	<b>65,251</b>

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

	Consolidated	
	Nine-month period ended	Three-month period ended
	9/30/2014	9/30/2013
<b>Profit before income tax and social contribution</b>	<b>(103,985)</b>	<b>566,330</b>
Tax rate	34%	34%
<b>Income tax and social contribution at combined statutory rate</b>	<b>35,355</b>	<b>(192,554)</b>
<b>Adjustment to reflect effective rate:</b>		
Interest on capital benefit	255,009	64,600
Share of profits of investees	28,794	70,870
Income subject to special tax rates or untaxed	(75,555)	(195,000)
Transfer pricing adjustment	(21,164)	(9,655)
Tax loss carryforwards without recognizing deferred taxes	(24,822)	(26,137)

Other permanent deductions (add-backs)	(17,882)	(13,417)	(14,879)	19,953
<b>Income tax and social contribution in profit for the period</b>	<b>(75,274)</b>	<b>240,408</b>	<b>(32,798)</b>	<b>(63,446)</b>
<b>Effective tax rate</b>	<b>-72%</b>	<b>-31%</b>	<b>-15%</b>	<b>11%</b>

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	Nine-month period ended		Parent Company Three-month period ended
	9/30/2014	9/30/2013	9/30/2014
<b>Loss (profit) before income tax and social contribution</b>	<b>(449,367)</b>	<b>496,392</b>	<b>434,431</b>
Tax rate	34%	34%	34%
<b>Income tax and social contribution at combined statutory rate</b>	<b>152,785</b>	<b>(168,759)</b>	<b>(147,707)</b>
<b>Adjustment to reflect effective rate:</b>			
Interest on capital benefit		255,009	64,609
Share of profits of investees	160,142	455,434	135,003
Transfer pricing adjustment	(21,164)	(9,655)	
Other permanent deductions (add-backs)	(15,452)	(16,554)	13,346
<b>Income tax and social contribution in profit for the period</b>	<b>276,311</b>	<b>525,127</b>	<b>65,251</b>
<b>Effective tax rate</b>	<b>61%</b>	<b>-106%</b>	<b>31%</b>

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

The deferred income tax and social contribution are calculated on income tax and social contribution loss carryforwards and related temporary differences between the tax bases of assets and liabilities and the accounting balances of the condensed interim financial statements. They are presented at net amounts when related to a sole jurisdiction.

	Opening balance 12/31/2013	Movement Comprehensive income
<b>Deferred tax assets</b>		
Income tax loss carryforwards	1,132,296	(8,230)
Social contribution loss carryforwards	389,306	
<b>Temporary differences</b>	<b>1,248,925</b>	<b>402,900</b>
- Provision for tax, social security, labor, civil and environmental risks	207,507	
- Provision for environmental liabilities	117,795	
- Asset impairment losses	53,450	
- Inventory impairment losses	28,556	
- (Gains) losses on financial instruments	(4,722)	4
- (Gains) losses on available-for-sale financial assets	287,876	397,400
- Actuarial liability (pension and healthcare plan)	131,938	

- Accrued supplies and services	91,807	
- Estimated losses on doubtful debts	27,749	
- Goodwill on merger	(123,172)	5,0
- Unrealized exchange differences (*)	546,041	
- (Gain) on loss of control over Transnordestina	(224,096)	
- Other	108,196	
<b>Non-current assets</b>	<b>2,770,527</b>	<b>394,6</b>
<b>Deferred tax liabilities</b>		
- Business combination	252,109	(9,77
- Other	16,724	(67
<b>Non-current liabilities</b>	<b>268,833</b>	<b>(10,44</b>

	Opening balance 12/31/2013	Movemen Comprehensive income
<b>Deferred tax assets</b>		
Income tax loss carryforwards	919,910	
Social contribution loss carryforwards	389,306	
<b>Temporary differences</b>	<b>1,303,782</b>	<b>388,43</b>
- Provision for tax, social security, labor, civil and environmental risks	199,445	
- Provision for environmental liabilities	117,795	
- Asset impairment losses	47,087	
- Inventory impairment losses	28,365	
- (Gains) losses on financial instruments	(3,875)	
- (Gains) losses on available-for-sale financial assets	264,172	388,43
- Actuarial liability (pension and healthcare plan)	132,063	
- Accrued supplies and services	89,767	
- Estimated losses on doubtful debts	26,179	
- Unrealized exchange differences (*)	546,041	
- (Gain) on loss of control over Transnordestina	(224,096)	
- Other	80,839	
<b>Non-current assets</b>	<b>2,612,998</b>	<b>388,43</b>

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

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

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

Certain group companies have income tax and social contribution loss carryforwards in the amounts of R\$2,872,260 and R\$309,805, respectively, for which no deferred taxes were set up, of which R\$141,466 expire in 2015, R\$42,144 in 2018, R\$139,555 in 2015, R\$42,567 in 2027, R\$64,994 in 2029, and R\$80,082 in 2030.

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

For the years from 2010 to 2014 these subsidiaries generated profits amounting to R\$3,567,806, which tax authorities may understand that have already been distributed, hence, it would be subject to additional taxation in Brazil, in the approximate amount of R\$1,213,054. The Company, based on its legal counsel's opinion, assessed the likelihood of loss in a potential challenge by tax authorities as possible and, therefore, no provision was recognized in the condensed interim financial statements.

- **Law 12,973/14**

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

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

The Brazilian Tax Authority, through Normative Ruling 1,499/14, regulated the form of declaration of the option for the adoption or not of the legislation still in 2014, which will be made through the DCTF (Declaration of Federal Tax Debits and Credits) of December 2014, to be filed in February 2015, when the Company will disclose its definitive option.

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

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

		<b>Consolidated</b>		<b>Parent Company</b>
	<b>9/30/2014</b>	<b>12/31/2013</b>	<b>9/30/2014</b>	<b>12/31/2013</b>
<b>Income tax and social contribution</b>				
Actuarial gains on defined benefit pension plan	33,012	33,012		