

REGISTRATION WITH CVM SHOULD NOT BE CONSTRUED AS AN EVALUATION OF THE COMPANY.  
COMPANY MANAGEMENT IS RESPONSIBLE FOR THE INFORMATION PROVIDED.

**01.01 - IDENTIFICATION**

|  |   |  |
|--|---|--|
| 1 - CVM CODE<br><b>00403-0</b>                       | 2 - COMPANY NAME<br><b>COMPANHIA SIDERÚRGICA NACIONAL</b> | 3 - CNPJ (Federal Tax ID)<br><b>33.042.730/0001-04</b> |
| 4 - NIRE (State Registration Number)<br><b>15910</b> |   |  |

**01.02 - HEAD OFFICE**

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

**01.03 - INVESTOR RELATIONS OFFICER (Company Mailing Address)**

|   |                            |                    |                            |                 |
|---|----------------------------|--------------------|----------------------------|-----------------|
| 1- NAME<br>LAURO HENRIQUE CAMPOS REZENDE                                |                            |                    |                            |                 |
| 2 - ADDRESS<br>AV. JUSCELINO KUBITSCHEK, 1830 – 13º andar               |                            |                    | 3 - DISTRICT<br>ITAIM BIBI |                 |
| 4 - ZIP CODE<br>04543-900   | 5 – CITY<br>SÃO PAULO      |                    |                            | 6 - STATE<br>SP |
| 7 - AREA CODE<br>011  | 8 - TELEPHONE<br>3049-7100 | 9 - TELEPHONE<br>- | 10 - TELEPHONE<br>-        | 11 - TELEX      |
| 12 - AREA CODE<br>011   | 13 - FAX<br>3049-7519      | 14 - FAX<br>-      | 15 – FAX<br>-              |                 |
| 15 - E-MAIL<br><a href="mailto:invrel@csn.com.br">invrel@csn.com.br</a> |                            |                    |                            |                 |

**01.04 - ITR REFERENCE AND AUDITOR INFORMATION**

| CURRENT YEAR   |            | CURRENT QUARTER |               |            | PREVIOUS QUARTER  |               |            |
|--|------------|-----------------|---------------|------------|---|---------------|------------|
| 1 - BEGINNING  | 2. END     | 3 - QUARTER     | 4 - BEGINNING | 5 - END    | 6 - QUARTER   | 7 - BEGINNING | 8 - END    |
| 01.01.2004   | 12.31.2004 | 3               | 07.01.2004    | 09.30.2004 | 2   | 04.01.2004    | 06.30.2004 |
| <b>09 - INDEPENDENT ACCOUNTANT</b><br>DELOITTE TOUCHE TOHMATSU AUDITORES INDEPENDENTES |            |                 |               |            | <b>10 - CVM CODE</b><br>00385-9   |               |            |
| <b>11. TECHNICIAN IN CHARGE</b><br>MARCELO CAVALCANTI ALMEIDA                          |            |                 |               |            | <b>12 – TECHNICIAN'S CPF (INDIVIDUAL TAXPAYER'S ID)</b><br>335.905.597-72 |               |            |

**01.01 - IDENTIFICATION**

|                                |   |  |
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|--------------------------------|---|--|

**01.05 - CAPITAL STOCK**

| Number of Shares<br>(in thousands) | 1 - CURRENT QUARTER<br>09/30/2004 | 2 - PREVIOUS QUARTER<br>06/30/2004 | 3 - SAME QUARTER,<br>PREVIOUS YEAR<br>09/30/2003 |
|------------------------------------|-----------------------------------|------------------------------------|--|
| <b>Paid-in Capital</b>             |                                   |                                    |  |
| 1 – Common                         | 286,917                           | 286,917                            | 71,729,261                                       |
| 2 – Preferred                      | 0                                 | 0                                  | 0  |
| 3 – Total                          | 286,917                           | 286,917                            | 71,729,261                                       |
| <b>Treasury Stock</b>              |                                   |                                    |  |
| 4 – Common                         | 4,748                             | 2,513                              | 0  |
| 5 – Preferred                      | 0                                 | 0                                  | 0  |
| 6 – Total                          | 4,748                             | 2,513                              | 0  |

**01.06 - COMPANY PROFILE**

|  |
|--|
| <b>1 - TYPE OF COMPANY</b><br>Commercial, Industrial and Others                  |
| <b>2 – STATUS</b><br>Operational   |
| <b>3 - NATURE OF OWNERSHIP</b><br>Private National                               |
| <b>4 - ACTIVITY CODE</b>   |
| <b>5 - MAIN ACTIVITY</b><br>Manufacturing, Transf. and trading of steel products |
| <b>6 - CONSOLIDATION TYPE</b><br>Partial   |
| <b>7 - TYPE OF REPORT OF INDEPENDENT AUDITORS</b><br>Qualified                   |

**01.07 - COMPANIES NOT INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS**

| 1 - ITEM | 2 - CNPJ (Federal Tax ID) | 3 - COMPANY NAME   |
|----------|---------------------------|--------------------|
| 01       | 01.417.222/0001-77        | MRS LOGÍSTICA S/A  |
| 02       | 01.355.994/0002-02        | ITÁ ENERGÉTICA S/A |

**01.08 - CASH DIVIDENDS APPROVED AND/OR PAID DURING AND AFTER THE QUARTER**

| 1 - ITEM | 2 - EVENT | 3 - APPROVAL | 4 - TYPE | 5 - DATE OF PAYMENT | 6 - TYPE OF SHARE | 7 - AMOUNT PER SHARE |
|----------|-----------|--------------|----------|---------------------|-------------------|----------------------|
|----------|-----------|--------------|----------|---------------------|-------------------|----------------------|

|                         |  |   |
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|-------------------------|--|---|

01.09 - SUBSCRIBED CAPITAL AND CHANGES IN THE CURRENT YEAR

|          |                    |  |                      |                      |   |   |
|----------|--------------------|--|----------------------|----------------------|---|---|
| 1 - ITEM | 2 - DATE OF CHANGE | 3 - CAPITAL STOCK<br>(IN THOUSANDS OF REAIS) | 4 - AMOUNT OF CHANGE | 5 - NATURE OF CHANGE | 7 - NUMBER OF SHARES<br>ISSUED<br>(thousands) | 8 - SHARE PRICE WHEN ISSUED<br>(in Reais) |
|----------|--------------------|--|----------------------|----------------------|---|---|

01.10 - INVESTOR RELATIONS OFFICER

|                       |               |
|-----------------------|---------------|
| 1 – DATE<br>11/8/2004 | 2 – SIGNATURE |
|-----------------------|---------------|

01.01 - IDENTIFICATION

|                                |   |  |
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|--------------------------------|---|--|

02.01 - BALANCE SHEET - ASSETS (in thousands of reais)

| 1-Code     | 2- Description                                 | 3- 9/30/2004 | 4- 6/30/2004 |
|------------|--|--------------|--------------|
| 1          | Total Assets                                   | 25,845,259   | 25,128,170   |
| 1.01       | Current Assets                                 | 6,249,078    | 5,534,896    |
| 1.01.01    | Cash   | 113,185      | 711,473      |
| 1.01.02    | Credits  | 2,223,553    | 2,215,887    |
| 1.01.02.01 | Trade Accounts Receivable - Domestic Market    | 913,899      | 872,704      |
| 1.01.02.02 | Trade Accounts Receivable - Export Market      | 1,410,017    | 1,446,458    |
| 1.01.02.03 | Allowance for Doubtful Accounts                | (100,363)    | (103,275)    |
| 1.01.03    | Inventories                                    | 1,534,784    | 1,045,181    |
| 1.01.04    | Others   | 2,377,556    | 1,562,355    |
| 1.01.04.01 | Marketable Securities                          | 1,713,293    | 987,070      |
| 1.01.04.02 | Recoverable Income Tax and Social Contribution | 9,291        | 5,128        |
| 1.01.04.03 | Deferred Income Tax                            | 52,318       | 123,763      |
| 1.01.04.04 | Deferred Social Contribution                   | 18,834       | 21,896       |
| 1.01.04.05 | Dividends Receivable                           | 68,643       | 68,643       |
| 1.01.04.06 | Prepaid Expenses                               | 19,174       | 30,861       |
| 1.01.04.07 | Other  | 496,003      | 324,994      |
| 1.02       | Long-Term Assets                               | 3,317,903    | 3,407,720    |
| 1.02.01    | Credits  | 27,066       | 27,066       |
| 1.02.01.01 | Compulsory Loans – Eletrobras                  | 27,066       | 27,066       |
| 1.02.02    | Credit with Related Parties                    | 1,333,089    | 1,420,244    |
| 1.02.02.01 | Affiliates                                     | 0            | 0            |
| 1.02.02.02 | Subsidiaries                                   | 1,333,089    | 1,420,244    |
| 1.02.02.03 | Other Related Parties                          | 0            | 0            |
| 1.02.03    | Others   | 1,957,748    | 1,960,410    |
| 1.02.03.01 | Deferred Income Tax                            | 728,051      | 718,930      |
| 1.02.03.02 | Deferred Social Contribution                   | 78,240       | 71,823       |
| 1.02.03.03 | Judicial Deposits                              | 525,886      | 519,524      |
| 1.02.03.04 | Securities Receivable                          | 45,086       | 45,531       |
| 1.02.03.05 | Marketable Securities                          | 153,635      | 155,987      |
| 1.02.03.06 | Recoverable PIS/PASEP                          | 24,710       | 32,901       |
| 1.02.03.07 | Prepaid Expenses                               | 47,826       | 50,407       |
| 1.02.03.08 | Investment Available for Sale                  | 247,275      | 257,437      |
| 1.02.03.09 | Others   | 107,039      | 107,870      |
| 1.03       | Permanent Assets                               | 16,278,278   | 16,185,554   |
| 1.03.01    | Investments                                    | 3,882,811    | 3,676,105    |
| 1.03.01.01 | In Affiliates                                  | 0            | 0            |
| 1.03.01.02 | In Subsidiaries                                | 3,882,811    | 3,676,105    |
| 1.03.01.03 | Other Investments                              | 0            | 0            |
| 1.03.02    | Property, Plant and Equipment                  | 12,157,169   | 12,238,437   |
| 1.03.02.01 | In Operation, Net                              | 11,936,409   | 12,049,460   |
| 1.03.02.02 | In Construction                                | 102,603      | 71,671       |
| 1.03.02.03 | Land   | 118,157      | 117,306      |
| 1.03.03    | Deferred                                       | 238,298      | 271,012      |

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|-------------------------|--|---|

02.02 - BALANCE SHEET - LIABILITIES AND SHAREHOLDERS' EQUITY (in thousands of reais)

| 1- Code       | 2- Description                          | 3- 9/30/2004 | 4- 6/30/2004 |
|---------------|---|--------------|--------------|
| 2             | Total Liabilities                       | 25,845,259   | 25,128,170   |
| 2.01          | Current Liabilities                     | 3,543,808    | 3,017,145    |
| 2.01.01       | Loans and Financings                    | 1,574,944    | 1,204,375    |
| 2.01.02       | Debentures                              | 617,789      | 583,255      |
| 2.01.03       | Suppliers                               | 283,154      | 307,232      |
| 2.01.04       | Taxes and Contributions                 | 742,076      | 602,450      |
| 2.01.04.01    | Salaries and Social Contributions       | 69,790       | 65,726       |
| 2.01.04.02    | Taxes Payable                           | 435,786      | 334,443      |
| 2.01.04.03    | Deferred Income Tax                     | 173,897      | 148,736      |
| 2.01.04.04    | Deferred Social Contribution            | 62,603       | 53,545       |
| 2.01.05       | Dividends Payable                       | 479          | 382          |
| 2.01.06       | Provisions                              | 13,634       | 11,805       |
| 2.01.06.01    | Labor, Civil and Tax                    | 13,634       | 11,805       |
| 2.01.07       | Debt with Related Parties               | 0            | 0            |
| 2.01.08       | Others                                  | 311,732      | 307,646      |
| 2.01.08.01    | Accounts Payable - Controlled Companies | 188,684      | 199,971      |
| 2.01.08.02    | Others                                  | 123,048      | 107,675      |
| 2.02          | Long-Term Assets                        | 13,523,487   | 13,961,882   |
| 2.02.01       | Loans and Financings                    | 7,139,347    | 7,992,284    |
| 2.02.02       | Debentures                              | 900,000      | 900,000      |
| 2.02.03       | Provisions                              | 4,106,201    | 3,603,557    |
| 2.02.03.01    | Labor, Civil, Fiscal and Environmental  | 620,075      | 563,961      |
| 2.02.03.02    | For Income Tax in Judge                 | 20,393       | 19,634       |
| 2.02.03.03    | For Social Contribution in Judge        | 182,534      | 82,188       |
| 2.02.03.04    | Other Tax in Judge                      | 955,805      | 578,927      |
| 2.02.03.05    | Deferred Income Tax                     | 1,711,319    | 1,734,446    |
| 2.02.03.06    | Deferred Social Contribution            | 616,075      | 624,401      |
| 2.02.04       | Debt with Related Parties               | 1,024,430    | 1,103,115    |
| 2.02.05       | Others                                  | 353,509      | 362,926      |
| 2.02.05.01    | Provision for Losses in Investments     | 84,829       | 80,677       |
| 2.02.05.02    | Others                                  | 268,680      | 282,249      |
| 2.03          | Deferred Income                         | 0            | 0            |
| 2.05          | Shareholders' Equity                    | 8,777,964    | 8,149,143    |
| 2.05.01       | Paid-In Capital                         | 1,680,947    | 1,680,947    |
| 2.05.02       | Capital Reserve                         | 17,319       | 17,319       |
| 2.05.03       | Revaluation Reserve                     | 4,824,141    | 4,885,196    |
| 2.05.03.01    | Own Assets                              | 4,824,141    | 4,885,196    |
| 2.05.03.02    | Subsidiaries/Affiliates                 | 0            | 0            |
| 2.05.04       | Income Reserve                          | 554,656      | 644,803      |
| 2.05.04.01    | Legal                                   | 249,391      | 249,391      |
| 2.05.04.02    | Statutory                               | 0            | 0            |
| 2.05.04.03    | For Contingencies                       | 0            | 0            |
| 2.05.04.04    | Unrealized Income                       | 0            | 0            |
| 2.05.04.05    | Income Retentions                       | 0            | 0            |
| 2.05.04.06    | Especial For Non-Distributed Dividends  | 0            | 0            |
| 2.05.04.07    | Other Income Reserve                    | 305,265      | 395,412      |
| 2.05.04.07.01 | From Investments                        | 487,203      | 487,203      |
| 2.05.04.07.02 | Treasure Stock                          | (181,938)    | (91,791)     |
| 2.05.05       | Profit/Loss Accumulated                 | 1,700,901    | 920,878      |

**FEDERAL PUBLIC SERVICE  
CVM – BRAZILIAN SECURITIES COMMISSION  
QUARTERLY INFORMATION – ITR**      **Date: 09/30/2004**  
**COMMERCIAL, INDUSTRY & OTHER TYPES OF COMPANY**

**Brazilian Corporate Law**

**01.01 – IDENTIFICATION**

|                         |  |   |
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|-------------------------|--|---|

**03.01 - INCOME STATEMENT (in thousands of reais)**

| 1- Code       | 2- Description   | 3- 7/01/2004 to<br>9/30/2004 | 4- 1/01/2004 to<br>9/30/2004 | 5- 7/01/2003 to<br>9/30/2003 | 6- 1/01/2003 to<br>9/30/2003 |
|---------------|--|------------------------------|------------------------------|------------------------------|------------------------------|
| 3.01          | Gross Revenue from Sales and/or Services                 | 2,761,068                    | 7,347,150                    | 1,791,743                    | 5,294,157                    |
| 3.02          | Deductions from Gross Revenue                            | (447,589)                    | (1,129,477)                  | (236,343)                    | (795,641)                    |
| 3.03          | Net Revenue from Sales and/or Services                   | 2,313,479                    | 6,217,673                    | 1,555,400                    | 4,498,516                    |
| 3.04          | Cost of Goods and Services Sold                          | (1,126,621)                  | (3,248,311)                  | (911,096)                    | (2,466,532)                  |
| 3.04.01       | Depreciation, Depletion and Amortization                 | (172,627)                    | (526,342)                    | (171,475)                    | (436,204)                    |
| 3.04.02       | Others   | (953,994)                    | (2,721,969)                  | (739,621)                    | (2,030,328)                  |
| 3.05          | Gross Profit   | 1,186,858                    | 2,969,362                    | 644,304                      | 2,031,984                    |
| 3.06          | Operating Income/Expenses                                | (82,797)                     | (812,346)                    | (384,149)                    | (893,539)                    |
| 3.06.01       | Selling  | (67,914)                     | (195,148)                    | (69,561)                     | (165,478)                    |
| 3.06.01.01    | Depreciation and Amortization                            | (1,874)                      | (5,481)                      | (1,491)                      | (4,521)                      |
| 3.06.01.02    | Others   | (66,040)                     | (189,667)                    | (68,070)                     | (160,957)                    |
| 3.06.02       | General and Administrative                               | (52,450)                     | (162,367)                    | (50,667)                     | (164,592)                    |
| 3.06.02.01    | Depreciation and Amortization                            | (5,599)                      | (16,779)                     | (4,957)                      | (15,545)                     |
| 3.06.02.02    | Others   | (46,851)                     | (145,588)                    | (45,710)                     | (149,047)                    |
| 3.06.03       | Financial  | (18,171)                     | (829,245)                    | (415,374)                    | (539,261)                    |
| 3.06.03.01    | Financial Income   | (244,230)                    | 67,138                       | (15,560)                     | (998,196)                    |
| 3.06.03.02    | Financial Expenses                                       | 226,059                      | (896,383)                    | (399,814)                    | 458,935                      |
| 3.06.03.02.01 | Amortization of Especial Exchange Variation              | (25,209)                     | (78,252)                     | (32,124)                     | (99,622)                     |
| 3.06.03.02.02 | Foreign Exchange and Monetary Variation, net             | 520,375                      | (15,353)                     | (137,758)                    | 1,149,330                    |
| 3.06.03.02.03 | Financial Expenses                                       | (269,107)                    | (802,778)                    | (229,932)                    | (590,773)                    |
| 3.06.04       | Other Operating Income                                   | 9,204                        | 28,027                       | 15,405                       | 21,950                       |
| 3.06.05       | Other Operating Expenses                                 | (52,994)                     | (107,317)                    | (35,197)                     | (40,842)                     |
| 3.06.06       | Equity Result from Subsidiaries and Affiliated Companies | 99,528                       | 453,704                      | 171,245                      | (5,316)                      |
| 3.07          | Operating Income   | 1,104,061                    | 2,157,016                    | 260,155                      | 1,138,445                    |
| 3.08          | Non-Operating Income/Loss                                | (9,458)                      | (10,241)                     | (10,182)                     | (22,341)                     |
| 3.08.01       | Income   | 2                            | 5                            | 3                            | 28                           |
| 3.08.02       | Expenses   | (9,460)                      | (10,246)                     | (10,185)                     | (22,369)                     |
| 3.09          | Income before Taxes and Participations/Contributions     | 1,094,603                    | 2,146,775                    | 249,973                      | 1,116,104                    |
| 3.10          | Provision for Income Tax and Social Contribution         | (282,444)                    | (385,472)                    | (35,667)                     | (31,037)                     |
| 3.11          | Deferred Income Tax                                      | (93,191)                     | (209,333)                    | (22,459)                     | (352,204)                    |

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|-------------------------|--|---|

03.01 - INCOME STATEMENT (in R\$ thousands)

|         |   |         |           |            |            |
|---------|---|---------|-----------|------------|------------|
| 3.12    | Statutory Participations/Contributions        | 0       | 0         | 0          | 0          |
| 3.12.01 | Participations                                | 0       | 0         | 0          | 0          |
| 3.12.02 | Contributions                                 | 0       | 0         | 0          | 0          |
| 3.13    | Reversal of Interest on Shareholders' Equity  | 0       | 0         | 0          | 0          |
| 3.15    | Net Income (Loss) for the Period              | 718,968 | 1,551,970 | 191,847    | 732,863    |
|         | SHARES OUTSTANDING EX-TREASURY (in thousands) | 282,169 | 282,169   | 71,729,261 | 71,729,261 |
|         | EARNINGS PER SHARE                            | 2.54800 | 5.50014   | 0.00267    | 0.01022    |
|         | LOSS PER SHARE                                |         |           |            |            |

04.01 – EXPLANATORY NOTES

(In thousands of reais, except as otherwise indicated)

## 1. OPERATING CONTEXT

Companhia Siderúrgica Nacional ("CSN") is engaged in the production of flat steel products, its main industrial complexes being the Presidente Vargas Mill in the City of Volta Redonda, State of Rio de Janeiro, and the processing unit in the City of Araucaria, State of Paraná.

CSN is engaged in the mining of iron ore, limestone and dolomite in the State of Minas Gerais, to cater for the needs of the Presidente Vargas Mill. To improve its activities, the Company also maintains strategic investments in railroad, electricity and ports.

For the purpose of establishing a closer approach to its customers and winning additional markets on a global level, the Company has a steel distributor with service and distribution centers extending from the Northeast to the South of Brazil, a two-piece steel can plant geared to the Northeastern beverage industry, and also, a rolling mill in the United States and a 50% stake in another rolling mill in Portugal.

## 2. PRESENTATION OF THE FINANCIAL STATEMENTS

Hereunder the configuration of the Quarterly Information form, the Parent Company's and Consolidated Statements of Changes in Financial Position and Cash Flow is presented on table "Other Information considered material by the Company".

## 3. SIGNIFICANT ACCOUNTING POLICIES

The Financial Statements were prepared in conformity with the accounting practices adopted in Brazil, as well as with the accounting standards and pronouncements established by CVM - the Brazilian Securities Commission and IBRACON - Brazilian Institute of Accountants.

### (a) Income statement

The results of operations are determined on an annual accrual basis. The Company decided to defer the net exchange variation incurred during fiscal year 2001, as detailed in Note 13.

### (b) Marketable securities

Securities are recorded at cost plus yields accrued through the balance sheet date, and do not exceed the market value.

### (c) Allowance for doubtful accounts

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

### (d) Inventories

Inventories are stated at the lower of the average production/purchase cost and net realization value or replacement cost, except in the case of imports in process, which are stated at their identified cost.

### (e) Other current and long-term assets

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



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04.01 – EXPLANATORY NOTES

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**(f) Investments**

Investments in subsidiaries and jointly owned subsidiary companies are recorded by the equity accounting method, plus any goodwill or deducted from amortizable negative goodwill, if applicable.

The other permanent investments are recorded at acquisition cost.

**(g) Property, plant and equipment**

The property, plant and equipment of the Parent Company is presented at market or replacement values, based on appraisal reports (refer to note 11) conducted by independent expert appraisers firms, as permitted by Deliberation No. 288 issued by the Brazilian Securities Commission ("CVM") on December 3, 1998. Depreciation is computed by the straight-line method at the rates, shown in the same note, based on the remaining economic useful lives of the assets after revaluation. Iron mines – Casa de Pedra depletion is calculated on the basis of the quantity of iron ore extracted. Interest charges related to capital funding for construction in progress are capitalized for as long as the projects remain unconcluded.

**(h) Deferred charges**

The deferred charges are basically comprised of expenses incurred for development and implantation of projects that should generate a payback to the Company in the next few years, being the amortization applied on a straight-line basis will follow the period foreseen for the economic return on the above projects. The charges also include a non-amortized balance net of the foreign exchange variations related to the year 2001.

**(i) Current and long-term liabilities**

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

**(j) Employees' Benefit**

In accordance with Deliberation No. 371, issued by the Brazilian Securities Commission ("CVM"), of December 13, 2000, the Company decided to record the respective actuarial liabilities as from January 1, 2002, in accordance with the above - mentioned reported deliberation and based on by independent actuarial studies (see note 25 item d).

**(k) Income Tax and Social Contribution on Net Income**

Income tax and social contribution on net income are calculated based on their effective tax rates and consider the tax loss carryforward and negative basis of social contribution limited to 30%, to compute the tax liability. Tax credits are set up for deferred taxes on tax losses, negative basis of social contribution on net income and on temporary differences as well as income tax and social contribution tax debts on the 2001 deferred exchange variation and other temporary differences.

**(l) Derivatives**

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

**(m) Treasury Shares**

As established by CVM Instruction No. 10/80, treasury shares were recorded at the acquisition cost.

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4. CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements as of September 30, 2004 and June 30, 2004 include the following direct and indirect subsidiaries and joint subsidiaries:

| Companies   | Currency<br>of Origin | Percentage share<br>on capital stock |           | Main Activities  |
|---|-----------------------|--------------------------------------|-----------|--|
|   |                       | 9/30/2004                            | 6/30/2004 |  |
| Direct Participation: Fully Consolidated            |                       |                                      |           |  |
| CSN Energy Corp.                                    | US\$                  | 100.00                               | 100.00    | Participation in other companies through equity stakes                     |
| CSN Export Co.                                      | US\$                  | 100.00                               | 100.00    | Financial Operation and Product Trading                                    |
| CSN Islands Corp.                                   | US\$                  | 100.00                               | 100.00    | Financial Operations   |
| CSN Islands II Corp.                                | US\$                  | 100.00                               | 100.00    | Financial Operations   |
| CSN Islands III Corp.                               | US\$                  | 100.00                               | 100.00    | Financial Operations   |
| CSN Islands IV Corp.                                | US\$                  | 100.00                               | 100.00    | Financial Operations   |
| CSN Islands V Corp.                                 | US\$                  | 100.00                               | 100.00    | Financial Operations   |
| CSN Islands VII Corp.                               | US\$                  | 100.00                               | 100.00    | Financial Operations   |
| CSN Islands VIII Corp.                              | US\$                  | 100.00                               | 100.00    | Financial Operations   |
| CSN Islands IX Corp.                                | US\$                  | 100.00                               |           | Financial Operations   |
| CSN Overseas  | US\$                  | 100.00                               | 100.00    | Financial Operations   |
| CSN Panama, S.A.                                    | US\$                  | 100.00                               | 100.00    | Participation in other companies through equity stakes                     |
| CSN Steel Corp.                                     | US\$                  | 100.00                               | 100.00    | Participation in other companies through equity stakes                     |
| CSN I S.A.  | R\$                   | 100.00                               | 100.00    | Steel Marketing and participation in other companies through equity states |
| Cia. Metalic Nordeste                               | R\$                   | 99.99                                | 99.99     | Packing Production   |
| Indústria Nacional de Aços Laminados - INAL S.A.    | R\$                   | 99.99                                | 99.99     | Steel Products Service Center  |
| FEM - Projetos, Construções e Montagens S.A.        | R\$                   | 99.99                                | 99.99     | Assembly and Maintenance   |
| Cia. Siderúrgica do Ceará - CSC                     | R\$                   | 99.99                                | 99.99     | Steel Marketing  |
| CSN Energia S.A.                                    | R\$                   | 99.90                                | 99.90     | Trading of Electric Power  |
| CSN Participações Energéticas S.A.                  | R\$                   | 99.70                                | 99.70     | Participation in other companies through equity states                     |
| Sepetiba Tecon S.A.                                 | R\$                   | 20.00                                | 20.00     | Maritime Port Services   |
| GalvaSud S.A.                                       | R\$                   | 15.29                                | 15.29     | Steel Marketing  |
| Direct Participation: Proportionally Consolidated   |                       |                                      |           |  |
| Companhia Ferroviária do Nordeste (CFN)             | R\$                   | 49.99                                | 49.99     | Logistics  |
| Indirect Participation: Fully Consolidated          |                       |                                      |           |  |
| CSN Aceros, S.A.                                    | US\$                  | 100.00                               | 100.00    | Participation in other companies through equity states                     |
| CSN Cayman Ltd.                                     | US\$                  | 100.00                               | 100.00    | Financial Operation and Product Trading                                    |
| CSN Iron, S.A.                                      | US\$                  | 100.00                               | 100.00    | Financial Operations   |
| CSN LLC   | US\$                  | 100.00                               | 100.00    | Steel Marketing  |
| CSN LLC Holding                                     | US\$                  | 100.00                               | 100.00    | Participation in other companies through equity states                     |
| CSN LLC Partner                                     | US\$                  | 100.00                               | 100.00    | Participation in other companies through equity states                     |
| Energy I Corp.                                      | US\$                  | 100.00                               | 100.00    | Participation in other companies through equity states                     |
| Management Services Co.                             | US\$                  | 100.00                               | 100.00    | Services   |
| Tangua Inc.   | US\$                  | 100.00                               | 100.00    | Participation in other companies through equity states                     |
| GalvaSud S.A.                                       | R\$                   | 84.71                                | 84.71     | Steel Marketing  |
| Sepetiba Tecon S.A.                                 | R\$                   | 80.00                                | 80.00     | Maritime Port Services   |
| Indirect Participation: Proportionally Consolidated |                       |                                      |           |  |
| Lusosider   | EUR                   | 50.00                                | 50.00     | Steel Marketing  |

The Financial Statements prepared in US dollars and in Euros were translated at the exchange rate in effect on September 30, 2004 –R\$/US\$2.8586 (R\$/US\$3.1075 on June 30, 2004) and EUR/US\$1.2442 (EUR/US\$1.22131 on June 30, 2004).

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The gains/losses originated by this translation were accounted for in the income statements of the related periods, as equity accounting in the parent company and exchange variation in the consolidated. These Financial Statements were prepared applying the same accounting principles as those applied by the Parent Company.

All consolidated intercompany balances and transactions have been eliminated in the preparation of the consolidated Financial Statements.

The year-end closing dates for the subsidiaries and jointly-owned subsidiaries coincide with those of the parent company.

Consistent with the Financial Statements for the year ended December 31, 2003, the Company did not consolidate the investee MRS Logística S.A., due to the fact that it does not represent any relevant change to the consolidated economic unit. As of September 30, 2004 and June 30, 2004, the Company held 32.22% of participation in the total capital stock and 18.72% in the investee voting capital stock.

The participation in Itá Energética S.A. is shown as investment available for sale in long-term assets; therefore, was not consolidated. (See note 10)

The reconciliation between shareholders' equity and net income for the year of the Parent Company and consolidated is as follows:

|                                     | Shareholders' equity |                  | Net profit       |                |
|-------------------------------------|----------------------|------------------|------------------|----------------|
|                                     | 9/30/2004            | 6/30/2004        | 9/30/2004        | 9/30/2003      |
| <b>Parent company</b>               | 8,777,964            | 8,149,143        | 1,551,970        | 732,863        |
| Elimination of gains on inventories | (126,178)            | (101,690)        | (102,618)        | (16,887)       |
| Other adjustments                   | 2                    | (1)              | 1,926            | 9              |
| <b>Consolidated</b>                 | <u>8,651,788</u>     | <u>8,047,452</u> | <u>1,451,278</u> | <u>715,985</u> |

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5. TRANSACTIONS WITH RELATED PARTIES

a) Assets

| Companies             | Accounts Receivable | Financial Application | Mutual/ Current Accounts (1) | Debentures | Dividends Receivable | Advance for future capital increase | Advance to Suppliers | Total     |
|-----------------------|---------------------|-----------------------|------------------------------|------------|----------------------|-------------------------------------|----------------------|-----------|
| CSN Cayman Ltd.       | 230,888             |                       | 250,825                      |            |                      |                                     |                      | 481,713   |
| CSN Export Co.        | 1,201,550           |                       |                              |            |                      |                                     |                      | 1,201,550 |
| CSN Islands II Corp.  | 57                  |                       |                              |            |                      |                                     |                      | 57        |
| CSN Islands III Corp. | 76                  |                       |                              |            |                      |                                     |                      | 76        |
| CSN Islands IV Corp.  | 47                  |                       |                              |            |                      |                                     |                      | 47        |
| CSN Islands V Corp.   | 56                  |                       |                              |            |                      |                                     |                      | 56        |
| CSN Islands VII Corp. | 280                 |                       |                              |            |                      |                                     |                      | 280       |
| CSN Overseas          |                     |                       | 570,804                      |            |                      |                                     |                      | 570,804   |
| CSN Panama, S.A.      | 529                 |                       | 511,460                      |            |                      |                                     |                      | 511,989   |
| GalvaSud S.A.         | 92,905              |                       |                              |            |                      |                                     |                      | 92,905    |
| INAL S.A.             | 74,422              |                       |                              |            |                      |                                     |                      | 74,422    |
| MRS Logística S.A.    | 1                   |                       |                              |            |                      |                                     |                      | 1         |
| Exclusive Funds       |                     | 1,641,457             |                              |            |                      |                                     |                      | 1,641,457 |
| CSN Energia S.A.      | 7                   |                       |                              |            | 68,643               |                                     |                      | 68,650    |
| Others                | 56,176              |                       |                              | 36,254     |                      | 54,037                              |                      | 146,467   |
| Total on 9/30/2004    | 1,656,994           | 1,641,457             | 1,333,089                    | 36,254     | 68,643               | 54,037                              |                      | 4,790,474 |
| Total on 6/30/2004    | 1,646,721           | 911,416               | 1,420,244                    | 36,000     | 68,643               | 54,031                              | 19,418               | 4,156,473 |

b) Liabilities

| Companies              | Loans and Financing |                                 |                  |        | Accounts Payable                        | Suppliers            |         | Total     |
|------------------------|---------------------|---------------------------------|------------------|--------|---|----------------------|---------|-----------|
|                        | Prepayments         | Fixed Rate Notes <sup>(2)</sup> | Investees' Loans | Swap   | Mutual/ Current Accounts <sup>(1)</sup> | Investees' Inventory | Others  |           |
| CSN Cayman Ltd.        | 37,680              |                                 |                  |        | 99,558                                  |                      |         | 137,238   |
| CSN Export Co.         | 1,237,980           |                                 |                  |        | 14,413                                  |                      |         | 1,252,393 |
| CSN Iron S.A.          |                     | 1,766,895                       |                  |        |   |                      |         | 1,766,895 |
| CSN Islands III Corp.  |                     | 223,570                         |                  |        |   |                      |         | 223,570   |
| CSN Islands V Corp.    |                     | 436,575                         |                  |        |   |                      |         | 436,575   |
| CSN Islands VII Corp.  |                     | 827,336                         |                  |        |   |                      |         | 827,336   |
| CSN Islands VIII Corp. |                     | 1,559,572                       |                  |        | 2,626                                   |                      |         | 1,562,198 |
| CSN Overseas           | 435,629             |                                 | 58,923           |        | 1,050,908                               |                      |         | 1,545,460 |
| Banco Fibra S.A.       |                     |                                 |                  | 24,625 |   |                      |         | 24,625    |
| GalvaSud S.A.          |                     |                                 |                  |        |   |                      | 148     | 148       |
| INAL S.A.              |                     |                                 |                  |        |   | 2,381                | 561     | 2,942     |
| MRS Logística S.A.     |                     |                                 |                  |        |   |                      | 23,040  | 23,040    |
| CSN Energia S.A.       |                     |                                 |                  |        | 45,609                                  |                      |         | 45,609    |
| Others                 |                     |                                 |                  |        |   |                      | 159,400 | 159,400   |
| Total on 9/30/2004     | 1,711,289           | 4,813,948                       | 58,923           | 24,625 | 1,213,114                               | 2,381                | 183,149 | 8,007,429 |
| Total on 6/30/2004     | 1,886,853           | 5,220,036                       | 56,223           | 17,244 | 1,303,086                               | 3,961                | 184,097 | 8,671,500 |

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c) Result

|                        | Income                           |                                 |        |           | Expenses                         |                                 |          |
|------------------------|----------------------------------|---------------------------------|--------|-----------|----------------------------------|---------------------------------|----------|
|                        | Revenues from sales and services | Interest and exchange variation | Others | Total     | Revenues from sales and services | Interest and exchange variation | Total    |
| CSN Cayman Ltd.        | 194,053                          | (144)                           |        | 193,909   |                                  | 7,686                           | 7,686    |
| CSN Export Co.         | 1,371,662                        | (33,360)                        |        | 1,338,302 |                                  | (3,369)                         | (3,369)  |
| CSN Iron S.A.          |                                  |                                 |        |           |                                  | 107,348                         | 107,348  |
| CSN Islands II Corp.   |                                  |                                 |        |           |                                  | 5,596                           | 5,596    |
| CSN Islands III Corp.  |                                  |                                 |        |           |                                  | 14,103                          | 14,103   |
| CSN Islands IV Corp.   |                                  |                                 |        |           |                                  | 35,700                          | 35,700   |
| CSN Islands V Corp.    |                                  |                                 |        |           |                                  | 21,895                          | 21,895   |
| CSN Islands VII Corp.  |                                  |                                 |        |           |                                  | 15,749                          | 15,749   |
| CSN Islands VIII Corp. |                                  |                                 |        |           |                                  | (20,848)                        | (20,848) |
| CSN Overseas           |                                  | 13,871                          |        | 13,871    |                                  | 37,409                          | 37,409   |
| CSN Panama, S.A.       |                                  | 17,243                          |        | 17,243    |                                  |                                 |          |
| Banco Fibra S.A.       |                                  |                                 |        |           |                                  | 102,422                         | 102,422  |
| GalvaSud S.A.          | 181,817                          |                                 |        | 181,817   | 2,309                            |                                 | 2,309    |
| INAL S.A.              | 439,767                          |                                 |        | 439,767   | 11,445                           |                                 | 11,445   |
| MRS Logística S.A.     |                                  |                                 |        |           |                                  |                                 |          |
| Exclusive Funds        |                                  | 40,172                          |        | 40,172    |                                  |                                 |          |
| Others                 | 13,737                           |                                 | 9      | 13,746    | 327,086                          |                                 | 327,086  |
| Total on 9/30/2004     | 2,201,036                        | 37,782                          | 9      | 2,238,827 | 340,840                          | 323,691                         | 664,531  |
| Total on 9/30/2003     | 1,872,460                        | (385,235)                       | 75     | 1,487,300 | 365,660                          | (463,958)                       | (98,298) |

**CSN Cayman and CSN Iron S.A.**– The Company has indirect participation through Energy I Corp. and CSN Panama S.A, respectively.

**Others:** Cia Ferroviária do Nordeste, CIA Siderúrgica do Ceará, Fundação CSN, CBS – Caixa Beneficente dos Empregados da CSN, FEM-Projetos, Construções e Montagens S.A., Sepetiba Tecon S.A., Cia. Metalic Nordeste, CSN Aceros, CSN Steel Corp., Lusosider Projectos Siderúrgicos S.A., Itá Energética S.A., CSN I S.A. and CSN Participações Energéticas S.A.

These operations were carried out under conditions considered by the Company management as normal market terms and effective legislation for similar operations, being the main ones highlighted below:

- (1) CSN Cayman Ltd., CSN Export Co., CSN Overseas and CSN Panama S.A. (part) - annual Libor + 3% p.a. – indeterminate maturity  
CSN Panama, S.A.(Part) - IGPM + 6% p.a. – indeterminate maturity.
- (2) Contracts in US\$ - CSN Iron S.A. - interest of 9.5% p.a. (1<sup>st</sup> tranche) and 8.25% p.a.(2<sup>nd</sup> tranche) - maturity 1<sup>st</sup>,2<sup>nd</sup> tranches: 06/01/2007
  - CSN Islands III Corp. - interest of 9.75% p.a. – Maturity: 04/22/2005
  - CSN Islands V Corp. - interest of 7.875% p.a. – Maturity: 07/07/2005
  - CSN Island VII Corp. - interest of 7.3 and 7.75% p.a. – Maturity: 09/12/2008
  - CSN Island VIII Corp. - interest of 5.65% p.a. – Maturity: 12/16/2013

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6. MARKETABLE SECURITIES

|   | Parent Company |           | Consolidated |           |
|---|----------------|-----------|--------------|-----------|
|   | 9/30/2004      | 6/30/2004 | 9/30/2004    | 6/30/2004 |
| <b>Short term</b>   |                |           |              |           |
| Financial investment fund   | 1,641,457      | 911,416   | 1,856,535    | 1,054,245 |
| Investments abroad (time deposit)   | 38,263         | 42,445    | 1,098,003    | 312,173   |
| Fixed income investments  | 33,573         | 33,209    | 41,142       | 62,222    |
|   | 1,713,293      | 987,070   | 2,995,680    | 1,428,640 |
| Derivatives   |                |           | 274,387      | 199,152   |
|   | 1,713,293      | 987,070   | 3,270,067    | 1,627,792 |
| <b>Long term</b>  |                |           |              |           |
| Fixed income investments and debentures (net of probable losses and withholding income tax) | 153,635        | 155,987   | 219,211      | 198,958   |
|   | 153,635        | 155,987   | 219,211      | 198,958   |
|   | 1,866,928      | 1,143,057 | 3,489,278    | 1,826,750 |

Company's management invests most of the Company's financial resources in Investment Funds comprised of Brazilian government bonds and fixed income bonds issued in Brazil, with monetary or foreign exchange variation.

7. ACCOUNTS RECEIVABLE

|  | Parent Company |           | Consolidated |           |
|--|----------------|-----------|--------------|-----------|
|  | 9/30/2004      | 6/30/2004 | 9/30/2004    | 6/30/2004 |
| <b>Domestic market</b>                 | 913,899        | 872,704   | 1,120,117    | 1,044,815 |
| Subsidiary and Associated Companies    | 193,148        | 149,400   |              |           |
| Other clients                          | 720,751        | 723,304   | 1,120,117    | 1,044,815 |
| <b>Foreign market</b>                  | 1,410,017      | 1,446,458 | 374,599      | 688,604   |
| Subsidiary and Associated Companies    | 1,463,846      | 1,497,321 |              |           |
| Other clients                          | 26,212         | 36,147    | 374,599      | 688,604   |
| Exports Contract Advance (ACE)         | (80,041)       | (87,010)  |              |           |
| <b>Allowance for doubtful accounts</b> | (100,363)      | (103,275) | (121,952)    | (149,852) |
|  | 2,223,553      | 2,215,887 | 1,372,764    | 1,583,567 |

**MAE**

CSN Energia, a Company's subsidiary, carries a balance receivable in respect of the sale of energy in the Wholesale Energy Market – MAE which, as of September 30, 2004 amounted to R\$101,834 (R\$111,228 on June 30, 2004).

With respect to the balance receivable as of September 30, 2004 (R\$76,305), it refers to amounts due by concessionaires and/or permittees under preliminary injunctions for suspending the corresponding payments. Company's Management understands that it is not necessary to set up a provision for doubtful accounts in view of the actions being taken by the official industry agencies.

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8. INVENTORIES

|                                      | Parent Company   |                  | Consolidated     |                  |
|--------------------------------------|------------------|------------------|------------------|------------------|
|                                      | 9/30/2004        | 6/30/2004        | 9/30/2004        | 6/30/2004        |
| Finished products                    | 262,907          | 180,908          | 810,268          | 537,838          |
| Products in process                  | 204,922          | 187,945          | 219,440          | 203,236          |
| Raw materials                        | 829,469          | 433,272          | 782,093          | 408,655          |
| Spare parts and maintenance supplies | 243,658          | 225,847          | 283,075          | 265,427          |
| Imports in progress                  | 149              | 13,928           | 2,876            | 18,142           |
| Provision for losses                 | (16,022)         | (15,247)         | (16,109)         | (16,752)         |
| Others                               | 9,701            | 18,528           | 69,123           | 24,931           |
|                                      | <u>1,534,784</u> | <u>1,045,181</u> | <u>2,150,766</u> | <u>1,441,477</u> |

9. DEFERRED INCOME TAX AND SOCIAL CONTRIBUTION

|                              | Parent Company   |                  | Consolidated     |                  |
|------------------------------|------------------|------------------|------------------|------------------|
|                              | 9/30/2004        | 6/30/2004        | 9/30/2004        | 6/30/2004        |
| <b>Current assets</b>        |                  |                  |                  |                  |
| Income tax                   | 52,318           | 123,763          | 101,495          | 163,847          |
| Social contribution          | 18,834           | 21,896           | 36,538           | 36,327           |
|                              | <u>71,152</u>    | <u>145,659</u>   | <u>138,033</u>   | <u>200,174</u>   |
| <b>Long-term assets</b>      |                  |                  |                  |                  |
| Income tax                   | 728,051          | 718,930          | 734,579          | 726,252          |
| Social contribution          | 78,240           | 71,823           | 80,611           | 74,458           |
|                              | <u>806,291</u>   | <u>790,753</u>   | <u>815,190</u>   | <u>800,710</u>   |
| <b>Current liabilities</b>   |                  |                  |                  |                  |
| Income tax                   | 173,897          | 148,736          | 173,897          | 148,736          |
| Social contribution          | 62,603           | 53,545           | 62,603           | 53,545           |
|                              | <u>236,500</u>   | <u>202,281</u>   | <u>236,500</u>   | <u>202,281</u>   |
| <b>Long-term liabilities</b> |                  |                  |                  |                  |
| Income tax                   | 1,711,319        | 1,734,446        | 1,754,839        | 1,773,388        |
| Social contribution          | 616,075          | 624,401          | 616,075          | 624,401          |
|                              | <u>2,327,394</u> | <u>2,358,847</u> | <u>2,370,914</u> | <u>2,397,789</u> |
|                              | <u>9/30/2004</u> | <u>9/30/2003</u> | <u>9/30/2004</u> | <u>9/30/2003</u> |
| <b>Income</b>                |                  |                  |                  |                  |
| Income tax                   | (152,376)        | (254,488)        | (117,685)        | (242,420)        |
| Social contribution          | (56,957)         | (97,716)         | (44,419)         | (93,343)         |
|                              | <u>(209,333)</u> | <u>(352,204)</u> | <u>(162,104)</u> | <u>(335,763)</u> |

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The sources of the deferred social contribution and income tax of the Parent Company are shown as follows:

|   | 09/30/2004     |                  |                     |                | 06/30/2004     |                  |                     |                |
|---|----------------|------------------|---------------------|----------------|----------------|------------------|---------------------|----------------|
|   | Income Tax     |                  | Social Contribution |                | Income Tax     |                  | Social Contribution |                |
|   | Short Term     | Long Term        | Short Term          | Long Term      | Short Term     | Long Term        | Short Term          | Long Term      |
| <b>Assets</b>   |                |                  |                     |                |                |                  |                     |                |
| Non deductible provisions                                 | 52,318         | 155,869          | 18,834              | 56,113         | 46,128         | 142,502          | 16,606              | 51,301         |
| Taxes under litigation                                    |                | 151,607          |                     | 2,951          |                | 133,248          |                     |                |
| Taxes losses/ negative basis                              |                | 317,110          |                     |                | 77,635         | 330,999          | 5,290               |                |
| Others  |                | 103,465          |                     | 19,176         |                | 112,181          |                     | 20,522         |
|   | <u>52,318</u>  | <u>728,051</u>   | <u>18,834</u>       | <u>78,240</u>  | <u>123,763</u> | <u>718,930</u>   | <u>21,896</u>       | <u>71,823</u>  |
| <b>Liabilities</b>  |                |                  |                     |                |                |                  |                     |                |
| Deferred exchange variation                               | 93,000         | 1,706,478        | 33,480              | 614,332        | 93,000         | 1,729,605        | 33,480              | 622,658        |
| Income tax and social contribution on revaluation reserve | 74,665         | 4,841            | 26,880              | 1,743          | 43,202         | 4,841            | 15,553              | 1,743          |
| Others  | <u>173,897</u> | <u>1,711,319</u> | <u>62,603</u>       | <u>616,075</u> | <u>148,736</u> | <u>1,734,446</u> | <u>53,545</u>       | <u>624,401</u> |

Deferred assets related to income tax losses and social contribution negative basis were set up based on CSN's historical profitability and on projections of future profitability duly approved by Company's management bodies. These credits are expected to be fully offset in up to 5 years.

In addition to the credits already recorded, the Company has filed a lawsuit related to the "Plano Verão", claiming the financial and fiscal effects related to the understated inflation of the Consumer Price Index ("IPC") of January 1989, on the basis of calculation of its corporate income tax ("IRPJ") and social contribution ("CSL") (See note 18, item c).

Reconciliation between expenses and income of current income tax ("IRPJ") and social contribution ("CSL") of the parent company and the application of the effective rate on net income before IRPJ and CSL is as follows:

|   | 9/30/2004        |                  | 9/30/2003        |                 |
|---|------------------|------------------|------------------|-----------------|
|   | IRPJ             | CSL              | IRPJ             | CSL             |
| Net income before IRPJ and CSL                        | 2,146,775        | 2,146,775        | 1,116,104        | 1,116,104       |
| - Rate  | 25%              | 9%               | 25%              | 9%              |
| Total   | (536,694)        | (193,210)        | (279,026)        | (100,449)       |
| Adjustments to reflect the effective rate:            |                  |                  |                  |                 |
| Equity result   | 121,133          | 43,608           | 228              | 82              |
| Relief of exposition to Wholesale Energy Market (MAE) | 11,882           | 4,277            |                  |                 |
| Earnings from foreign subsidiaries                    | (74,666)         | (26,880)         | (68,262)         | (24,574)        |
| Reversal of part of "Plano Verão" provision           | 31,762           |                  | 65,829           | 48,929          |
| Other permanent additions (write-offs)                | 23,853           | 130              | (19,296)         | (6,702)         |
| <b>Parent Company's current and deferred IRPJ/CSL</b> | <u>(422,730)</u> | <u>(172,075)</u> | <u>(300,527)</u> | <u>(82,714)</u> |
| <b>Consolidated current and deferred IRPJ/CSL</b>     | <u>(415,714)</u> | <u>(169,019)</u> | <u>(309,755)</u> | <u>(86,279)</u> |



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### 10. INVESTMENTS AVAILABLE FOR SALE

Company's Board of Directors decided to sell the company's shareholding in Itá Energética S.A. and as a consequence, the investment balance was transferred to long-term assets, although accounted by the equity accounting method, as determined by CVM Instruction No. 247/96, article 7.

As of September 30, 2004, total assets amounts to R\$247,275 (R\$257,437 on June 30, 2004) and the equity result for 2004 amounts to a loss of R\$1,416 (gain of R\$4,362 in 2003), being a loss of R\$10,161 on the third quarter (loss of R\$961 on the third quarter of 2003). The realization estimated value of such asset is higher than the accounted balance as of September 30, 2004.

The Company held a 48.75% stake at its investee as of September 30, 2004 and June 30, 2004.

### 11. INVESTMENTS

#### a) Direct participation in subsidiary and jointly-controlled companies

|  | Number of shares<br>in thousands |                    |                       |   | 9/30/2004   |                       |   | 6/30/2004   |
|--|----------------------------------|--------------------|-----------------------|---|---|-----------------------|---|---|
| Companies                                | Common<br>stock                  | Preferred<br>stock | % direct<br>ownership | Net income<br>(loss) for the<br>quarter | Shareholders'<br>equity<br>(unsecured<br>liability) | % direct<br>ownership | Net income<br>(loss) for the<br>quarter | Shareholders'<br>equity<br>(unsecured<br>liability) |
| <b>Steel and Services</b>                |                                  |                    |                       |   |   |                       |   |   |
| GalvaSud S.A.                            | 11,801,407                       |                    | 15.29                 | 58,747                                  | 434,683   | 15.29                 | (38,734)                                | 375,937   |
| CSN I S.A.                               | 9,996,751                        | 1                  | 100.00                | 42,816                                  | 500,323   | 100.00                | (57,479)                                | 368,186   |
| INAL S.A.                                | 285,950                          |                    | 99.99                 | 42,571                                  | 387,004   | 99.99                 | 31,076                                  | 344,432   |
| Cia. Metalic Nordeste                    | 80,491                           | 4,425              | 99.99                 | 8,420                                   | 108,017   | 99.99                 | 2,761                                   | 97,108  |
| CSC - Companhia Siderúrgica Ceará        | 1,100                            |                    | 99.99                 | (5)                                     | (4,597)   | 99.99                 | (2)                                     | (4,592)   |
| FEM - Proj. Construções e Montagens S.A. | 376                              |                    | 99.99                 | (1,382)                                 | (33,882)  | 99.99                 | 1,004                                   | (33,551)  |
| <b>Corporate</b>                         |                                  |                    |                       |   |   |                       |   |   |
| CSN Overseas                             | 272,951                          |                    | 100.00                | 122,987                                 | 1,110,621   | 100.00                | (183,032)                               | 1,073,628   |
| CSN Energy Corp.                         | 153,711                          |                    | 100.00                | 2,791                                   | 545,808   | 100.00                | 17,499                                  | 590,298   |
| CSN Islands Corp.                        | 50                               |                    | 100.00                |   | 136   | 100.00                | (8)                                     | 148   |
| CSN Panama, S.A.                         | 17                               | 11                 | 100.00                | 37,228                                  | 718,809   | 100.00                | 39,101                                  | 741,523   |
| CSN Export Co.                           | 1                                |                    | 100.00                | 14,901                                  | 84,628  | 100.00                | 49,671                                  | 75,799  |
| CSN Islands II Corp.                     | 1                                |                    | 100.00                |   | (1,723)   | 100.00                | (18)                                    | (1,873)   |
| CSN Islands III Corp.                    | 1                                |                    | 100.00                | (1)                                     | (580)   | 100.00                | (8)                                     | (629)   |
| CSN Islands IV Corp.                     | 1                                |                    | 100.00                | (1)                                     | (100)   | 100.00                | (9)                                     | (108)   |
| CSN Islands V Corp.                      | 1                                |                    | 100.00                | (1)                                     | (157)   | 100.00                | (9)                                     | (170)   |
| CSN Islands VII Corp.                    | 1                                |                    | 100.00                | (6)                                     | (290)   | 100.00                | (7)                                     | (309)   |
| CSN Islands VIII Corp.                   | 1                                |                    | 100.00                | 731                                     | (22,911)  | 100.00                | (13,598)                                | (25,701)  |
| CSN Islands IX Corp.                     | 1                                |                    | 100.00                | (1,449)                                 | (1,446)   |                       |   |   |
| CSN Steel Corp.                          | 1                                |                    | 100.00                | 2,445                                   | 13,258  | 100.00                | (3,606)                                 | 11,755  |
| <b>Energy and infrastructure</b>         |                                  |                    |                       |   |   |                       |   |   |
| MRS Logística S.A                        | 188,333                          | 151,667            | 32.22                 | 65,340                                  | 427,030   | 32.22                 | 46,177                                  | 361,689   |
| Sepetiba Tecon S.A.                      | 62,220                           |                    | 20.00                 | 2,983                                   | (18,925)  | 20.00                 | (10,619)                                | (21,911)  |
| CFN                                      | 36,306                           |                    | 49.99                 | (8,635)                                 | (30,714)  | 49.99                 | (6,455)                                 | (18,721)  |
| CSN Energia S.A.                         | 1                                |                    | 99.90                 | 20,781                                  | 199,361   | 99.90                 | 870                                     | 178,579   |
| CSN Participações Eneroéticas S.A.       | 1                                |                    | 99.70                 |   | 1   | 99.70                 |   |   |

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b) Investment Movement

|                                    | 6/30/2004                        |                                       |   |                                 | 9/30/2004                               |                                |                                       |                                |
|------------------------------------|----------------------------------|---------------------------------------|---|---------------------------------|---|--------------------------------|---------------------------------------|--------------------------------|
| Companies                          | Initial<br>Investment<br>Balance | Balance of<br>provision<br>for losses | Additions<br>(write-offs)<br>and others | Equity<br>result <sup>(1)</sup> | Goodwill<br>amortization <sup>(2)</sup> | Final<br>Investment<br>Balance | Balance of<br>provision<br>for losses | Consolidated<br><sup>(3)</sup> |
| <b>Steel and services</b>          |                                  |                                       |   |                                 |   |                                |                                       |                                |
| GalvaSud S.A. <sup>(3)</sup>       | 57,481                           |                                       |   | 8,982                           |   | 66,463                         |                                       |                                |
| CSN I S.A.                         | 368,187                          |                                       | 89,322                                  | 42,814                          |   | 500,323                        |                                       |                                |
| INAL S.A.                          | 344,425                          |                                       |   | 42,569                          |   | 386,994                        |                                       |                                |
| Cia. Metalic Nordeste              | 202,945                          |                                       | 2,489                                   | 8,419                           | (3,143)                                 | 210,710                        |                                       | 102,703                        |
| CSC                                |                                  | (4,592)                               |   | (5)                             |   |                                | (4,597)                               |                                |
| FEM                                |                                  | (33,551)                              | 1,051                                   | (1,382)                         |   |                                | (33,882)                              |                                |
|                                    | 973,038                          | (38,143)                              | 92,862                                  | 101,397                         | (3,143)                                 | 1,164,490                      | (38,479)                              | 102,703                        |
| <b>Corporate Center</b>            |                                  |                                       |   |                                 |   |                                |                                       |                                |
| CSN Overseas                       | 1,073,628                        |                                       |   | 36,993                          |   | 1,110,621                      |                                       |                                |
| CSN Energy Corp.                   | 590,298                          |                                       |   | (44,490)                        |   | 545,808                        |                                       |                                |
| CSN Islands Corp.                  | 148                              |                                       |   | (12)                            |   | 136                            |                                       |                                |
| CSN Panama, S.A.                   | 741,523                          |                                       |   | (22,714)                        |   | 718,809                        |                                       |                                |
| CSN Export Co.                     | 75,799                           |                                       |   | 8,829                           |   | 84,628                         |                                       |                                |
| CSN Islands II Corp.               |                                  | (1,873)                               |   | 150                             |   |                                | (1,723)                               |                                |
| CSN Islands III Corp.              |                                  | (629)                                 |   | 49                              |   |                                | (580)                                 |                                |
| CSN Islands IV Corp.               |                                  | (108)                                 |   | 8                               |   |                                | (100)                                 |                                |
| CSN Islands V Corp.                |                                  | (170)                                 |   | 13                              |   |                                | (157)                                 |                                |
| CSN Islands VII Corp.              |                                  | (309)                                 |   | 19                              |   |                                | (290)                                 |                                |
| CSN Islands VIII Corp.             |                                  | (25,701)                              |   | 2,790                           |   |                                | (22,911)                              |                                |
| CSN Islands IX Corp.               |                                  |                                       | 3                                       | (1,449)                         |   |                                | (1,446)                               |                                |
| CSN Steel Corp.                    | 11,755                           |                                       |   | 1,503                           |   | 13,258                         |                                       |                                |
|                                    | 2,493,151                        | (28,790)                              | 3                                       | (18,311)                        |   | 2,473,260                      | (27,207)                              |                                |
| <b>Energy and infrastructure</b>   |                                  |                                       |   |                                 |   |                                |                                       |                                |
| MRS Logistica S.A.                 | 116,550                          |                                       |   | 21,055                          |   | 137,605                        |                                       | 137,605                        |
| Sepetiba Tecon S.A.                |                                  | (4,383)                               |   | 597                             |   |                                | (3,786)                               |                                |
| CFN                                |                                  | (9,361)                               |   | (5,996)                         |   |                                | (15,357)                              |                                |
| CSN Energia S.A.                   | 93,365                           |                                       |   | 14,090                          |   | 107,455                        |                                       |                                |
| CSN Participações Energéticas S.A. | 1                                |                                       |   |                                 |   | 1                              |                                       |                                |
|                                    | 209,916                          | (13,744)                              |   | 29,746                          |   | 245,061                        | (19,143)                              | 137,605                        |
|                                    | 3,676,105                        | (80,677)                              | 92,865                                  | 112,832                         | (3,143)                                 | 3,882,811                      | (84,829)                              | 240,308                        |

(1) Does not include Itá Energética equity result (loss of R\$ 10,161) . See note 10.

(2) Composes the balance of parent company's equity results.

(3) Does not include the balances of goodwill and negative goodwill in indirect subsidiaries. See amounts in item "d) Goodwill, negative goodwill and other indirect holdings" of this note.

(4) Equity result of GalvaSud S.A. comprises elimination of non-realized gains between CSN and CSN I S.A..

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**c) Additional Information on the Investees**

- GalvaSud S.A.

Incorporated on May 26, 1998, through a partnership between CSN (51.0%) and Thyssen-Krupp Stahl AG (49.0%), it initiated its operational activities in December 2000. It has as objective the operation of a galvanization line for hot immersion and weld laser lines to produce welded “blanques” directed to the automobile industry.

On June 22, 2004, the subsidiary CSN I S.A. subscribed 8,262,865,920 common shares of Galvasud's capital, paid with credits related to the full payment of all GalvaSud S.A. financial debts, and also acquired the totality of shares held by Thyssen-Krupp Stahl AG.

After the acquisition, CSN became the holder of a 15.29% stake on a direct basis and of a 84.71% stake on an indirect basis of GalvaSud's capital stock, by means of its wholly-owned subsidiary CSN I S.A.

- Indústria Nacional de Aços Laminados – INAL S.A.

As of April 30, 2003, in continuing the process of corporate reorganization, the merger of INAL into CISA was approved and followed by the change of its corporate name from CISA – CSN Indústria de Aços Revestidos S.A. to Indústria Nacional de Aços Laminados – INAL S.A.

The Company aims to be CSN's arm in the trading and reprocessing of steel products, acting as a service and distribution center.

- Cia Metalic Nordeste

The objective of Cia. Metalic Nordeste, incorporated on November 27, 2002, based at Maracanaú, in the state of Ceará, is the manufacture of steel packages and the holding of interests in other companies.

The goodwill of R\$125,759, recorded upon acquisition of the investment, has its economical foundation based by the future profitability of the company's assets, as Metalic is the only manufacturer in Brazil of two pieces steel can, holding a 6.8% market share. This material is an alternative to aluminum, due to its lower cost and better performance, both for the filling aspect as for lithography. To September 30, 2004, the Company amortized R\$23,056 of this goodwill, of which R\$9,431 in 2004 (R\$13,625 up to December 31, 2003).

- FEM

The Company was incorporated on April 22, 1976 with the objective of rendering services on steel structure assembly and its aggregates. On June 02, 2002, following CSN's decision, FEM started to close down its activities.

- MRS Logística S.A.

Incorporated on September 20, 1996, through a privatization auction, the Company's main objective is to explore and develop cargo railroad transport public service at the Southeast network.

MRS transports the iron ore from Casa de Pedra to UPV Mill in Volta Redonda and imported raw material through Sepetiba Port. It also links the Presidente Vargas Mill to the Ports of Rio de Janeiro and Santos and also to the cargo terminals in the State of São Paulo, CSN principal market.

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- CFN

Participation acquired on July 18, 1997, through a privatization auction, it has as main objective the exploration and development of the cargo railroad transport public service at the Northeast network.

- Sepetiba Tecon S.A.

Investment made on September 3, 1998, through a privatization auction. The objective is to exploit the No.1 Containers Terminal of the Sepetiba Port, located in Sepetiba, State of Rio de Janeiro.

On November 7, 2003, CSN and Companhia Vale do Rio Doce - CVRD entered into a contract for the purchase and sale of investments that provided the Company with the full control of Sepetiba Tecon through the acquisition of 62.5% stake in its controlling company CSN Aceros, S.A..

- CSN Energia S.A.

Company incorporated on October 27, 1999, with the main objective of distributing and trading the excess of electric energy generated by CSN and by companies, consortiums or other entities in which CSN holds interest in.

**d) Goodwill, negative goodwill and other indirect participations**

As of September 30, 2004, the Company and its subsidiaries maintained on their consolidated balance sheet the net amount of R\$156,746 of investment goodwill, negative goodwill and other indirect interest, as follows: Lusosider Projectos Siderúrgicos S.A. – negative goodwill of R\$52,031 based on the expectation of future losses; GalvaSud S.A. – goodwill of R\$132,244, recorded on the wholly-owned subsidiary, CSN I S/A, based on the expectation of future gains with amortization defined for five years; Tangua Inc. – goodwill of R\$70,282 based on the expectation of future profits with amortization defined for five years; Indústria Nacional de Aços Laminados – INAL S.A. – goodwill of R\$6,203 based on the expectation of future profits with the amortization defined for five years and R\$48 of other indirect interest.

**e) Additional Information on indirect interest abroad.**

- CSN LLC

The Company was incorporated in 2001 with the assets and liabilities of the extinguished Heartland Steel Inc. located in Terre Haute, State of Indiana – USA and it is a complex comprising cold rolling, hot coil pickled line and galvanization line.

On October 13, 2003, CSN, through its subsidiary CSN Panama, S.A., recorded an increase in the capital of Tangua Inc. with the capitalization of account receivables amounting to US\$175 million and became the holder of 100% of its capital stock. Tangua Inc., through its subsidiaries CSN LLC Holding, directly, and CSN LCC Partner, indirectly, is the holder of all of CSN LLC shares.

- Lusosider

Lusosider Aços Planos S.A. was incorporated in 1996, providing continuity to Siderurgia Nacional – flat products company, privatized on that date by the Portuguese Government. The company is located in Seixal, Portugal and is engaged in galvanization line and tin plates.

On June 18, 2003, the Company, through its subsidiary CSN Steel Corp., acquired from Banco Espírito Santo de Investimentos S.A. 912,500 shares issued by Lusosider Projectos Siderúrgicos S.A., holder of Lusosider Aços Planos S.A., which represents 50% of the total capital of Lusosider, in the amount of EUR10.8 million (US\$11.8 million).

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12. PROPERTY, PLANT AND EQUIPMENT

|                            | Effective rate for depreciation,<br>depletion and amortization<br>(% p.a) | Parent Company |   |            |            |
|----------------------------|---|----------------|---|------------|------------|
|                            |   | 9/30/2004      | 6/30/2004   |            |            |
|                            |   | Cost           | Accumulated<br>depreciation,<br>depletion and<br>amortization | Net        | Net        |
| Land                       |   | 118,157        |   | 118,157    | 117,306    |
| Machinery and equipment    | 6.26  | 10,775,811     | (1,044,774)   | 9,731,037  | 9,849,813  |
| Buildings                  | 4.00  | 906,227        | (46,195)  | 860,032    | 866,550    |
| Furniture and fixtures     | 10.00   | 93,694         | (81,989)  | 11,705     | 12,290     |
| Mines and mineral deposits | 0.44  | 1,236,793      | (7,445)   | 1,229,348  | 1,230,731  |
| Other asset items          | 20.00   | 187,976        | (83,689)  | 104,287    | 90,076     |
|                            |   | 13,318,658     | (1,264,092)   | 12,054,566 | 12,166,766 |
| Construction in progress   |   | 102,603        |   | 102,603    | 71,671     |
| Parent company             |   | 13,421,261     | (1,264,092)   | 12,157,169 | 12,238,437 |
| Consolidated               |   | 14,610,249     | (1,611,108)   | 12,999,141 | 13,108,212 |

At the Extraordinary General Meetings held on December 19, 2002 and on April 29, 2003, the shareholders approved, based on paragraphs 15 and 17 of CVM Deliberation No. 183, appraisal reports outlined as follows:

a) CTE-II's assets – steam and electric power generation thermal mill, located in the town of Volta Redonda, RJ. The report established an addition of R\$ 508,434 composing the new amount of R\$ 970,332 for the assets, net of incurred depreciation.

b) land, machinery and equipment, facilities, real properties and buildings, existing in the Presidente Vargas, Itaguaí, Casa de Pedra and Arcos Mills, in addition to the iron ore mine in Casa de Pedra. The report established an addition of R\$ 4,068,559 composing the new amount of R\$ 10,769,704 for the assets, net of the incurred depreciation.

Up to September 30, 2004, the assets provided as collateral for financial operations amounted R\$1,775,695.

Depreciation, depletion and amortization for 2004 amounted to R\$527,600 (R\$427,897 in 2003), of which R\$517,346 (R\$416,470 in 2003) charged to cost of production and R\$10,254 (R\$11,427 in 2003) charged to selling, general and administrative expenses (amortization of deferred charges not included).

The amount of depreciation, depletion and write-off of revalued assets of the controlling company charged to results for each year is transferred to retained earnings in shareholders' equity, in an amount equal to the revaluation reserve. Up to September 2004, this total net of income tax and social contribution aggregated R\$183,931 (R\$141,406 in 2003).

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13. DEFERRED CHARGES

|                                 | Parent Company |                | Consolidated   |                |
|---------------------------------|----------------|----------------|----------------|----------------|
|                                 | 9/30/2004      | 6/30/2004      | 9/30/2004      | 6/30/2004      |
| Deferred exchange variation     | 1,360,636      | 1,360,636      | 1,376,338      | 1,376,338      |
| ( - ) Accumulated amortization  | (1,335,708)    | (1,310,499)    | (1,351,410)    | (1,326,201)    |
| Information technology projects | 162,644        | 165,425        | 173,233        | 170,452        |
| ( - ) Accumulated amortization  | (95,150)       | (89,325)       | (97,868)       | (92,044)       |
| Other projects                  | 205,766        | 199,230        | 316,807        | 313,123        |
| ( - ) Accumulated amortization  | (59,890)       | (54,455)       | (99,807)       | (87,365)       |
|                                 | <u>238,298</u> | <u>271,012</u> | <u>317,293</u> | <u>354,303</u> |

IT projects are represented by automation projects and computerization of operating processes that aim at reducing costs and increase the competitiveness of the Company.

Amortization of IT projects and of other projects up to September of 2004 amounted to R\$43,413 (R\$30,616 in 2003), of which R\$31,449 (R\$21,860 in 2003) appropriated to production cost and R\$11,964 (R\$8,756 in 2003) to selling, general and administrative expenses.

Based on Provisional Measure No. 3 of September 26, 2001 and CVM Deliberations No. 404 and 409 of September 27 and November 1, 2001, respectively, the Company and its investees MRS Logística S.A. and GalvaSud S.A. have chosen to defer the negative net results arising from the adjustment in Reais of the amounts of credits and obligations in foreign currency, as a result of the exchange rate variation which took place in that year. GalvaSud S.A. has already fully amortized the deferred exchange variation.

The Company deferred the exchange variations in the amount of R\$1,360,636 in September 2001 and until September 30, 2004 amortized R\$1,335,708 (R\$78,252 in 2004). The remaining balance will be amortized by the end of 2004, the net movement being as follows:

| Deferments | Deferred exchange variation | Accumulated depreciation including loan settlement |           |           |          | Balance to be amortized in 2004 |
|------------|-----------------------------|--|-----------|-----------|----------|---------------------------------|
|            |                             | 2001   | 2002      | 2003      | 2004     |                                 |
| 2001       | 1,360,636                   | (615,173)  | (511,944) | (130,339) | (78,252) | 24,928                          |

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14. LOANS, FINANCINGS AND DEBENTURES

|  | Parent Company   |                  |                  |                  | Consolidated     |                  |                  |                  |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
|  | 9/30/2004        |                  | 6/30/2004        |                  | 9/30/2004        |                  | 6/30/2004        |                  |
|  | Short term       | Long term        | Short term       | Long term        | Short term       | Long term        | Short term       | Long term        |
| <b>FOREIGN CURRENCY</b>                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Prepayment                               | 287,616          | 1,833,649        | 289,698          | 1,731,111        | 243,099          | 1,404,860        | 367,785          | 1,264,986        |
| ACC                                      | 43,316           |                  | 46,775           |                  | 43,316           |                  | 46,775           |                  |
| Fixed Rate Notes                         | 738,591          | 4,075,357        | 292,921          | 4,927,115        | 694,005          | 3,156,846        | 290,873          | 3,245,265        |
| BNDES/Finame                             | 151,865          | 653,657          | 165,029          | 749,516          | 151,865          | 653,656          | 172,981          | 754,442          |
| Financed Imports                         | 48,679           | 256,172          | 140,720          | 239,745          | 61,080           | 236,769          | 161,399          | 265,849          |
| Bilateral                                | 53,128           | 87,738           | 55,762           | 96,267           | 53,128           | 87,738           | 55,762           | 96,267           |
| Others                                   | 19,914           | 66,732           | 19,875           | 72,479           | 78,220           | 156,571          | 73,488           | 124,080          |
|  | <u>1,343,109</u> | <u>6,973,305</u> | <u>1,010,780</u> | <u>7,816,233</u> | <u>1,324,713</u> | <u>5,696,440</u> | <u>1,169,063</u> | <u>5,750,889</u> |
| <b>LOCAL CURRENCY</b>                    |                  |                  |                  |                  |                  |                  |                  |                  |
| BNDES/Finame                             | 47,278           | 159,042          | 47,447           | 169,051          | 57,449           | 163,154          | 52,907           | 181,011          |
| Debentures (Note 15)                     | 617,789          | 900,000          | 583,255          | 900,000          | 617,790          | 900,000          | 583,255          | 900,000          |
| Others                                   | 68,520           | 7,000            | 65,068           | 7,000            | 12,280           | 32,465           | 15,695           | 21,913           |
|  | <u>733,587</u>   | <u>1,066,042</u> | <u>695,770</u>   | <u>1,076,051</u> | <u>687,519</u>   | <u>1,095,619</u> | <u>651,857</u>   | <u>1,102,924</u> |
| <b>Total Loans and Financings</b>        | <u>2,076,696</u> | <u>8,039,347</u> | <u>1,706,550</u> | <u>8,892,284</u> | <u>2,012,232</u> | <u>6,792,059</u> | <u>1,820,920</u> | <u>6,853,813</u> |
| SWAP                                     | 116,037          |                  | 81,080           |                  | 97,798           |                  | 104,598          |                  |
| <b>Total Loans and Financings + SWAP</b> | <u>2,192,733</u> | <u>8,039,347</u> | <u>1,787,630</u> | <u>8,892,284</u> | <u>2,110,030</u> | <u>6,792,059</u> | <u>1,925,518</u> | <u>6,853,813</u> |

On September 30, 2004, the long-term amortization schedule, composed of year of maturity, is as follows:

|              | Parent Company   | Consolidated     |
|--------------|------------------|------------------|
| 2005         | 519,951          | 520,094          |
| 2006         | 1,152,023        | 1,170,997        |
| 2007         | 2,000,886        | 602,736          |
| 2008         | 1,773,897        | 1,394,099        |
| 2009         | 226,248          | 325,207          |
| 2010 to 2024 | 2,366,342        | 2,778,926        |
|              | <u>8,039,347</u> | <u>6,792,059</u> |

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Interest is applied to external and domestic loans and financing and debentures, at the following annual rates as of September 30, 2004:

|                 | Parent Company    | Consolidated     |
|-----------------|-------------------|------------------|
| Up to 7%        | 4,163,991         | 2,196,130        |
| From 7.1 to 9%  | 2,178,103         | 1,374,568        |
| From 9.1 to 11% | 2,497,620         | 3,927,018        |
| Above 11%       | 1,392,366         | 1,404,230        |
|                 | <b>10,232,080</b> | <b>8,901,946</b> |

Breakdown of total debt by currency/index of origin:

|                                 | Parent Company |               | Consolidated  |               |
|---------------------------------|----------------|---------------|---------------|---------------|
|                                 | 9/30/2004      | 6/30/2004     | 9/30/2004     | 6/30/2004     |
| U.S. Dollar                     | 55.61          | 55.21         | 75.46         | 75.43         |
| Yen                             | 24.60          | 25.83         | 1.41          | 0.82          |
| Long-term interest rates - TJLP | 2.02           | 2.03          | 2.62          | 2.59          |
| CDI                             | 11.90          | 11.35         | 13.68         | 13.81         |
| Basket of currencies            | 1.74           | 1.91          | 2.00          | 2.47          |
| Other currencies                | 4.13           | 3.67          | 4.83          | 4.88          |
|                                 | <b>100.00</b>  | <b>100.00</b> | <b>100.00</b> | <b>100.00</b> |

The Company carries out derivative operations, in accordance with Note 16, for the purpose of minimizing the risk of relevant fluctuations in currency parity between real and another foreign currency.

The guarantees provided for loans and financings amount to R\$4,477,295 as of September 30, 2004 (R\$4,475,614 on June 30, 2004), and comprise mainly fixed assets items, bank guarantees, sureties and prepayment operations. This amount does not take into consideration the guarantees provided to controlled companies, as mentioned in Note 17.

Fund raisings made by the Company through its subsidiaries during 2004 are as follows:

| Subsidiary             | Description                      | Principal<br>(US\$<br>million) | Issuance       | Term<br>(years) | Maturity      | Interest<br>rate (p.a.) |
|------------------------|----------------------------------|--------------------------------|----------------|-----------------|---------------|-------------------------|
| CSN Islands VIII Corp. | Notes                            | 200                            | January/2004   | 10              | December/2013 | 9.75%                   |
| CSN Export Co.         | Securitization of<br>Receivables | 162                            | June/2004      | 8               | May/2012      | 7.427%                  |
| CSN Islands IX Corp.   | Notes                            | 200                            | September/2004 | 11              | January/2015  | 10%                     |

## 15. DEBENTURES

### (a) First Issue

As approved at the Extraordinary General Meeting and ratified at the Board of Directors Meeting, held on January 10, 2002 and February 20, 2002, respectively, the Company issued on February 1<sup>st</sup>, 2002, 69,000 nominative and non-convertible debentures, with no guarantee or preference, in two series, being R\$10 of unit nominal value. 54,000 debentures were issued in the first series and 15,000 in the second series, with a total nominal amount of R\$690,000. However, the credit from negotiation with financial institutions, occurred on March 01, 2002 in the amount of R\$699,227. The difference of R\$9,277, resulting from the unit price variation between the issued date and the transaction date, is recorded in Shareholders' Equity as Capital Reserve.

The nominal unit value is being monetarily restated, added by the respective remuneration "pro-rata temporis", being the first issue adjusted by Interbank Deposit Certificate – CDI, plus 2.75% p.a. and the second issue by General Market Price Index ("IGP-M") plus 13.25% interest p.a.. The maturity is expected for 02/01/2005 (First Series) and 02/01/2006 (Second Series), with the option of advance redemption (total or partial) by the issuer.



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In conformity with the provisions of “Private Deed for Issuance of Non-convertible unsecured Debentures of Companhia Siderúrgica Nacional’s First Issuance “ as of January 10, 2002, and in compliance with the provisions of CVM instruction No. 358, the Company’s Board of Directors approved at the meeting held on January 7, 2004 the redemption of all second series debentures, covered by the deed, representing a total of fifteen thousand (15,000) debentures, which was carried out on February 9, 2004 and on August 31, 2004, it approved the redemption of all first series debentures, representing a total of 54,000 debentures (see Note 26).

On September 30, 2004 and June 30, 2004, the Company held in treasury 2,345 debentures of the first series.

**(b) Second Issue**

As approved at the Board of Directors Meeting held on October 21 and ratified at the meeting held on December 5, 2003, the Company issued, on December 1, 2003, 40,000 nominative, non-convertible debentures, unsecured and without preference in one single series, for the nominal unit value of R\$10. The referred debentures were issued for the total amount of R\$400,000, whereas the credits generated in the negotiations with the financial institutions were received on December 09 and 10, 2003, amounting to R\$401,805. The difference of R\$1,805, resulting from the unit price variation between the date of issue and of the effective negotiation is recorded in the Shareholders’ Equity as Capital Reserve.

The nominal unit amount is monetarily updated, plus the related remuneration calculated on a pro rata temporis basis, adjusted by 107% of the Cetip’s (Clearing House for the Custody and Financial Settlement of Securities) CDI. Maturity is foreseen for December 1, 2006.

**c) Third issue**

As approved at the Board of Directors Meeting held on December 11, 2003 and ratified at the December 18, 2003 meeting, the Company issued on December 1, 2003, 50,000 nominative and non-convertible debentures, unsecured and without preference in two series, for the nominal unit value of R\$10. Such debentures were issued for the total value of R\$500,000, being the credits arose from the negotiations with the financial institutions were received on December 22 and 23, 2003, amounting to R\$505,029. The difference of R\$5,029, resulting from the variation of the unit price between the date of issue and of the effective negotiation is recorded in Shareholders’ Equity as Capital Reserve.

The nominal amount of the 1<sup>st</sup> series is monetarily restated, plus the related pro rata temporis remuneration, adjusted by 106.5% of Cetip’s CDI and the 2<sup>nd</sup> series by the IGP-M plus 10% p.a.. The maturity of the 1<sup>st</sup> series is foreseen for December 1, 2006 and of the 2<sup>nd</sup> series for December 1, 2008.

The deeds for the issue of these three series of debentures have certain restrictive covenants, which have been duly complied with.

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## 16. FINANCIAL INSTRUMENTS

### General Considerations

The Company's business includes especially flat steel products to supply domestic and foreign market and mining of iron ore, limestone and dolomite to supply the Presidente Vargas Mill needs. The main market risk factors that can affect the Company business are shown as follows:

#### (a) Exchange Rate Risk

Although most of the revenues of the Company are in Brazilian Reais, as of September 30, 2004, R\$7,014,979 of the Company's consolidated debt were denominated in foreign currency (R\$6,919,952 as of June 30, 2004). As a consequence, the Company is subject to changes in exchange rates and manages the risk of these rates fluctuations which affects the value in Brazilian Reais that will be necessary to pay the liabilities in foreign currency, using derivative financial instruments, mainly futures contracts, swaps and forward contracts, as well as investing of a great part of its cash and funds available in securities remunerated by U.S. dollar exchange variation.

#### (b) Credit Risk

The credit risk exposure with financial instruments is managed through the restriction of counterparts in derivative instruments to large financial institutions with high quality of credit. Thus, management believes that the risk of non-compliance by the counterparts is insignificant. The Company neither maintains nor issues financial instruments with commercial aims. The selection of clients as well as the diversification of its accounts receivable and the control on sales financing terms by business segment are procedures that CSN adopts to minimize occasioned problems with its commercial partners.

The financial instruments recorded in the Parent Company's balance sheet accounts as of September 30, 2004, in which market value differs from the book value, are as follows:

|  | Book Value | Market Value |
|--|------------|--------------|
| Investment and goodwill in jointly-owned subsidiary - INEPAR | 3,727      | 1,511        |
| Loans and financings (short and long term)                   | 10,232,080 | 10,432,366   |

On September 30, 2004 the consolidated position of outstanding derivative agreements was as follows:

|  | Agreement |                        |                       | Market value |
|--|-----------|------------------------|-----------------------|--------------|
|  | Date      | Maturity               | Reference value       |              |
| Foreign Exchange Swap                  | Sundry    | 7/01/2004 to 1/12/2005 | US\$ 227,932 thousand | (R\$96,007)  |
| Equity Swap (*)                        | Sundry    | 5/2/2005               | US\$ 49,223 thousand  | R\$90,916    |
| "Cap" Interest Options (6-month Libor) | 3/28/2001 | 12/31/2004             | US\$ 100,000 thousand |              |

(\*) Refers to no cash swap which, at the end of the contract, the counterpart shall remunerate at the variation of equity assets, in as much the Company's subsidiary, CSN Overseas, undertakes to remunerate the same notional updated value at the pre-fixed rate of 11.5% per annum.

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Considering the loss position in the exchange and interest derivatives, the Company recorded its respective market values.

**(c) Market Value**

The amounts presented as “market value” were calculated according to the conditions that were used in local and foreign markets on September 30, 2004, for financial transactions with identical features, such as: volume and term of the transaction and maturity dates. Mathematical methods are used presuming there is no arbitrage between the markets and the financial assets. Finally, all the transactions carried out in non-organized markets (over-the-counter market) are contracted with financial institutions previously approved by the Company’s Board of Directors.

**17. COLLATERAL SIGNATURE AND GUARANTEES**

With respect to its wholly owned and jointly-owned subsidiaries, the Company has – expressed in their original currency - the following responsibilities for guarantees provided (collateral signature and/or guarantees):

| Companies             | In Millions |           |           | Maturity                | Conditions   |
|-----------------------|-------------|-----------|-----------|-------------------------|--|
|                       | Currency    | 9/30/2004 | 6/30/2004 |                         |  |
| CFN                   | R\$         | 18.0      | 18.0      | Indeterminate           | BNDES loan guarantee   |
| Cia. Metalic Nordeste | R\$         | 4.8       | 4.8       | 5/15/2008               | Invoices/guarantee given to Banco Santos referring to contracts for the financing of equipment |
| Cia. Metalic Nordeste | R\$         | 7.2       | 7.2       | 01/27/2003 to 1/30/2006 | Invoices/guarantee given to BEC Provin and ABC Brasil referring to working capital contracts   |
| Cia. Metalic Nordeste | R\$         | 20.1      | 20.1      | 1/15/2006               | Guarantee given to the BNDES, for contracts referring to financing of machinery and equipment  |
| CSN Iron              | US\$        | 79.3      | 79.3      | 6/1/2007                | Promissory Note of Eurobond operation  |
| CSN Islands III       | US\$        | 75.0      | 75.0      | 4/21/2005               | Installment of guarantee by CSN in Bond issuance   |
| CSN Islands V         | US\$        | 150.0     | 150.0     | 7/7/2005                | Installment of guarantee by CSN in Bond issuance   |
| CSN Islands VII       | US\$        | 275.0     | 275.0     | 9/12/2008               | Installment of guarantee by CSN in Bond issuance   |
| CSN Islands VIII      | US\$        | 550.0     | 550.0     | 12/16/2013              | Installment of guarantee by CSN in Bond issuance   |
| CSN Islands IX        | US\$        | 200.0     |           | 1/15/2015               | Installment of guarantee by CSN in Bond issuance   |
| INAL S.A.             | R\$         | 3.6       | 3.6       | 3/15 and 4/15/2006      | Guarantee for equipment financing  |
| INAL S.A.             | US\$        | 1.4       | 1.4       | 3/26/2008               | Guarantee for equipment financing  |
| Sepetiba Tecon S.A.   | US\$        | 33.5      | 33.5      | 12/30/2004 to 9/15/2013 | Guarantee for equipment acquisition and implementation of terminal financing                   |

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**18. CONTINGENT LIABILITIES AND JUDICIAL DEPOSITS**

The Company is currently party to several administrative and court proceedings involving different actions, claims and complaints, as shown below:

|                    | 9/30/2004            |                         | 6/30/2004            |                         |
|--------------------|----------------------|-------------------------|----------------------|-------------------------|
|                    | Judicial<br>Deposits | Contingent<br>liability | Judicial<br>Deposits | Contingent<br>liability |
| <b>Short Term:</b> |                      |                         |                      |                         |
| Labor              |                      | 6,602                   |                      | 5,978                   |
| Civil              |                      | 7,031                   |                      | 5,827                   |
| Parent Company     |                      | 13,633                  |                      | 11,805                  |
| Consolidated       |                      | 13,628                  |                      | 11,805                  |
| <b>Long Term:</b>  |                      |                         |                      |                         |
| Labor              | 18,182               | 82,599                  | 17,949               | 55,456                  |
| Civil              | 4,558                | 66,033                  | 4,076                | 48,093                  |
| Fiscal             | 503,146              | 1,630,175               | 497,499              | 1,141,161               |
| Parent Company     | 525,886              | 1,778,807               | 519,524              | 1,244,710               |
| Consolidated       | 549,831              | 1,880,157               | 543,237              | 1,357,795               |

The provision for contingencies estimated by the Company's Management was substantially based on the appraisal of its tax and legal advisors. Such provision is only recorded for lawsuits classified as probable losses, as well as in relation to the amounts of taxes under litigation.

**a) Labor litigation dispute:**

As of September 30, 2004, CSN was the defendant in approximately 5,108 labor claims (4,189 claims on June 30, 2004), which required a provision in the amount of R\$89,201 up to September 30, 2004 (R\$61,434 on June 30, 2004). Most of the lawsuits are related to joint and/or subsidiary responsibility, wages equalization, additional payment for unhealthy and hazardous activities, overtime and differences related to the 40% fine over FGTS (severance pay), and due to government's economic policies.

The lawsuits related to subsidiary responsibility are originated from the non-payment by the contracted companies of their labor obligations, which results in the inclusion of CSN in the lawsuits, as defendant, to honor on a subsidiary basis the payment of such obligations.

The most recent lawsuits originated from subsidiary responsibility have been reducing due to the procedures adopted by the Company in order to inspect and assure compliance with the wages and social charges payments, through the creation of the Contract Follow-up Centers since 2000.

The higher increase in labor claims has been originated from the demand for the difference between the 40% fine over FGTS and the deposited FGTS amount, as a result of understated inflation imposed by government's economic plans. This is a still controversial issue, waiting for unified understanding.

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**b) Civil Actions:**

These are, mainly, claims for indemnities among the civil judicial processes in which the Company is involved. Such proceedings, in general, are originated from occupational accident and diseases related to industrial activities of the Company. For all these disputes, as of 30 September, 2004 the Company accrued the amount of R\$73,064 (R\$53,920 on June 30, 2004).

**c) Tax Litigation Dispute:**

- **Income Tax and Social Contribution**

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

In September 2004, the proceeding has reached its end, and judgment was made final and unappealable, granting to the CSN the right to apply the indexes of 42.72% (Jan/89) and 10.14% (Feb/89). Said proceeding is under phase of calculating the award, and an accounting expert thereof shall occur.

As of September 30, 2004 and June 30, 2004, the Company has recorded R\$218,381 as court deposit and a provision of R\$71,165 (R\$62,470 on June 30, 2004).

(ii) In February 2003, the tax authorities assessed the Company for the calculation of prior years' IRPJ and CSL. On August 21, 2003 a decision was rendered by the 2<sup>nd</sup> Panel of the Federal Revenue Office in Rio de Janeiro that cancelled such tax assessment, being the Company assessed again, by the tax authorities, for the same matter, in November 2003. As of September 30, 2004, the Company set up the provision for contingencies in the amount of R\$383,731 (R\$377,195 as of June 30, 2004).

(iii) The Company filed an action questioning the assessment of Social Contribution on Income over export revenues, based on the Constitutional Amendment No. 33/01.

On March 10, the Company obtained initial decision authorizing the exclusion of export revenues from said calculation basis, as well as the offsetting of amounts paid on these revenues from 2001. On September 30, the provision referring to the non-paid and offsetting amounts based on the referred proceeding was R\$ 201,762 (R\$ 39,352 on June 30, 2004).

- **PIS (Social Integration Program)/COFINS (Contribution for Social Security Financing)– Law 9,718/99**

CSN is questioning the legality of Law 9,718/99, which increases the PIS and COFINS calculation basis, including, the financial revenue of the Company. Provision amounts to R\$253,443 as of September 30, 2004 (R\$245,138 on June 30, 2004), which includes legal charges.

The Company obtained a favorable decision in the lower court decision and the proceeding is under compulsory re-examination by the 2<sup>nd</sup> Regional Federal Court.

- **CPMF (Provisional Contribution on Financial Transactions)**

The Company is questioning the CPMF taxation since the promulgation of the Constitutional Amendment No. 21/99. The amount of this provision as of September 30, 2004 is R\$256,180 (R\$235,270 on June 30, 2004), which includes legal charges.

The lower court decision was favorable and the proceeding is being judged by the 2<sup>nd</sup> Regional Federal Court. However, we emphasize that the most recent court decisions have not been favorable to the taxpayers.

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- **CIDE – Contribution for Intervention in the Economic Domain**

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

The Company recorded court deposits and its corresponding provision in the amount of R\$22,190 on September 30, 2004 (R\$22,051 on June 30, 2004), includes legal charges.

The lower court decision was unfavorable and the proceeding is currently under judgment of the 2<sup>nd</sup> Regional Federal Court. Although there are no consolidated former court decisions, due to the fact that the issue is very recent, the Company's lawyers consider as possible the chances of success. Nevertheless, the Company decided to set-up the respective provision.

- **Educational Salary**

The Company discusses the unconstitutionality of the Educational-Salary and the possible recovery of the amounts paid in the period from January 5, 1989 to October 16, 1996.

The provision as of September 30, 2004 amounts to R\$35,439 (R\$33,145 on June 30, 2004), which include legal charges.

TRF maintained the unfavorable decision to CSN, judgment made final and unappealable. We are arranging the payment/settlement of amount due as a result of non-payment based on this proceeding.

- **SAT – Workers' Compensation Insurance**

The Company understands that it must pay the "SAT" at the rate of 1% in all of its establishments, and not 3%, as determined by the current legislation. The amount provisioned on September 30, 2004 totals R\$53,605 (R\$49,489 on June 30, 2004), including legal charges.

The lower court decision was unfavorable and the proceeding is under judgment of TRF of the 2<sup>nd</sup> Region. Although there was so far no judgment of the matter by the Brazilian Supreme Court, the Company's lawyers deem as possible the chances of success. Anyway, the Company decided to set-up the respective provision.

- **IPI (Excise Tax) presumed credit on inputs**

The company brought an action pleading the right to the IPI presumed credit over the acquisition of exempted, immune, non-taxed inputs, or taxed at zero rate. An initial decision was obtained authorizing the use of said credits.

On September 30, 2004, the provision related to the total credits already offset amounted to R\$ 337,335 (R\$ 66,082 on June 30, 2004), updated by Selic (Special System for Settlement and Custody).

- **Others**

The Company also provided for several other lawsuits in respect of FGTS LC 110, Drawback and Freight Surcharge for Renovation of Merchant Marine (AFRMM), whose amount as of September 30, 2004 aggregated R\$17,278 (R\$10,969 on June 30, 2004) including legal additions.

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19. SHAREHOLDERS' EQUITY (PARENT COMPANY)

|   | Paid-in<br>Capital | Reserves         | Retained<br>Earnings | Treasury<br>Shares | Total<br>Shareholders'<br>Equity |
|---|--------------------|------------------|----------------------|--------------------|----------------------------------|
| <b>BALANCE ON 3/31/2004</b>   | <b>1,680,947</b>   | <b>5,700,476</b> | <b>408,868</b>       |                    | <b>7,790,291</b>                 |
| Realization of revaluation reserve net of income<br>tax and social contribution |                    | (61,367)         | 61,367               |                    |                                  |
| Net income for the quarter  |                    |                  | 485,643              |                    | 485,643                          |
| Interim dividends (R\$0.1228 per share)   |                    |                  | (35,000)             |                    | (35,000)                         |
| Treasury shares   |                    |                  |                      | (91,791)           | (91,791)                         |
| <b>BALANCE ON 6/30/2004</b>   | <b>1,680,947</b>   | <b>5,639,109</b> | <b>920,878</b>       | <b>(91,791)</b>    | <b>8,149,143</b>                 |
| Realization of revaluation reserve net of income<br>tax and social contribution |                    | (61,055)         | 61,055               |                    |                                  |
| Net income for the quarter  |                    |                  | 718,968              |                    | 718,968                          |
| Treasury share  |                    |                  |                      | (90,147)           | (90,147)                         |
| <b>BALANCE ON 9/30/2004</b>   | <b>1,680,947</b>   | <b>5,578,054</b> | <b>1,700,901</b>     | <b>(181,938)</b>   | <b>8,777,964</b>                 |

(a) Paid-in capital stock

At the Annual and Extraordinary General Meetings held on April 29, 2004, CSN approved the proposal made by the Board of Directors on March 30, 2004, for splitting the shares representing the capital stock, operation by which each share of the capital stock is now represented by 4 shares, followed by the reverse split of these shares in the proportion of 1,000 shares for 1 share, which resulted in the reverse splitting of 250 shares into 1, as well as the change in the share-to-ADR ratio of 1 share to 1 ADR.

Consequently the Company's capital stock on September 30, 2004 and June 30, 2004 was comprised of 286,917,045 common shares, all of them non par book-entry common shares. Each common share entitles the owner to one vote at the General Meetings' resolutions.

(b) Treasury Shares

On July 27, 2004 the Board of Directors approved the purchase of up to 7,200,000 shares issued by the Company to be held in treasury and subsequent sale and/or cancellation. The period for the acquisition is 3 months starting on August 02, 2004.

The Board of Directors had already authorized, on April 27, 2004, the acquisition of up to 4,705,880 shares issued by the Company to be held in treasury and further sale and/or cancellation. The acquisition term was also of 3 months from April 28, 2004.

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Treasury shares position as of September 30, 2004 is as follows:

| Number of<br>shares<br>purchased<br>(in units) | Total value<br>paid for<br>shares | Share unit cost |         |         | Market<br>value of<br>shares |
|--|-----------------------------------|-----------------|---------|---------|------------------------------|
|  |                                   | Minimum         | Maximum | Average |                              |
| 4,748,399                                      | 181,938                           | 33.30           | 46.10   | 38.32   | 208,977                      |

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

**(c) Revaluation reserve**

This heading covers revaluations of the Company's fixed assets approved by the Shareholder's Extraordinary General Meeting held December 19, 2002 and April 29, 2003, which were intended for determining adequate amounts for the Company's fixed assets at market value, pursuant to the CVM Deliberation No. 288, dated December 03, 1998. The objective of such procedure is for the financial statements to reflect assets value closer to their replacement value.

Pursuant to the provisions of CVM Deliberation No. 273, as of August 20, 1998, a provision for social contribution and income tax was set up on the balance of revaluation reserve (except land), classified as a long-term liability.

The realized portion of the revaluation reserve, net of income tax and social contribution, is included for purposes of calculating the mandatory minimum dividend.

**(d) Ownership structure**

On September 30, 2004, the capital was comprised as follows:

|   | Number of shares<br>(In thousands) |                |
|---|------------------------------------|----------------|
|   | Common                             | %              |
| Vicunha Siderurgia S.A.                       | 133,348                            | 47.26%         |
| Caixa Beneficente dos Empregados da CSN - CBS | 10,420                             | 3.69%          |
| Several (ADR - NYSE)                          | 48,664                             | 17.25%         |
| Other (Shares - approx. 10 thousand)          | 89,737                             | 31.80%         |
| <b>Outstanding shares</b>                     | <b>282,169</b>                     | <b>100.00%</b> |
| Treasury shares                               | 4,748                              |                |
| <b>Total shares</b>                           | <b>286,917</b>                     |                |

**(e) Investment policy and payment of interest on own capital/dividends**

On December 13, 2000, CSN's Board of Directors decided to adopt a policy of profit distribution, which, by observing the provisions of Law No. 6,404/76, altered by Law No. 9,457/97 implies the distribution of all Company's net profit to the shareholders, as long as the following priorities are preserved irrespective of their order: (i) corporate strategy, (ii) compliance with the obligations, (iii) making the necessary investments and (iv) maintenance of a good financial situation of the Company.



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(f) Interim dividends

On June 14, 2004, CSN's Board of Directors, in accordance with Article 17, item VIII of the Company's By-Laws and Article 204, paragraphs 1 and 2 of Law No. 6,404/76, approved the payment of interim dividends to shareholders to the income account for the year ended March 31, 2004, in the amount of R\$35,000, representing payments of R\$0.1228 per capital stock outstanding, excluding those 2,087 thousand treasury shares at that date, and not requiring the withholding of income tax, as established by legislation in force.

20. NET REVENUES AND COST OF PRODUCTS SOLD

Parent Company

|                       | 9/30/2004             |                  |                          | 9/30/2003             |                  |                          |
|-----------------------|-----------------------|------------------|--------------------------|-----------------------|------------------|--------------------------|
|                       | Tons<br>(In thousand) | Net<br>Revenues  | Cost of Products<br>Sold | Tons<br>(In thousand) | Net<br>Revenues  | Cost of<br>Products Sold |
| Domestic Market       | 2,526                 | 4,318,912        | 2,261,084                | 2,195                 | 2,875,422        | 1,526,424                |
| Foreign Market        | 1,064                 | 1,569,298        | 816,465                  | 1,349                 | 1,362,627        | 807,194                  |
| <b>Steel Products</b> | <b>3,590</b>          | <b>5,888,210</b> | <b>3,077,549</b>         | <b>3,544</b>          | <b>4,238,049</b> | <b>2,333,618</b>         |
| Domestic Market       |                       | 306,763          | 162,068                  |                       | 246,852          | 126,278                  |
| Foreign Market        |                       | 22,700           | 8,694                    |                       | 13,615           | 6,636                    |
| <b>Other sales</b>    |                       | <b>329,463</b>   | <b>170,762</b>           |                       | <b>260,467</b>   | <b>132,914</b>           |
|                       | <b>3,590</b>          | <b>6,217,673</b> | <b>3,248,311</b>         | <b>3,544</b>          | <b>4,498,516</b> | <b>2,466,532</b>         |

Consolidated

|                       | 9/30/2004             |                  |                          | 9/30/2003             |                  |                          |
|-----------------------|-----------------------|------------------|--------------------------|-----------------------|------------------|--------------------------|
|                       | Tons<br>(In thousand) | Net<br>Revenues  | Cost of Products<br>Sold | Tons<br>(In thousand) | Net<br>Revenues  | Cost of<br>Products Sold |
| Domestic Market       | 2,542                 | 4,511,351        | 2,287,873                | 2,137                 | 2,983,169        | 1,563,598                |
| Foreign Market        | 1,164                 | 2,240,852        | 1,283,059                | 1,396                 | 1,660,259        | 889,350                  |
| <b>Steel Products</b> | <b>3,706</b>          | <b>6,752,203</b> | <b>3,570,932</b>         | <b>3,533</b>          | <b>4,643,428</b> | <b>2,452,948</b>         |
| Domestic Market       |                       | 385,762          | 254,816                  |                       | 294,158          | 162,688                  |
| Foreign Market        |                       | 69,331           | 8,695                    |                       | 18,197           | 6,636                    |
| <b>Other sales</b>    |                       | <b>455,093</b>   | <b>263,511</b>           |                       | <b>312,355</b>   | <b>169,324</b>           |
|                       | <b>3,706</b>          | <b>7,207,296</b> | <b>3,834,443</b>         | <b>3,533</b>          | <b>4,955,783</b> | <b>2,622,272</b>         |

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21. CONSOLIDATED REVENUES AND INCOME BY BUSINESS SEGMENT

The information by business segment is based on the accounting books in accordance with the Brazilian Corporate Law.

The disclosure by business segment followed the concept of IAS14 (international rule), as suggested by the Brazilian Securities Commission ("CVM"), providing the means to evaluate the performance in all Company' business segments.

|   | Consolidated          |                  |                              |
|---|-----------------------|------------------|------------------------------|
|   | Steel and<br>Services | Corporate        | Energy and<br>Infrastructure |
|   |                       |                  | Total                        |
| Net Revenues  | 7,174,888             |                  | 32,408                       |
| Cost of Products and Services Sold                          | (3,763,977)           |                  | (70,466)                     |
| <b>Gross Profit</b>   | <b>3,410,911</b>      |                  | <b>(38,058)</b>              |
| Operating Income (Expenses)                                 |                       |                  |                              |
| Selling   | (387,031)             |                  | (1,311)                      |
| Administrative  |                       | (204,070)        | (13,153)                     |
| Other Operating Expenses                                    | (39,886)              | (10,072)         | 10,839                       |
|   | (426,917)             | (214,142)        | (3,625)                      |
| Net Financial Result  |                       | (539,889)        | (539,889)                    |
| Exchange and Monetary Variation, net                        |                       | (170,035)        | (170,035)                    |
| Equity Result   | 27,869                | (13,412)         | 14,457                       |
| <b>Operating Income</b>                                     | <b>3,011,863</b>      | <b>(937,478)</b> | <b>(41,683)</b>              |
| Non-Operating Income  | 3,309                 |                  | 3,309                        |
| <b>Income before Income Tax<br/>and Social Contribution</b> | <b>3,015,172</b>      | <b>(937,478)</b> | <b>(41,683)</b>              |
| Income Tax and Social Contribution                          | (894,809)             | 295,904          | 14,172                       |
| <b>Net Income</b>   | <b>2,120,363</b>      | <b>(641,574)</b> | <b>(27,511)</b>              |

04.01 – EXPLANATORY NOTES

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

|  | Parent Company   |                    | Consolidated     |                    |
|--|------------------|--------------------|------------------|--------------------|
|  | 9/30/2004        | 9/30/2003          | 9/30/2004        | 9/30/2003          |
| <b>Financial expenses:</b>                                 |                  |                    |                  |                    |
| Loans and financings - foreign currency                    | (169,292)        | (87,114)           | (417,356)        | (160,499)          |
| Loans and financings - Brazilian currency                  | (192,693)        | (185,738)          | (181,879)        | (205,476)          |
| Transactions with subsidiaries                             | (313,909)        | (176,244)          |                  |                    |
| PIS/COFINS on financial revenues                           | (39,318)         | (28,985)           | (39,107)         | (29,774)           |
| Fiscal interest, fines and interest on arrears             | (3,493)          | (11,653)           | (5,668)          | (14,926)           |
| CPMF   | (68,511)         | (54,812)           | (73,327)         | (59,028)           |
| Other financial expenses                                   | (15,562)         | (46,227)           | (53,064)         | (61,656)           |
|  | <u>(802,778)</u> | <u>(590,773)</u>   | <u>(770,401)</u> | <u>(531,359)</u>   |
| <b>Financial Income:</b>                                   |                  |                    |                  |                    |
| Transactions with subsidiaries                             | 48,923           | 21,807             |                  |                    |
| Yield on Financial Application net of provision for losses | 10,579           | (114,879)          | 48,367           | (98,716)           |
| Exchange Swap  | (23,181)         | (923,433)          | 132,233          | (793,622)          |
| Other Income   | 30,817           | 18,309             | 49,912           | 36,979             |
|  | <u>67,138</u>    | <u>(998,196)</u>   | <u>230,512</u>   | <u>(855,359)</u>   |
| <b>Net financial income</b>                                | <u>(735,640)</u> | <u>(1,588,969)</u> | <u>(539,889)</u> | <u>(1,386,718)</u> |
| <b>Monetary variation</b>                                  |                  |                    |                  |                    |
| - Assets   | 6,158            | 8,000              | 6,583            | 5,256              |
| - Liabilities  | (43,205)         | (38,723)           | (43,658)         | (42,125)           |
|  | <u>(37,047)</u>  | <u>(30,723)</u>    | <u>(37,075)</u>  | <u>(36,869)</u>    |
| <b>Exchange Variations</b>                                 |                  |                    |                  |                    |
| - Assets   | (57,812)         | (232,063)          | (112,509)        | (154,586)          |
| - Liabilities  | 79,506           | 1,412,116          | 59,381           | 1,020,873          |
| - Amortization of deferred foreign exchange variation      | (78,252)         | (99,622)           | (79,832)         | (101,624)          |
|  | <u>(56,558)</u>  | <u>1,080,431</u>   | <u>(132,960)</u> | <u>764,663</u>     |
| <b>Monetary and exchange variations, net</b>               | <u>(93,605)</u>  | <u>1,049,708</u>   | <u>(170,035)</u> | <u>727,794</u>     |

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23. STATEMENT OF VALUE-ADDED (PARENT COMPANY)

|  | R\$ million    |                       |
|--|----------------|-----------------------|
|  | 9/30/2004      | 9/30/2003<br>Reviewed |
| <b>Revenue</b>                                     |                |                       |
| Sales of products and services                     | 7,314          | 5,253                 |
| Allowance for doubtful accounts                    | (2)            | 4                     |
| Non-operating income                               | (10)           | (22)                  |
|  | <b>7,302</b>   | <b>5,235</b>          |
| <b>Input purchased from third parties</b>          |                |                       |
| Raw material used up                               | (1,612)        | (1,108)               |
| Cost of products and services                      | (861)          | (678)                 |
| Materials, energy, third-party services and others | (305)          | (230)                 |
|  | <b>(2,778)</b> | <b>(2,016)</b>        |
| <b>Gross value-added</b>                           | <b>4,524</b>   | <b>3,219</b>          |
| <b>Retention</b>                                   |                |                       |
| Depreciation, amortization and depletion           | (270)          | (243)                 |
| <b>Net produced value-added</b>                    | <b>4,254</b>   | <b>2,976</b>          |
| <b>Value-added transferred</b>                     |                |                       |
| Equity income                                      | 454            | (5)                   |
| Financial income/Exchange variation                | 16             | (1,222)               |
|  | <b>470</b>     | <b>(1,227)</b>        |
| <b>Total value-added to distribute</b>             | <b>4,724</b>   | <b>1,749</b>          |
| <b>VALUE-ADDED DESTINATION</b>                     |                |                       |
| Staff and charges                                  | 323            | 320                   |
| Taxes, charges and contributions                   | 1,859          | 1,269                 |
| Interest and exchange variation                    | 806            | (714)                 |
| Dividends and interest on own equity               | 35             |                       |
| Retained earnings                                  | 1,701          | 874                   |
| <b>Value-added distributed</b>                     | <b>4,724</b>   | <b>1,749</b>          |

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## 24. STATEMENT OF EBITDA

The Company's EBITDA (gross profit minus selling, general and administrative expenses, plus depreciation and depletion) is as follows:

|  | R\$ million    |           |              |           |
|--|----------------|-----------|--------------|-----------|
|  | Parent Company |           | Consolidated |           |
|  | 9/30/2004      | 9/30/2003 | 9/30/2004    | 9/30/2003 |
| Net Revenues   | 6,218          | 4,499     | 7,207        | 4,956     |
| Gross Profit   | 2,969          | 2,032     | 3,373        | 2,334     |
| Operating Expenses (selling, general and administrative)   | (358)          | (330)     | (606)        | (550)     |
| Depreciation (cost of product sold and operating expenses) | 549            | 456       | 607          | 486       |
| EBITDA   | 3,160          | 2,158     | 3,374        | 2,270     |
| EBITDA / MARGIN %  | 51%            | 48%       | 47%          | 46%       |

## 25. EMPLOYEES' PENSION FUND

### (a) Private Pension Administration

The Company is the principal sponsor of the CSN Employees' Pension Fund ("CBS"), a private non-profit pension fund established in July 1960, as legal entity of social security end, with no lucrative end and authorized to function by the deliberation No.1964, of December 28, 1979, from the Ministry of Social Security. CBS congregates CSN employees, of CSN related companies and entity itself, and provided they sign the adhesion agreement and its activities are conducted by the Supplementary Law No.109, as of May 29, 2001.

### (b) Characteristics of the Plans

CBS has three benefit plans:

#### 35% of Average Salary Plan

It is a defined benefit plan, which began on 02/01/1966, with the objective of paying retirements (related to length of service, special, disability or old-age) on a life-long basis, equivalent to 35% of the participant's salaries for the 12 last salaries. The plan also guarantees the payment of sickness assistance to the licensed by the Official Pension Plan (Previdência Oficial). It also guarantees the payment of funeral grant and pension. The participants (active and retired) and the sponsors make 13 contributions per year, being the same number of benefits paid per year. This plan is in process of extinction, becoming inactive on 10/31/1977, when the new benefit plan began.

#### Supplementary Average Salary Plan

It is a defined benefit plan, which began on 11/01/1977. The purpose of this plan is to complement the difference between the 12 last average salaries and the Official Pension Plan (Previdência Oficial) benefit, to the retired, and also on a life-long basis. As with the 35% Average Salary Plan, there is sickness assistance, funeral grant and pension coverage. Thirteen contributions and payment of benefits are made per year. It became inactive since 12/26/1995, because of the combined supplementary benefits plan creation.

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**Combined Supplementary Benefits Plan**

This plan began in 12/27/1995. It is a mixed plan, being a defined contribution, related to the retirement and a defined benefit, in relation to other benefits (pension in activity, disability and sickness benefit). In this plan, the retirement benefit is calculated based on the sponsor and participants contributions, totaling 13 per year. Upon retirement of the participant, the plan becomes a defined benefit plan and 13 benefits are paid per year.

As of September 30, 2004 and June 30, 2004, the plans are presented as follows:

|   | 9/30/2004     | 6/30/2004     |
|---|---------------|---------------|
| <b>Members</b>                                  | <b>18,623</b> | <b>18,713</b> |
| In activity                                     | 7,401         | 7,399         |
| Retired employees                               | 11,222        | 11,314        |
| <b>Distribution of members by benefit plan:</b> |               |               |
| <b>35% of Average Salary Plan</b>               | <b>5,844</b>  | <b>5,913</b>  |
| Active  | 20            | 21            |
| Retired employees                               | 5,824         | 5,892         |
| <b>Supplementary Average Salary Plan</b>        | <b>5,143</b>  | <b>5,170</b>  |
| Active  | 66            | 67            |
| Retired employees                               | 5,077         | 5,103         |
| <b>Combined Supplementary Benefits Plan</b>     | <b>7,636</b>  | <b>7,630</b>  |
| Active  | 7,315         | 7,311         |
| Retired employees                               | 321           | 319           |
| <b>Linked beneficiaries:</b>                    | <b>5,419</b>  | <b>5,426</b>  |
| 35% of average salary plan                      | 4,196         | 4,212         |
| Supplementary average salary plan               | 1,176         | 1,169         |
| Combined supplementary benefits plan            | 47            | 45            |
| <b>Total members / beneficiaries</b>            | <b>24,042</b> | <b>24,139</b> |

**(c) Insufficiency of Reserve Equalization**

On January 25, 1996, the Supplementary Social Security Secretariat – SPC (Secretaria de Previdencia Complementar), through letter No. 55 SPC/CGOF/COJ approved a proposal to equalize the insufficiency of reserves based on value determined on September 30, 1995, monetarily update to December 31, 1995.

Through letter No. 1555/SPC/GAB/COA, of August 22, 2002, confirmed by letter No. 1598/SPC/GAB/COA of August 28, 2002 new proposal was approved for refinancing of reserves to amortize, the sponsors' responsibility in 240 monthly and successive installments being the 1<sup>st</sup> to 12<sup>th</sup> in the amount of R\$958 and from 13<sup>th</sup> to 240<sup>th</sup> on R\$3,133, monetarily indexed (INPC + 6% p.a.), starting June 28, 2002. The contract also foresees the installments anticipation in case of cash necessity in defined benefit plan and the incorporating to the updated debit balance the occasioned deficits/surplus under the sponsors' responsibility, so as to preserve the plans' balance without exceeding the maximum period of amortization.

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**(d) Actuarial Liabilities**

As provided by CVM Deliberation No. 371, as of December 13, 2000, approving the NPC 26 of IBRACON – “Employee’s Benefit Accounting” that established new calculation and disclosure accounting practices, the management of the Company and its external actuaries, assessed the effects arising from this new practice, in conformity with the report dated January 30, 2004.

**Actuarial Liability Recognition**

The Company’s Administration decided to recognize the actuarial liability adjustment in the results for the period of five years, from January 1, 2002, being appropriated up to September 2004 the amount of R\$22,609 (R\$51,287 up to September 2003) in accordance with paragraphs 83 and 84 of NPC 26 of IBRACON and CVM Deliberation No. 371/2000, which, added to related disbursements, totaled R\$55,552(R\$84,921 up to September 2003).

With respect to the recognition of the actuarial liability, the amortizing contribution related to the amount for the participants for determination of the reserve insufficiency was deducted from the present value of total actuarial obligation of the respective plans. A number of participants are disputing in court this amortizing contribution; The Company, however, based on its legal and actuarial advisers understands that such contribution was duly approved by the Complementary Social Security – SPC and consequently, is legally due by the participants.

In addition, in the case of “Plano Milênio” (Mixed Plan of Supplementary Benefit), of defined contribution, which shows net asset and where the sponsor’s contribution corresponds to an equal counterpart of the participants’ contribution, the understanding of the actuary is that up to 50% of the net actuarial asset may be used for reduction of the sponsor’s contribution. As a result, the sponsor opted for recognizing 50% of such asset on its books, in the amount foreseen of R\$2,385 in 2004 (R\$1,455 in 2003).

**Main actuarial assumptions adopted in the actuarial liability calculation**

| Methodology Used                               | Projected Credit Unit Method                           |
|--|--|
| Nominal discount rate for actuarial obligation | 13.4% p.a.. (8% actual and 5% inflation)               |
| Expected rate of return on plan assets         | 13.4% p.a.. (8% actual and 5% inflation)               |
| Index for estimated salary increase            | INPC + 1% (6.05%)                                      |
| Index for estimated benefit increases          | INPC + 0% (5.00%)                                      |
| Estimated long-term inflation rate             | INPC + 0% (5.00%)                                      |
| Biometrical mortality table                    | UP84 with 3-year aggravation and divided by sex        |
| Biometrical disability table                   | Mercer Table for entering disability                   |
| Expected turnover rate                         | 1% p.a.  |
| Probability of entering retirement             | The first time the participant qualifies for a benefit |

CSN does not have obligations on other after-labor benefits.

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04.01 – EXPLANATORY NOTES

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**26.SUBSEQUENT EVENTS**

- Debenture redemption

In compliance with the provisions in the “Private Deed for Issuance of Non-convertible unsecured Debentures of Companhia Siderúrgica Nacional’s First Issuance” as of January 10, 2002, and in compliance with CVM Instruction No. 358, the Company’s Board of Directors approved at the meeting held on August 31, 2004 the redemption of all first series debentures, covered by the deed, representing fifty-four thousand (54,000) debentures, which occurred on October 4, 2004.

- Repurchase of shares

On October 26, 2004, the Board of Directors approved a new purchase of up to 6,357,000 shares issued by the Company to be held in treasury for subsequent sale and/or cancellation, in conformity with Article 3 of CVM Instruction No. 10/80, through trading at the São Paulo Stock Exchange (Bovespa), within three (3) months from November 12, 2004 until February 11, 2005.

- Issuance of debentures – cancellation

The Board of Directors at the meeting held on October 26, 2004, decided to cancel the issuance of debentures authorized on July 27, 2004 and re-ratified in the Board of Directors’ meeting held on August 31, 2004.



05.01 – COMMENTS ON THE COMPANY'S PERFORMANCE IN THE QUARTER

**Production and Production Costs**

▪ **Production**

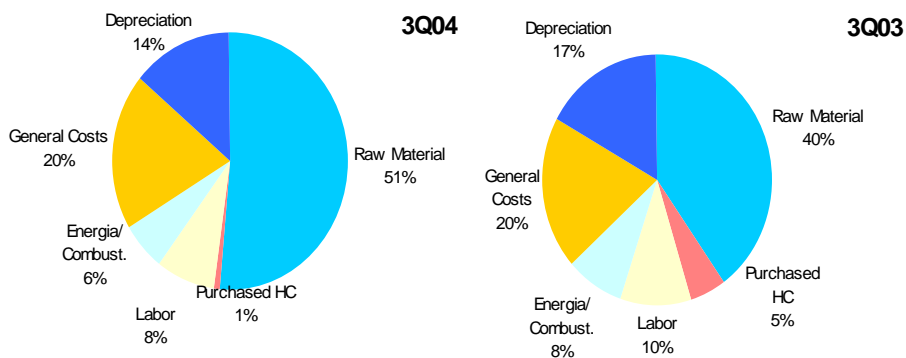
Output volumes<sup>1</sup> in the third quarter of 2004 totaled 1.4 million tons of crude steel and 1.3 million tons of rolled finished products. In the first 9 months of 2004, the production of crude steel reached 4.1 million tons, up by 4%, while rolled finished products increased by 6% against the same period of 2003, totaling 3.7 million tons. These increases are the result of the Company's continuous efforts to improve productivity.

▪ **Production Costs (Parent Company)**

In 2004, total production costs were 37% higher on a third quarter basis, and 36% higher on a 9-month basis. The increase in production costs was mainly due to higher imported raw materials prices – as a result of the supply and demand imbalance in the international market, driven by increased internal consumption in China. Raw material now represents 51% of total costs, compared to only 40% in 3Q03.

**Total Production Costs**

In the first 9 months of 2004, coal and coke costs were R\$450 million higher from the comparable period in 2003. In 3Q04, the percentage of total costs declined by 1 percentage point (p.p.), for these inputs, compared to 2Q04, but increased by 12 p.p. compared to 3Q03, accounting for 33% of total costs.



Another highlight was the decline of outsourced hot coils, which no longer pertain to the Company's commercial strategy.

Costs remained constant compared to 2Q04 given the impact of the Real appreciation on imported or dollar-linked raw material, which remained at 47% of total cash costs.

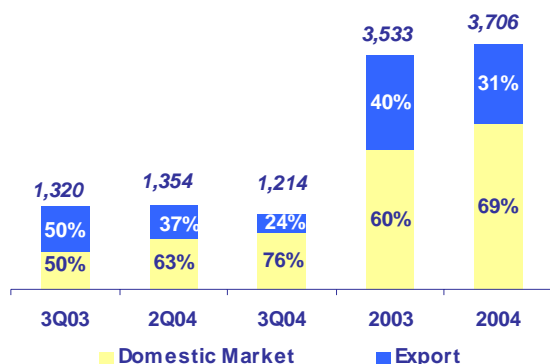
Higher crude steel output in 2004 also contributed to an increase in our need for raw materials in general. Lastly, the non-cash effect of asset revaluation and CSN Paraná's start-up increased the depreciation in the beginning of 2004 by R\$97 million.

<sup>1</sup> Output measured at the continuous casting for crude steel and at the hot strip mill for rolling products. These differ from inventories entry due to natural losses in the process.

05.01 – COMMENTS ON THE COMPANY'S PERFORMANCE IN THE QUARTER

## Net Revenues

Consolidated Sales  
In Thousand Tons



In the third quarter of 2004, sales volumes of finished products and slabs reached 1.2 million tons, decreasing by 8%, from the same period in the prior year, due to the reduction of outsourced hot coils. Domestic market increased by 40% in the quarter, reflecting a 37% growth on flat steel demand in Brazil and a slight market share increase. Export sales, however, decreased by 55%, when compared the same periods, and accounted for 24% of total sales. In the 9-month period, sales volumes grew by 5%, highlighting the 19% growth of domestic sales, with domestic demand increasing by 15% due to the economic recovery.

Consolidated net revenues in 3Q04 were 56% higher, reaching R\$2,780 million. This performance was mainly due to a 68% increase in average prices, resulting from price increases in the domestic market, as well as in the international markets, especially in the United States. Since export prices in the period remained higher, domestic sales accounted for 73% of the quarter's total net revenues, below the 76% of total volumes. In the 9-month period the domestic market represents 68% of net revenues and 69% of total volumes, since export prices were higher than domestic prices.

Exports for the parent company were largely to the United States and Europe, which represented 39% and 35% of total exports, respectively. This mainly reflects our operations with CSN LLC (USA) and Lusosider (Portugal). Exports to Asia and Latin America amounted for 13% and 10%, respectively. Since CSN LLC and Lusosider sales are made in their respective regions, CSN consolidated sales show substantially the same distribution worldwide.

## Gross Profit, Operational Income and EBITDA

### • Gross Profit

Gross profit in the 3Q04 increased by R\$571 million compared to 3Q03 and R\$146 million compared to 2Q04. Gross margin grew by 5 p.p. compared to the same period of the previous year as a result of higher steel prices. Compared to the previous quarter, gross margin had a 2 p.p. increase. In the 9-month period, gross income was 45% higher, while the gross margin remained flat at 47%.

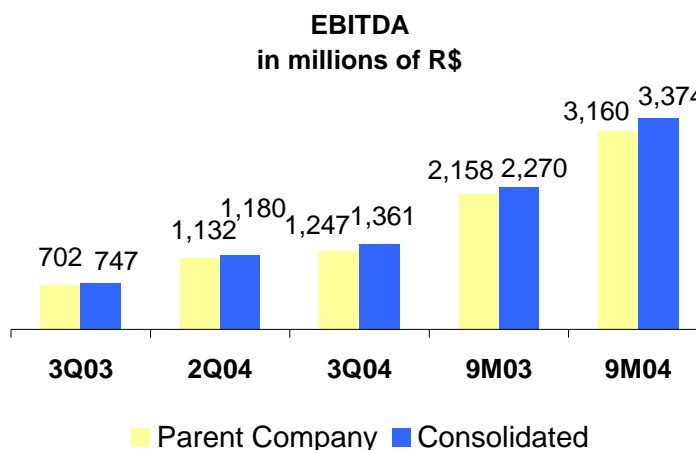
05.01 – COMMENTS ON THE COMPANY'S PERFORMANCE IN THE QUARTER

▪ **Operational Income**

In 3Q04, operating income reached R\$1.1 billion, compared to R\$939 million in 2Q04. This R\$192 million increase reflects the higher gross income and the reduction in selling expenses, due to smaller export volume. Operating income in the 9-month period grew by 55%, reflecting the increase in gross income.

**EBITDA**

EBITDA in the third quarter totaled R\$1,361 million, an 82% increase compared to the R\$747 million reported in 3Q03. EBITDA margin was 49%, or 7 p.p. and 3 p.p. above 3Q03 and 2Q04, respectively. In the 9-month period, EBITDA increased by 49%, reaching R\$3.4 billion with a 47% margin. This figure surpasses the 2003 FYE EBITDA by R\$372 million.



**Financial and Equity Results**

▪ **Financial Results**

Financial results (which include financial revenues and expenses as well as results from net exchange and monetary variation, but exclude amortization of deferred exchange losses) amounted to negative R\$11 million in the quarter, compared to negative R\$242 million in 3Q03, due to lower cost of net debt in the period. However, in the first nine months of 2004, financial results were R\$630 million, compared to negative R\$557 million in the same period of 2003. For a breakdown of the financial results, please refer to table on page 6.

**Deferred Exchange Losses:** Total amortization of deferred exchanges losses due to the *real* devaluation in 2001 was R\$25 million in 3Q04, compared to R\$33 million in 3Q03. The balance to be amortized in 2004 is R\$25 million.

▪ **Equity Results**

Equity results were negative R\$4 million in 3Q04, which represented a R\$28 million variation when compared to 3Q03. Although the gains related to the stake at MRS were stable, the Company registered a R\$9 million higher loss related to Itasa in 2004. In addition, the Company started to amortize goodwill related to the investments in GalvaSud (R\$7 million) and Tangua (CSN LLC controlling shareholder- R\$4 million) in 2Q04 and 4Q03, respectively.

05.01 – COMMENTS ON THE COMPANY'S PERFORMANCE IN THE QUARTER

### Net Income

In 3Q04, the Company recorded R\$386 million in provisions for Income Tax and Social Contribution (IT/SC), compared to a R\$70 million provision in 2Q04. The main reasons for this difference are higher results before taxes and a reversal in the previous quarter of part of provision related to the Summer Plan. In relation of 3Q03, the R\$317 million variation is mainly due to a higher result before taxes in 2004.

As a result of the items previously mentioned, the Company's consolidated net income in 3Q04 reached R\$694 million, 242% higher than the R\$203 million recorded in the same period of the previous year, and 64% higher than in 2Q04. In the 9-month period, net income reached R\$1.45 billion, up by R\$735 million.

### Net Debt/EBITDA = 1.1 x

On September 30, 2004, consolidated net debt amounted to R\$5,123 million, R\$875 million lower than on June 30, 2004. This reduction reflects high cash flow generation and lower financial costs, partially offset by higher raw material inventories that increased our working capital needs. Current net debt /annualized accumulated EBITDA ratio was at 1.1x, within the previously announced estimates.

The cost of net debt for the first nine months of 2004 was equivalent to 92% of the CDI. As the Company's hedging strategy contemplates financial and operational assets and liabilities denominated in foreign currency, the derivatives amount to approximately US\$1 billion. For the year, the Company expects the financial cost to remain around 100% of Cetip's CDI.

### Capex

In the first 9 months of 2004, total capex reached R\$ 646 million. The main expenditure, once again, was related to CSN Paraná, in addition to projects related to maintaining the operating and technological excellence of the facilities, as well as the acquisition of the remaining capital of GalvaSud, which amounted to R\$306 million.

**FEDERAL PUBLIC SERVICE**  
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**COMMERCIAL, INDUSTRY & OTHER TYPES OF COMPANY**

**01.01 – IDENTIFICATION**

|                         |  |   |
|-------------------------|--|---|
| 1 - CVM CODE<br>00403-0 | 2 - COMPANY NAME<br>COMPANHIA SIDERÚRGICA NACIONAL | 3 - CNPJ (Federal Tax ID)<br>33.042.730/0001-04 |
|-------------------------|--|---|

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

| 1- Code    | 2- Description                                 | 3- 9/30/2004 | 4- 6/30/2004 |
|------------|--|--------------|--------------|
| 1          | Total Assets                                   | 23,689,150   | 22,224,921   |
| 1.01       | Current Assets                                 | 7,840,038    | 6,253,120    |
| 1.01.01    | Cash   | 290,108      | 954,194      |
| 1.01.02    | Credits  | 1,372,764    | 1,583,567    |
| 1.01.02.01 | Trade Accounts Receivable - Domestic Market    | 1,120,117    | 1,044,815    |
| 1.01.02.02 | Trade Accounts Receivable - Export Market      | 374,599      | 688,604      |
| 1.01.02.03 | Allowance for Doubtful Accounts                | (121,952)    | (149,852)    |
| 1.01.03    | Inventories                                    | 2,150,766    | 1,441,477    |
| 1.01.04    | Others   | 4,026,400    | 2,273,882    |
| 1.01.04.01 | Marketable Securities                          | 3,270,067    | 1,627,792    |
| 1.01.04.02 | Recoverable Income Tax and Social Contribution | 14,391       | 10,391       |
| 1.01.04.03 | Deferred Income Tax                            | 101,495      | 163,847      |
| 1.01.04.04 | Deferred Social Contribution                   | 36,538       | 36,327       |
| 1.01.04.05 | Prepaid Expenses                               | 26,150       | 36,442       |
| 1.01.04.06 | Other  | 577,759      | 399,083      |
| 1.02       | Long-Term Assets                               | 2,135,624    | 2,116,451    |
| 1.02.01    | Credits  | 27,407       | 27,407       |
| 1.02.01.01 | Compulsory Loans – Eletrobras                  | 27,407       | 27,407       |
| 1.02.02    | Credit with Related Parties                    | 0            | 0            |
| 1.02.02.01 | Affiliates                                     | 0            | 0            |
| 1.02.02.02 | Subsidiaries                                   | 0            | 0            |
| 1.02.02.03 | Other Related Parties                          | 0            | 0            |
| 1.02.03    | Others   | 2,108,217    | 2,089,044    |
| 1.02.03.01 | Deferred Income Tax                            | 734,579      | 726,252      |
| 1.02.03.02 | Deferred Social Contribution                   | 80,611       | 74,458       |
| 1.02.03.03 | Judicial Deposits                              | 549,831      | 543,237      |
| 1.02.03.04 | Securities Receivable                          | 45,207       | 45,653       |
| 1.02.03.05 | Recoverable PIS/PASEP                          | 24,927       | 33,097       |
| 1.02.03.06 | Prepaid Expenses                               | 84,109       | 84,404       |
| 1.02.03.07 | Investment Available for Sale                  | 247,275      | 257,437      |
| 1.02.03.08 | Marketable Securities                          | 219,211      | 198,958      |
| 1.02.03.09 | Others   | 122,467      | 125,548      |
| 1.03       | Permanent Assets                               | 13,713,488   | 13,855,350   |
| 1.03.01    | Investments                                    | 397,054      | 392,835      |
| 1.03.01.01 | In Affiliates                                  | 0            | 0            |
| 1.03.01.02 | In Subsidiaries                                | 397,054      | 392,835      |
| 1.03.01.03 | Other Investments                              | 0            | 0            |
| 1.03.02    | Property, Plant and Equipment                  | 12,999,141   | 13,108,212   |
| 1.03.02.01 | In Operation, Net                              | 12,750,419   | 12,893,310   |
| 1.03.02.02 | In Construction                                | 119,657      | 85,983       |
| 1.03.02.03 | Land   | 129,065      | 128,919      |
| 1.03.03    | Deferred                                       | 317,293      | 354,303      |

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COMMERCIAL, INDUSTRY & OTHER TYPES OF COMPANY

# 01.01 - IDENTIFICATION

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|-------------------------|--|---|

## 06.02 - CONSOLIDATED BALANCE SHEET - LIABILITIES & SHAREHOLDERS' EQUITY (in thousands of reais)

| 1- Code    | 2- Description                    | 3- 9/30/2004 | 4- 6/30/2004 |
|------------|-----------------------------------|--------------|--------------|
| 2          | Total Liabilities                 | 23,689,150   | 22,224,921   |
| 2.01       | Current Liabilities               | 3,629,749    | 3,188,105    |
| 2.01.01    | Loans and Financings              | 1,492,241    | 1,342,263    |
| 2.01.02    | Debentures                        | 617,789      | 583,255      |
| 2.01.03    | Suppliers                         | 546,123      | 439,227      |
| 2.01.04    | Taxes, Charges and Contributions  | 795,329      | 641,343      |
| 2.01.04.01 | Salaries and Social Contributions | 86,769       | 81,710       |
| 2.01.04.02 | Taxes Payable                     | 472,060      | 357,352      |
| 2.01.04.03 | Deferred Income Tax               | 173,897      | 148,736      |
| 2.01.04.04 | Deferred Social Contribution      | 62,603       | 53,545       |
| 2.01.05    | Dividends Payable                 | 479          | 382          |
| 2.01.06    | Provisions                        | 13,628       | 11,805       |
| 2.01.06.01 | Labor, Civil and Fiscal           | 13,628       | 11,805       |
| 2.01.07    | Debt with Related Parties         | 0            | 0            |
| 2.01.08    | Others                            | 164,160      | 169,830      |
| 2.02       | Long-Term Assets                  | 11,375,588   | 10,954,261   |
| 2.02.01    | Loans and Financings              | 5,892,059    | 5,953,813    |
| 2.02.02    | Debentures                        | 900,000      | 900,000      |
| 2.02.03    | Provisions                        | 4,251,071    | 3,755,584    |
| 2.02.03.01 | Labor, Civil and Fiscal           | 721,425      | 677,046      |
| 2.02.03.02 | For Income Tax in Judge           | 20,393       | 19,634       |
| 2.02.03.03 | For Social Contribution in Judge  | 182,534      | 82,188       |
| 2.02.03.04 | Other Tax in Judge                | 955,805      | 578,927      |
| 2.02.03.05 | Deferred Income Tax               | 1,754,839    | 1,773,388    |
| 2.02.03.06 | Deferred Social Contribution      | 616,075      | 624,401      |
| 2.02.04    | Debt with Related Parties         | 0            | 0            |
| 2.02.05    | Others                            | 332,458      | 344,864      |
| 2.03       | Deferred Income                   | 32,025       | 35,103       |
| 2.04       | Minority Interest                 | 0            | 0            |
| 2.05       | Shareholders' Equity              | 8,651,788    | 8,047,452    |
| 2.05.01    | Paid-In Capital                   | 1,680,947    | 1,680,947    |
| 2.05.02    | Capital Reserve                   | 17,319       | 17,319       |
| 2.05.03    | Revaluation Reserve               | 4,824,142    | 4,885,196    |
| 2.05.03.01 | Own Assets                        | 4,824,142    | 4,885,196    |
| 2.05.03.02 | Subsidiaries/Affiliates           | 0            | 0            |
| 2.05.04    | Profit Reserves                   | 554,656      | 644,803      |
| 2.05.04.01 | Legal                             | 249,391      | 249,391      |
| 2.05.04.02 | Statutory                         | 0            | 0            |
| 2.05.04.03 | For Contingencies                 | 0            | 0            |
| 2.05.04.04 | Unrealized Income                 | 0            | 0            |
| 2.05.04.05 | Profit Retention                  | 0            | 0            |

FEDERAL PUBLIC SERVICE  
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Brazilian Corporate

Law  
COMMERCIAL, INDUSTRY & OTHER TYPES OF COMPANY

01.01 - IDENTIFICATION

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| 1 - CVM CODE<br>00403-00 | 2 - COMPANY NAME<br>COMPANHIA SIDERÚRGICA NACIONAL | 3 - CNPJ (Federal Tax ID)<br>33.042.730/0001-04 |
|--------------------------|--|---|

06.02 - CONSOLIDATED BALANCE SHEET – LIABILITIES & SHAREHOLDERS' EQUITY (in thousands of reais)

| 1- Code       | 2- Description                        | 3- 9/30/2004 | 4- 6/30/2004 |
|---------------|---------------------------------------|--------------|--------------|
| 2.05.04.06    | Special For Non-Distributed Dividends | 0            | 0            |
| 2.05.04.07    | Other Profit Reserves                 | 305,265      | 395,412      |
| 2.05.04.07.01 | For Investments                       | 487,203      | 487,203      |
| 2.05.04.07.02 | Treasury Shares                       | (181.938)    | (91.791)     |
| 2.05.05       | Retained Earnings                     | 1.574.724    | 819.187      |

01.01 - IDENTIFICATION

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|-------------------------|--|---|

07.01 - CONSOLIDATED INCOME STATEMENT (in thousands of reais)

| 1- Code       | 2- Description   | 3- 7/01/2004 to 9/30/2004 | 4- 1/01/2004 to 9/30/2004 | 5- 7/01/2003 to 9/30/2003 | 6- 1/01/2003 to 9/30/2003 |
|---------------|--|---------------------------|---------------------------|---------------------------|---------------------------|
| 3.01          | Gross Revenue from Sales and/or Services                 | 3,339,247                 | 8,600,865                 | 2,066,634                 | 5,898,369                 |
| 3.02          | Deductions from Gross Revenue                            | (559,472)                 | (1,393,569)               | (284,460)                 | (942,586)                 |
| 3.03          | Net Revenue from Sales and/or Services                   | 2,779,775                 | 7,207,296                 | 1,782,174                 | 4,955,783                 |
| 3.04          | Cost of Goods and Services Sold                          | (1,440,581)               | (3,834,443)               | (1,013,827)               | (2,622,272)               |
| 3.04.01       | Depreciation and Amortization                            | (192,626)                 | (573,490)                 | (181,601)                 | (458,922)                 |
| 3.04.02       | Others   | (1,247,955)               | (3,260,953)               | (832,226)                 | (2,163,350)               |
| 3.05          | Gross Profit   | 1,339,194                 | 3,372,853                 | 768,347                   | 2,333,511                 |
| 3.06          | Operating Income/Expenses                                | (248,657)                 | (1,340,151)               | (485,364)                 | (1,201,695)               |
| 3.06.01       | Selling  | (108,782)                 | (388,342)                 | (150,376)                 | (354,067)                 |
| 3.06.01.01    | Depreciation and Amortization                            | (2,101)                   | (6,364)                   | (1,891)                   | (5,446)                   |
| 3.06.01.02    | Others   | (106,681)                 | (381,978)                 | (148,485)                 | (348,621)                 |
| 3.06.02       | General and Administrative                               | (73,339)                  | (217,223)                 | (61,226)                  | (195,558)                 |
| 3.06.02.01    | Depreciation and Amortization                            | (9,250)                   | (26,692)                  | (7,250)                   | (21,365)                  |
| 3.06.02.02    | Others   | (64,089)                  | (190,531)                 | (53,976)                  | (174,193)                 |
| 3.06.03       | Financial  | (36,703)                  | (709,924)                 | (275,100)                 | (658,924)                 |
| 3.06.03.01    | Financial Income   | (30,889)                  | 230,512                   | 53,731                    | (855,359)                 |
| 3.06.03.02    | Financial Expenses                                       | (5,814)                   | (940,436)                 | (328,831)                 | 196,435                   |
| 3.06.03.02.01 | Amortization of Special Exchange Variation               | (25,209)                  | (79,832)                  | (32,792)                  | (101,624)                 |
| 3.06.03.02.02 | Foreign Exchange and Monetary Variation, net             | 281,578                   | (90,203)                  | (99,917)                  | 829,418                   |
| 3.06.03.02.03 | Financial Expenses                                       | (262,183)                 | (770,401)                 | (196,122)                 | (531,359)                 |
| 3.06.04       | Other Operating Income                                   | 24,342                    | 47,765                    | 15,805                    | 37,683                    |
| 3.06.05       | Other Operating Expenses                                 | (50,074)                  | (86,884)                  | (38,151)                  | (65,413)                  |
| 3.06.06       | Equity Result from Subsidiaries and Affiliated Companies | (4,101)                   | 14,457                    | 23,684                    | 34,584                    |
| 3.07          | Operating Income/Loss                                    | 1,090,537                 | 2,032,702                 | 282,983                   | 1,131,816                 |
| 3.08          | Non-Operating Income/Loss                                | (9,560)                   | 3,309                     | (9,992)                   | (19,797)                  |
| 3.08.01       | Income   | 3                         | 13,451                    | 294                       | 1,653                     |
| 3.08.02       | Expenses   | (9,563)                   | (10,142)                  | (10,286)                  | (21,450)                  |
| 3.09          | Income before taxes and participations/contributions     | 1,080,977                 | 2,036,011                 | 272,991                   | 1,112,019                 |



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|-------------------------|--|---|

07.01 - CONSOLIDATED INCOME STATEMENT (in thousands of reais)

| 1- Code | 2- Description                                   | 3- 7/01/2004 to 9/30/2004 | 4- 1/01/2004 to 9/30/2004 | 5- 7/01/2003 to 9/30/2003 | 6- 1/01/2003 to 9/30/2003 |
|---------|--|---------------------------|---------------------------|---------------------------|---------------------------|
| 3.10    | Provision for income tax and social contribution | (301,914)                 | (422,629)                 | (42,421)                  | (60,271)                  |
| 3.11    | Deferred Income Tax                              | (84,581)                  | (162,104)                 | (27,527)                  | (335,763)                 |
| 3.12    | Statutory Participations/Contributions           | 0                         | 0                         | 0                         | 0                         |
| 3.12.01 | Participations                                   | 0                         | 0                         | 0                         | 0                         |
| 3.12.02 | Contributions                                    | 0                         | 0                         | 0                         | 0                         |
| 3.13    | Reversal of Interest on own capital              | 0                         | 0                         | 0                         | 0                         |
| 3.14    | Minority Interest                                | 0                         | 0                         | 0                         | 0                         |
| 3.15    | Net Income (Loss) for the Period                 | 694,482                   | 1,451,278                 | 203,043                   | 715,985                   |
|         | SHARES OUTSTANDING EX-TREASURY (in thousands)    | 282,169                   | 282,169                   | 71,729,261                | 71,729,261                |
|         | EARNINGS PER SHARE                               | 2.46123                   | 5.14329                   | 0.00283                   | 0.00998                   |
|         | LOSS PER SHARE                                   |                           |                           |                           |                           |

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

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**SEE CHART 05.01:**

“ COMMENTS ON THE COMPANY’S PERFORMANCE IN THE QUARTER”

**FEDERAL PUBLIC SERVICE  
CVM – BRAZILIAN SECURITIES COMMISSION  
QUARTERLY INFORMATION – ITR**      **Date: 09/30/2004**  
**COMMERCIAL, INDUSTRY & OTHER TYPES OF COMPANY**

**01.01 - IDENTIFICATION**

|                                |  |  |
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| 1 - CVM CODE<br><b>00403-0</b> | 2 - COMPANY NAME<br>COMPANHIA SIDERÚRGICA NACIONAL | 3 - CNPJ (Federal Tax ID)<br><b>33.042.730/0001-04</b> |
|--------------------------------|--|--|

**09.01 - HOLDINGS IN SUBSIDIARIES AND/OR ASSOCIATED COMPANIES**

| 1 - ITEM  | 2 - NAME OF SUBSIDIARY/ASSOCIATED COMPANY                      | 3 - CNPJ (Federal Tax ID) | 4 - CLASSIFICATION  | 5 - PARTICIPATION IN CAPITAL OF<br>INVESTEE - % | 6 – INVESTOR'S<br>SHAREHOLDERS' EQUITY - % |
|---|--|---------------------------|---|---|--|
| 7 - TYPE OF COMPANY                             | 8 - NUMBER OF SHARES HELD IN CURRENT QUARTER<br>(in thousands) |                           | 9 - NUMBER OF SHARES HELD IN PREVIOUS QUARTER<br>(in thousands) |   |  |
| 01  | CSN OVERSEAS   | 05.722.388/0001-58        | PRIVATE SUBSIDIARY  | 100.00  | 0.00                                       |
| COMMERCIAL, INDUSTRY AND OTHER TYPES OF COMPANY | 272,951  |                           | 272,951   |   |  |
| 02  | CSN STEEL CORP   | 05.706.345/0001-89        | PRIVATE SUBSIDIARY  | 100.00  | 0.00                                       |
| COMMERCIAL, INDUSTRY AND OTHER TYPES OF COMPANY | 1  |                           | 1   |   |  |
| 03  | CSN ISLANDS CORP.  | 05.923.780/0001-65        | PRIVATE SUBSIDIARY  | 100.00  | 0.00                                       |
| COMMERCIAL, INDUSTRY AND OTHER TYPES OF COMPANY | 50   |                           | 50  |   |  |
| 04  | CSN ENERGY CORP.   | 06.202.987/0001-03        | PRIVATE SUBSIDIARY  | 100.00  | 0.00                                       |
| COMMERCIAL, INDUSTRY AND OTHER TYPES OF COMPANY | 200,000  |                           | 200,000   |   |  |
| 05  | IND. NAC. DE AÇOS LAMINADOS – INAL S/A                         | 02.737.015/0001-62        | PRIVATE SUBSIDIARY  | 99.99   | 0.00                                       |
| COMMERCIAL, INDUSTRY AND OTHER TYPES OF COMPANY | 285,950  |                           | 285,950   |   |  |
| 06  | FEM – PROJ. CONSTRUÇÕES E MONTAGENS S/A                        | 42.564.807/0001-05        | PRIVATE SUBSIDIARY  | 99.99   | 0.00                                       |
| COMMERCIAL, INDUSTRY AND OTHER TYPES OF COMPANY | 376  |                           | 376   |   |  |
| 07  | CIA METALIC DO NORDESTE  | 01.183.070/0001-95        | PRIVATE SUBSIDIARY  | 99.99   | 0.00                                       |
| COMMERCIAL, INDUSTRY AND OTHER TYPES OF COMPANY | 82,347   |                           | 82,347  |   |  |
| 08  | CSC-COMPANHIA SIDERÚRGICA DO CEARÁ                             | 00.904.638/0001-57        | PRIVATE SUBSIDIARY  | 99.99   | 0.00                                       |
| COMMERCIAL, INDUSTRY AND OTHER TYPES OF COMPANY | 1,100  |                           | 1,100   |   |  |
| 09  | CSN PANAMA, S/A  | 05.923.777/0001-41        | PRIVATE SUBSIDIARY  | 100.00  | 0.00                                       |
| COMMERCIAL, INDUSTRY AND OTHER TYPES OF COMPANY | 28   |                           | 28  |   |  |
| 10  | CSN ENERGIA S/A  | 03.537.249/0001-29        | PRIVATE SUBSIDIARY  | 99.90   | 0.00                                       |
| COMMERCIAL, INDUSTRY AND OTHER TYPES OF COMPANY | 1  |                           | 1   |   |  |

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**09.01 - HOLDINGS IN SUBSIDIARIES AND/OR ASSOCIATED COMPANIES**

| 1 - ITEM   | 2 - NAME OF SUBSIDIARY/ASSOCIATED COMPANY                      | 3 - CNPJ (Federal Tax ID) | 4 - CLASSIFICATION  | 5 - PARTICIPATION IN CAPITAL OF<br>INVESTEES - % | 6 – INVESTOR'S<br>SHAREHOLDERS' EQUITY - % |
|--|--|---------------------------|---|--|--|
| 7 - TYPE OF COMPANY                              | 8 - NUMBER OF SHARES HELD IN CURRENT QUARTER<br>(in thousands) |                           | 9 - NUMBER OF SHARES HELD IN PREVIOUS QUARTER<br>(in thousands) |  |  |
| 11   | CSN PARTICIPAÇÕES ENERGÉTICAS S/A                              | 03.537.201/0001-10        | PRIVATE SUBSIDIARY  | 99.70  | 0.00                                       |
| COMMERCIAL, INDUSTRY AND OTHER TYPES OF COMPANY  | 1  |                           | 1   |  |  |
| 12   | CSN I S/A  | 04.518.302/0001-07        | PRIVATE SUBSIDIARY  | 100.00   | 0.00                                       |
| COMMERCIAL, INDUSTRY AND OTHER TYPES OF COMPANY  | 8,226,686  |                           | 8,226,686   |  |  |
| 13   | GALVASUD S/A   | 02.618.456/0001-45        | PRIVATE SUBSIDIARY  | 15.29  | 0.00                                       |
| COMMERCIAL, INDUSTRY AND OTHER TYPES OF COMPANY' | 1,804,656  |                           | 1,804,656   |  |  |
| 14   | SEPETIBA TECON S/A   | 02.394.276/0001-27        | PRIVATE SUBSIDIARY  | 20.00  | 0.00                                       |
| COMMERCIAL, INDUSTRY AND OTHER TYPES OF COMPANY' | 12,444   |                           | 12,444  |  |  |
| 15   | COMPANHIA FERROVIÁRIA DO NORDESTE-CFN                          | 02.281.836/0001-37        | PRIVATE SUBSIDIARY  | 49.99  | 0.00                                       |
| COMMERCIAL, INDUSTRY AND OTHER TYPES OF COMPANY  | 18,153   |                           | 18,153  |  |  |
| 16   | ITÁ ENERGÉTICA S/A   | 01.355.994/0002-02        | PUBLIC SUBSIDIARY   | 48.75  | 0.00                                       |
| COMMERCIAL, INDUSTRY AND OTHER TYPES OF COMPANY  | 253,607  |                           | 253,607   |  |  |
| 17   | MRS LOGÍSTICA  | 01.417.222/0001-77        | ASSOCIATED PUBLIC COMPANY                                       | 32.22  | 0.00                                       |
| COMMERCIAL, INDUSTRY AND OTHER TYPES OF COMPANY  | 109,374  |                           | 109,374   |  |  |
| 18   | CSN ISLANDS II CORP.   | 05.918.534/0001-15        | PRIVATE SUBSIDIARY  | 100.00   | 0.00                                       |
| COMMERCIAL, INDUSTRY AND OTHER TYPES OF COMPANY' | 1  |                           | 1   |  |  |
| 19   | CSN ISLANDS III CORP.  | 05.918.535/0001-60        | PRIVATE SUBSIDIARY  | 100.00   | 0.00                                       |
| COMMERCIAL, INDUSTRY AND OTHER TYPES OF COMPANY  | 1  |                           | 1   |  |  |

01.01 - IDENTIFICATION

|                         |  |   |
|-------------------------|--|---|
| 1 - CVM CODE<br>00403-0 | 2 - COMPANY NAME<br>COMPANHIA SIDERÚRGICA NACIONAL | 3 - CNPJ (Federal Tax ID)<br>33.042.730/0001-04 |
|-------------------------|--|---|

09.01 - HOLDINGS IN SUBSIDIARIES AND/OR ASSOCIATED COMPANIES

| 1 - ITEM            | 2 - NAME OF SUBSIDIARY/ASSOCIATED COMPANY                      | 3 - CNPJ (Federal Tax ID) | 4 - CLASSIFICATION  | 5 - PARTICIPATION IN CAPITAL OF<br>INVESTEE - % | 6 – INVESTOR'S<br>SHAREHOLDERS' EQUITY - % |
|---------------------|--|---------------------------|---|---|--|
| 7 - TYPE OF COMPANY | 8 - NUMBER OF SHARES HELD IN CURRENT QUARTER<br>(in thousands) |                           | 9 - NUMBER OF SHARES HELD IN PREVIOUS QUARTER<br>(in thousands) |   |  |

|   |                      |                    |                    |        |      |
|---|----------------------|--------------------|--------------------|--------|------|
| 20  | CSN ISLANDS IV CORP. | 05.918.536/0001-04 | PRIVATE SUBSIDIARY | 100.00 | 0.00 |
| COMMERCIAL, INDUSTRY AND OTHER TYPES OF COMPANY |                      | 1                  | 1                  |        |      |

|   |                     |                    |                    |        |      |
|---|---------------------|--------------------|--------------------|--------|------|
| 21  | CSN ISLANDS V CORP. | 05.918.538/0001-01 | PRIVATE SUBSIDIARY | 100.00 | 0.00 |
| COMMERCIAL, INDUSTRY AND OTHER TYPES OF COMPANY |                     | 1                  | 1                  |        |      |

|   |                |                    |                    |        |      |
|---|----------------|--------------------|--------------------|--------|------|
| 22  | CSN EXPORT CO. | 05.760.237/0001-94 | PRIVATE SUBSIDIARY | 100.00 | 0.00 |
| COMMERCIAL, INDUSTRY AND OTHER TYPES OF COMPANY |                | 1                  | 1                  |        |      |

|   |                       |                    |                    |        |      |
|---|-----------------------|--------------------|--------------------|--------|------|
| 23  | CSN ISLANDS VII CORP. | 05.918.539/0001-48 | PRIVATE SUBSIDIARY | 100.00 | 0.00 |
| COMMERCIAL, INDUSTRY AND OTHER TYPES OF COMPANY |                       | 1                  | 1                  |        |      |

|   |                        |                    |                    |        |      |
|---|------------------------|--------------------|--------------------|--------|------|
| 24  | CSN ISLANDS VIII CORP. | 06.042.103/0001-09 | PRIVATE SUBSIDIARY | 100.00 | 0.00 |
| COMMERCIAL, INDUSTRY AND OTHER TYPES OF COMPANY |                        | 1                  | 1                  |        |      |

|   |                      |                    |                    |        |      |
|---|----------------------|--------------------|--------------------|--------|------|
| 25  | CSN ISLANDS IX CORP. | 07.064.261/0001-14 | PRIVATE SUBSIDIARY | 100.00 | 0.00 |
| COMMERCIAL, INDUSTRY AND OTHER TYPES OF COMPANY |                      | 1                  | 0                  |        |      |

01.01 - IDENTIFICATION

|                                |   |  |
|--------------------------------|---|--|
| 1 - CVM CODE<br><b>00403-0</b> | 2 - COMPANY NAME<br><b>COMPANHIA SIDERÚRGICA NACIONAL</b> | 3 - CNPJ (Federal Tax ID)<br><b>33.042.730/0001-04</b> |
|--------------------------------|---|--|

10.01 - CHARACTERISTICS OF PUBLIC OR PRIVATE ISSUANCE OF DEBENTURES

|  |                      |
|--|----------------------|
| 1- ITEM                                  | 01                   |
| 2 - No. ORDER                            | 1                    |
| 3 - No. REGISTRY IN CVM                  | CVM/SRE/DEB/2002/006 |
| 4 - REGISTRY DATE IN CVM                 | 02/27/2002           |
| 5 - ISSUED SERIES                        | 1A                   |
| 6 - TYPE OF ISSUANCE                     | COMMON               |
| 7 - NATURE OF ISSUANCE                   | PUBLIC               |
| 8 - DATE OF ISSUANCE                     | 02/01/2002           |
| 9 - MATURITY DATE                        | 02/01/2005           |
| 10 - TYPE OF DEBENTURE                   | WITHOUT PREFERENCE   |
| 11 - CONDITION OF CURRENT REMUNERATION   | CDI + 2.75% p.a.     |
| 12 - PREMIUM/NEGATIVE GOODWILL           |                      |
| 13 - NOMINAL VALUE (Reais)               | 10,000.00            |
| 14-AMOUNT ISSUED (Thousands of Reais)    | 540,000              |
| 15-AMOUNT OF SECURITIES ISSUED (UNIT)    | 54,000               |
| 16 - OUTSTANDING SECURITIES (UNIT)       | 51,655               |
| 17 - TREASURY SECURITIES (UNIT)          | 2,345                |
| 18 - CALLED AWAY SECURITIES (UNIT)       | 0                    |
| 19 – CONVERTED SECURITIES (UNIT)         | 0                    |
| 20 – SECURITIES TO BE DISTRIBUTED (UNIT) | 0                    |
| 21 - DATE OF THE LAST REPACTUAÇÃO        |                      |
| 22 - DATE OF NEXT EVENT                  | 10/04/2004           |

01.01 - IDENTIFICATION

|                                |   |  |
|--------------------------------|---|--|
| 1 - CVM CODE<br><b>00403-0</b> | 2 - COMPANY NAME<br><b>COMPANHIA SIDERÚRGICA NACIONAL</b> | 3 - CNPJ (Federal Tax ID)<br><b>33.042.730/0001-04</b> |
|--------------------------------|---|--|

10.01 - CHARACTERISTICS OF PUBLIC OR PRIVATE ISSUANCE OF DEBENTURES

|  |                      |
|--|----------------------|
| 1- ITEM                                  | 02                   |
| 2 - No. ORDER                            | 2                    |
| 3 - No. REGISTRY IN CVM                  | CVM/SRE/DEB/2003/020 |
| 4 – REGISTRY DATE IN CVM                 | 12/08/2003           |
| 5 - ISSUED SERIES                        | UN                   |
| 6 - TYPE OF ISSUANCE                     | COMMON               |
| 7 - NATURE OF ISSUANCE                   | PUBLIC               |
| 8 - DATE OF ISSUANCE                     | 12/01/2003           |
| 9 - EXPIRATION DATE                      | 12/01/2006           |
| 10 - TYPE OF DEBENTURE                   | WITHOUT PREFERENCE   |
| 11 - CONDITION OF CURRENT REMUNERATION   | 107% CDI CETIP       |
| 12 – PREMIUM/NEGATIVE GOODWILL           |                      |
| 13 – NOMINAL VALUE (Reais)               | 10,000.00            |
| 14-AMOUNT ISSUED (Thousands of Reais)    | 400,000              |
| 15-AMOUNT OF SECURITIES ISSUED (UNIT)    | 40,000               |
| 16 - OUTSTANDING SECURITIES (UNIT)       | 40,000               |
| 17 - TREASURY SECURITIES (UNIT)          | 0                    |
| 18 - CALLED AWAY SECURITIES (UNIT)       | 0                    |
| 19 – CONVERTED SECURITIES (UNIT)         | 0                    |
| 20 – SECURITIES TO BE DISTRIBUTED (UNIT) | 0                    |
| 21 - DATE OF THE LAST REPACTUAÇÃO        |                      |
| 22 - DATE OF NEXT EVENT                  | 12/01/2005           |

01.01 - IDENTIFICATION

|                                |   |  |
|--------------------------------|---|--|
| 1 - CVM CODE<br><b>00403-0</b> | 2 - COMPANY NAME<br><b>COMPANHIA SIDERÚRGICA NACIONAL</b> | 3 - CNPJ (Federal Tax ID)<br><b>33.042.730/0001-04</b> |
|--------------------------------|---|--|

10.01 - CHARACTERISTICS OF PUBLIC OR PRIVATE ISSUANCE OF DEBENTURES

|  |                      |
|--|----------------------|
| 1- ITEM                                  | 03                   |
| 2 - No. ORDER                            | 3                    |
| 3 - No. REGISTRY IN CVM                  | CVM/SRE/DEB/2003/022 |
| 4 - REGISTRY DATE IN CVM                 | 12/19/2003           |
| 5 - ISSUED SERIES                        | 1A                   |
| 6 - TYPE OF ISSUANCE                     | COMMON               |
| 7 - NATURE OF ISSUANCE                   | PUBLIC               |
| 8 - DATE OF ISSUANCE                     | 12/01/2003           |
| 9 - EXPIRATION DATE                      | 12/01/2006           |
| 10 - TYPE OF DEBENTURE                   | WITHOUT PREFERENCE   |
| 11 - CONDITION OF CURRENT REMUNERATION   | 106.5% CDI SETIP     |
| 12 - PREMIUM/NEGATIVE GOODWILL           |                      |
| 13 - NOMINAL VALUE (Reais)               | 10,000.00            |
| 14-AMOUNT ISSUED (Thousands of Reais)    | 250,000              |
| 15-AMOUNT OF SECURITIES ISSUED (UNIT)    | 25,000               |
| 16 - OUTSTANDING SECURITIES (UNIT)       | 25,000               |
| 17 - TREASURY SECURITIES (UNIT)          | 0                    |
| 18 - CALLED AWAY SECURITIES (UNIT)       | 0                    |
| 19 – CONVERTED SECURITIES (UNIT)         | 0                    |
| 20 – SECURITIES TO BE DISTRIBUTED (UNIT) | 0                    |
| 21 - DATE OF THE LAST REPACTUAÇÃO        |                      |
| 22 - DATE OF NEXT EVENT                  | 12/01/2005           |



01.01 - IDENTIFICATION

|                                |   |  |
|--------------------------------|---|--|
| 1 - CVM CODE<br><b>00403-0</b> | 2 - COMPANY NAME<br><b>COMPANHIA SIDERÚRGICA NACIONAL</b> | 3 - CNPJ (Federal Tax ID)<br><b>33.042.730/0001-04</b> |
|--------------------------------|---|--|

10.01 - CHARACTERISTICS OF PUBLIC OR PRIVATE ISSUANCE OF DEBENTURES

|  |                      |
|--|----------------------|
| 1- ITEM                                  | 04                   |
| 2 - No. ORDER                            | 3                    |
| 3 - No. REGISTRY IN CVM                  | CVM/SRE/DEB/2003/023 |
| 4 - REGISTRY DATE IN CVM                 | 12/19/2003           |
| 5 - ISSUED SERIES                        | 2A                   |
| 6 - TYPE OF ISSUANCE                     | COMMON               |
| 7 - NATURE OF ISSUANCE                   | PUBLIC               |
| 8 - DATE OF ISSUANCE                     | 12/01/2003           |
| 9 - EXPIRATION DATE                      | 12/01/2008           |
| 10 - TYPE OF DEBENTURE                   | WITHOUT PREFERENCE   |
| 11 - CONDITION OF CURRENT REMUNERATION   | IGPM + 10% P.A.      |
| 12 - PREMIUM/NEGATIVE GOODWILL           |                      |
| 13 - NOMINAL VALUE (Reais)               | 10,000.00            |
| 14-AMOUNT ISSUED (Thousands of Reais)    | 250,000              |
| 15-AMOUNT OF SECURITIES ISSUED (UNIT)    | 25,000               |
| 16 - OUTSTANDING SECURITIES (UNIT)       | 25,000               |
| 17 - TREASURY SECURITIES (UNIT)          | 0                    |
| 18 - CALLED AWAY SECURITIES (UNIT)       | 0                    |
| 19 – CONVERTED SECURITIES (UNIT)         | 0                    |
| 20 – SECURITIES TO BE DISTRIBUTED (UNIT) | 0                    |
| 21 - DATE OF THE LAST REPACTUAÇÃO        |                      |
| 22 - DATE OF NEXT EVENT                  | 12/01/2005           |

## 15.01 INVESTMENT PROJECTS

### OPERATING INVESTMENTS

Expenditures made in the third quarter of 2004 with investment projects were:

| Description                                      | Value<br>R\$ thousand |
|--|-----------------------|
| Activation of chair 5 of LTF# 1                  | 4,127                 |
| Improvement in the coke batteries # 1, 4 and 5   | 2,237                 |
| Natural gas injection in the blast furnaces      | 1,564                 |
| Replacement of steel pan carcasses               | 1,311                 |
| Replacement of DLCs of LEEs # 5 and 6            | 1,253                 |
| Repotentialation of liquid metal rolling bridges | 709                   |
| Magnetic separator for LTF#2                     | 699                   |
| Installation of BQ cut line                      | 490                   |
| Revamp of rolling bridges                        | 436                   |
| Emission of particles to the clear story         | 415                   |
| Repair and modification of torpedo cars          | 358                   |
| Revamp of lime furnace # 3                       | 351                   |
| Replacement of aciaria bearing beam              | 299                   |
| Revamp of continuous running machine # 2         | 257                   |
| Electromechanical revamp in torpedo cars         | 254                   |
| Aciaria automation                               | 203                   |
| Preservation of blast furnaces                   | 194                   |
| Battery revamp of coke furnaces # 3              | 188                   |
| Gas system revamp                                | 131                   |
|  | <b>15,476</b>         |

**16.01 – OTHER INFORMATION CONSIDERED MATERIAL BY THE COMPANY**

| Statement of Sources and Uses of Proceeds<br>For the periods ended on September 30, 2004 and 2003<br>(In thousands of reais) |                  |                  |                  |                  |
|--|------------------|------------------|------------------|------------------|
|  | Parent Company   |                  | Consolidated     |                  |
|  | 2004             | 2003             | 2004             | 2003             |
| <b>SOURCES OF PROCEEDS</b>   |                  |                  |                  |                  |
| <b>Funds provided by operations</b>  |                  |                  |                  |                  |
| Net income for the period  | 1,551,970        | 732,863          | 1,451,278        | 715,985          |
| Expenses (income) not affecting net working capital  |                  |                  |                  |                  |
| Monetary and foreign exchange variation and long term accrued charges (net)  | (165,284)        | (925,979)        | (56,546)         | (366,316)        |
| Equity result and amortization of goodwill and negative goodwill   | (453,704)        | 5,316            | (14,457)         | (34,584)         |
| Write-offs from permanent assets   | 7,921            | 6,699            | 8,431            | 7,443            |
| Depreciation/depletion/amortization  | 548,546          | 456,270          | 606,490          | 485,733          |
| Amortization of special foreign exchange variation   | 78,252           | 99,622           | 79,832           | 101,624          |
| Deferred income tax and social contribution  | (192,138)        | 137,532          | (196,597)        | 142,025          |
| Provision for contingent liabilities PIS/COFINS/CPMF   | 103,155          | 80,368           | 103,155          | 80,368           |
| Employees' Pension Fund Provision  | 22,609           | 51,287           | 22,345           | 51,287           |
| Deferred Income Variations   |                  |                  | 25,529           |                  |
| Others   | 113,296          | (199,490)        | 123,270          | (166,522)        |
|  | <b>1,614,623</b> | <b>444,488</b>   | <b>2,152,730</b> | <b>1,017,043</b> |
| <b>Funds Provided by Others</b>  |                  |                  |                  |                  |
| Resources from loans and financings  | 2,537,876        | 2,444,795        | 2,097,995        | 2,206,277        |
| Decrease in other long-term assets   | 115,788          | 70,349           | 131,120          | 28,945           |
| Increase in other long-term liabilities  | 406,644          | 156,532          | 426,557          | 147,451          |
| Others   | 22,468           | 127,759          | 29,171           | 1,478            |
|  | <b>3,082,776</b> | <b>2,799,435</b> | <b>2,684,843</b> | <b>2,384,151</b> |
| <b>TOTAL SOURCES OF FUNDS</b>  | <b>4,697,399</b> | <b>3,243,923</b> | <b>4,837,573</b> | <b>3,401,194</b> |

## 16.01 – OTHER INFORMATION CONSIDERED MATERIAL BY THE COMPANY

| Statement of Sources and Uses of Proceeds<br>For the periods ended on September 30, 2004 and 2003<br>(In thousands of reais) |                    |                  |                  |                  |
|--|--------------------|------------------|------------------|------------------|
|  | Parent Company     |                  | Consolidated     |                  |
|  | 2004               | 2003             | 2004             | 2003             |
|  |                    |                  |                  |                  |
|  |                    |                  |                  |                  |
|  |                    |                  |                  |                  |
| <b>USES OF FUNDS</b>   |                    |                  |                  |                  |
| <b>Funds used in permanent assets</b>  |                    |                  |                  |                  |
| Investments  | 531,527            | 74,675           | 139,205          | (66,250)         |
| Property, plant and equipment  | 259,582            | 666,104          | 457,335          | 337,898          |
| Deferred assets  | 31,864             | 81,066           | 49,615           | 56,101           |
|  | <b>822,973</b>     | <b>821,845</b>   | <b>646,155</b>   | <b>327,749</b>   |
| <b>Other</b>   |                    |                  |                  |                  |
| Interest on own equity/dividends   | 35,000             | 506,138          | 35,000           | 506,138          |
| Treasury shares  | 181,938            |                  | 181,938          |                  |
| Transfer of loans and financing to short-term  | 1,784,108          | 827,944          | 1,796,245        | 662,512          |
| Increases in long-term assets  | 93,517             | 1,323,929        | 138,535          | 623,563          |
| Decreases in long-term liabilities   | 30,517             | 148,748          | 62,273           | 194,245          |
|  | <b>2,125,080</b>   | <b>2,806,759</b> | <b>2,213,991</b> | <b>1,986,458</b> |
| <b>TOTAL USES OF FUNDS</b>   | <b>2,948,053</b>   | <b>3,628,604</b> | <b>2,860,146</b> | <b>2,314,207</b> |
|  |                    |                  |                  |                  |
| <b>INCREASE (DECREASE) IN NET WORKING CAPITAL</b>  | <b>1,749,346</b>   | <b>(384,681)</b> | <b>1,977,427</b> | <b>1,086,987</b> |
|  |                    |                  |                  |                  |
| <b>CHANGES IN NET WORKING CAPITAL</b>  |                    |                  |                  |                  |
| <b>Current Assets</b>  |                    |                  |                  |                  |
| At end of period   | 6,249,078          | 5,014,341        | 7,840,038        | 4,997,798        |
| At beginning of period   | 5,507,669          | 4,257,340        | 6,775,380        | 4,227,070        |
|  | <b>741,409</b>     | <b>757,001</b>   | <b>1,064,658</b> | <b>770,728</b>   |
| <b>Current Liabilities</b>   |                    |                  |                  |                  |
| At end of period   | 3,543,808          | 4,585,096        | 3,629,749        | 4,412,376        |
| At beginning of period   | 4,551,745          | 3,443,414        | 4,542,518        | 4,728,635        |
|  | <b>(1,007,937)</b> | <b>1,141,682</b> | <b>(912,769)</b> | <b>(316,259)</b> |
| <b>INCREASE (DECREASE) IN NET WORKING CAPITAL</b>  | <b>1,749,346</b>   | <b>(384,681)</b> | <b>1,977,427</b> | <b>1,086,987</b> |

**16.01 – OTHER INFORMATION CONSIDERED MATERIAL BY THE COMPANY**

| Cash Flow Statement<br>For the quarters ended September 30, 2004 and 2003<br>(In thousands of reais) |                  |                  |                  |                  |  |
|--|------------------|------------------|------------------|------------------|--|
|  | Parent Company   |                  | Consolidated     |                  |  |
|  | 2004             | 2003             | 2004             | 2003             |  |
| <b>Cash flow from operating activities</b>   |                  |                  |                  |                  |  |
| Net income for the year  | 1,551,970        | 732,863          | 1,451,278        | 715,985          |  |
| Adjustments to reconcile the net income for the year with the resources from operating activities:   |                  |                  |                  |                  |  |
| - Amortization of deferred exchange variation  | 78,252           | 99,622           | 79,832           | 101,624          |  |
| - Monetary and exchange variation, net   | (183,797)        | (1,224,496)      | (75,576)         | (841,941)        |  |
| - Provision for charges on loans and financings  | 714,811          | 471,162          | 666,871          | 355,552          |  |
| - Depreciation/ depletion/ amortization  | 548,546          | 456,270          | 606,490          | 485,733          |  |
| - Write-off from permanent assets  | 7,921            | 6,699            | 8,431            | 7,443            |  |
| - Equity result and amortization of good will and negative goodwill                                  | (453,704)        | 5,316            | (14,457)         | (34,584)         |  |
| - Deferred income tax and social contribution  | 209,332          | 352,204          | 162,104          | 335,764          |  |
| - Provision Swap / Forward   | (477,868)        | 1,128,553        | (597,502)        | 1,128,553        |  |
| - Provision marked to market   |                  | (223,665)        |                  | (223,665)        |  |
| - Employees' Pension Fund Provision  | 22,609           | 51,287           | 22,345           | 51,287           |  |
| - Other provisions   | 153,991          | (4,844)          | 119,621          | (35,147)         |  |
|  | 2,172,063        | 1,850,971        | 2,429,437        | 2,046,604        |  |
| <b>(Increase) decrease in assets:</b>  |                  |                  |                  |                  |  |
| - Accounts receivable - trade  | (453,110)        | (483,067)        | (249,443)        | (436,664)        |  |
| - Inventories  | (892,707)        | (231,481)        | (1,257,062)      | (316,988)        |  |
| - Judicial Deposits  | (43,976)         | (46,086)         | (46,677)         | (52,218)         |  |
| - Credits with subsidiary and associated companies   | (17,763)         | (1,040,308)      | 1,240            | (1,330)          |  |
| - Carryforward taxes   | (148,919)        | (81,639)         | (163,781)        | (88,992)         |  |
| - Others   | 176,933          | 160,652          | 113,623          | (51,032)         |  |
|  | (1,379,542)      | (1,721,929)      | (1,602,100)      | (947,224)        |  |
| <b>Increase (decrease) in liabilities</b>  |                  |                  |                  |                  |  |
| - Suppliers  | (120,360)        | (59,841)         | 55,504           | (37,323)         |  |
| - Salaries and payroll charges   | 20,547           | 43,112           | 25,333           | 44,783           |  |
| - Taxes  | 432,802          | 69,556           | 465,417          | 86,626           |  |
| - Accounts payable - subsidiary companies  | (10,329)         | (769)            |                  |                  |  |
| - Option Hedge premium   |                  | 186,187          |                  | 188,108          |  |
| - Others   | (104,903)        | (40,844)         | (66,837)         | (84,431)         |  |
|  | 217,757          | 197,401          | 479,417          | 197,763          |  |
| <b>Net resources from operating activities</b>   | <b>1,010,278</b> | <b>326,443</b>   | <b>1,306,754</b> | <b>1,297,143</b> |  |
| <b>Cash flow from financing activities</b>   |                  |                  |                  |                  |  |
| - Investments  | (531,527)        | (74,675)         | (139,205)        | 66,250           |  |
| - Property, plant and equipment  | (259,860)        | (679,415)        | (457,613)        | (344,664)        |  |
| - Deferred assets  | (31,864)         | (81,066)         | (49,615)         | (56,101)         |  |
| <b>Net resources used on investing activities</b>  | <b>(823,251)</b> | <b>(835,156)</b> | <b>(646,433)</b> | <b>(334,515)</b> |  |

**16.01 – OTHER INFORMATION CONSIDERED MATERIAL BY THE COMPANY**

| <b>Cash Flow Statement</b><br><b>For the quarters ended September 30, 2004 and 2003</b><br><b>(In thousands of reais)</b> |                    |                    |                    |                    |
|---|--------------------|--------------------|--------------------|--------------------|
|   | Parent Company     |                    | Consolidated       |                    |
|   | 2004               | 2003               | 2004               | 2003               |
| <b>Cash Flow from investing activities</b>  |                    |                    |                    |                    |
| <b>Funding</b>  |                    |                    |                    |                    |
| - Loans and Financings  | 2,584,628          | 3,694,407          | 2,805,746          | 3,515,120          |
|   | <b>2,584,628</b>   | <b>3,694,407</b>   | <b>2,805,746</b>   | <b>3,515,120</b>   |
| <b>Payments</b>   |                    |                    |                    |                    |
| - Financial Institutions  |                    |                    |                    |                    |
| - Principal   | (1,524,178)        | (1,167,776)        | (2,221,235)        | (2,238,800)        |
| - Charges   | (679,978)          | (450,073)          | (675,560)          | (450,073)          |
| - Interest on own equity/dividends  | (752,254)          | (799,671)          | (752,254)          | (799,671)          |
| - Treasury shares   | (181,938)          |                    | (181,938)          |                    |
|   | <b>(3,138,348)</b> | <b>(2,417,520)</b> | <b>(3,830,987)</b> | <b>(3,488,544)</b> |
| <b>Net resources from (to) financing activities</b>   | <b>(553,720)</b>   | <b>1,276,887</b>   | <b>(1,025,241)</b> | <b>26,576</b>      |
| <b>Increase (decrease) in cash and securities</b>   | <b>(366,693)</b>   | <b>768,174</b>     | <b>(364,920)</b>   | <b>989,204</b>     |
| Cash and securities, beginning of period  | 2,193,171          | 850,278            | 3,650,707          | 1,186,347          |
| <b>Cash and securities, end of period</b>   | <b>1,826,478</b>   | <b>1,618,452</b>   | <b>3,285,787</b>   | <b>2,175,551</b>   |
| <b>Additional cash flow information</b>   |                    |                    |                    |                    |
| Monetary variation and interest capitalized   | (278)              | (13,311)           | (278)              | (6,766)            |

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**17.01 INDEPENDENT ACCOUNTANTS SPECIAL REVIEW REPORT - QUALIFIED**

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

Independent Accountants Special Review Report

To the Stockholders and Management of  
Companhia Siderúrgica Nacional  
Rio de Janeiro – RJ

1. We have conducted a special review of the quarterly report (ITRs) of COMPANHIA SIDERÚRGICA NACIONAL (a Brazilian corporation), which includes the individual (Parent Company) and consolidated balance sheets as of September 30, 2004, the related statements of income for the quarter and the nine month period then ended, the performance report and the relevant information, presented in accordance with the accounting principles generally accepted in Brazil, prepared under the responsibility of the Company's management.
2. Except for the matter presented in paragraph (3), our review was conducted in accordance with specific standards established by the Brazilian Institute of Accountants - IBRACON, together with the Federal Accounting Council (CFC), and mainly comprised: (a) inquiries and discussions with the Company's management responsible for the accounting, financial and operating areas as to the principal criteria adopted in the preparation of the quarterly information; and (b) review of the information and subsequent events that had or may have significant effects on the Company's and its subsidiaries financial position and operations.
3. As described in Note 13 to the quarterly financial information, the Company and its affiliate MRS Logística S.A. and its subsidiary Galvasud S.A. elected to defer net losses arising from exchange variations in the year 2001, in conformity with Provisional Measure no.3/2001 and Deliberations no.404/2001 and 409/2001 of the Brazilian Securities Commission – CVM. The accounting practices adopted in Brazil require the recognition in income of the effects of exchange rate variations during the period in which they occurred. As a result, as of September 30, 2004 the stockholders' equity is overstated by approximately R\$18 million (R\$36 million on June 30, 2004) and the net income for the quarter and nine month period ended September 30, 2004, is understated by approximately R\$18 million and R\$57 million respectively, net of tax effects.
4. Based on our special review, except for the effects of the matter mentioned in paragraph 3, we are not aware of any material modification that should be made to the quarterly report referred to in paragraph (1) above for it to be in accordance with the accounting practices adopted in Brazil, applied in compliance with the standards laid down by CVM (Brazilian Securities Commission), specifically applicable to the preparation of the quarterly information.

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**17.01 INDEPENDENT ACCOUNTANTS SPECIAL REVIEW REPORT - QUALIFIED**

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5. As described in Note 7 to the Quarterly Information, as of September 30, 2004, the Company and its subsidiaries had recorded in current assets, accounts receivable in the amount of R\$76 million, related to the sale of energy in the Wholesale Electric Energy Market – MAE, for the period between September 2000 to September 2002. These amounts are subject to changes, depending on the decision in the judicial process under way filed by companies in the electric energy sector, related to the interpretation of market regulation in effect for that period.
6. The individual and consolidated financial statements as of June 30, 2004 presented for comparative purposes, were reviewed by us, and our report, dated July 23, 2004 included a qualification with respect to the deferral of net negative exchange variations for the year 2001 and an emphasis paragraph with respect to the realization of accounts receivable related to the sale of energy on the Wholesale Electric Energy Market – MAE for the period of September 2000 to September 2002. The individual and consolidated statements of income for the quarter and nine month period ended September 30, 2003, presented for comparative purposes, were reviewed by us, and our report, dated October 31, 2003, contains a qualification with respect to the absence of review of the September 30, 2003 financial statements of the jointly controlled subsidiary Lusosider Projectos Siderurgicos S.A. by us or other independent auditors, deferral of net negative exchange variations in the year 2001 and an emphasis paragraph with respect to the realization of accounts receivable related to the sale of energy on the MAE.
7. Our special review was conducted for the purpose of issuing a report on the Quarterly Information referred to in paragraph (1) above, taken as a whole. The Supplementary Information related to the Value-added Statement, presented in Note 23, the EBITDA Statement included in Note 24, and the Statements of Changes in Financial Position and of Cash Flows presented in Attachment 16.01 to the Quarterly Information are presented for the purposes of allowing additional analyses and are not required as part of the basic quarterly report. This information was reviewed by us according to the review procedures mentioned in paragraph (2) above, and based on our special review, except for the matter mentioned in paragraph (3), is fairly stated, in all material respects, in relation to the Quarterly Information taken as a whole.

**Rio de Janeiro, October 22, 2004**

DELOITTE TOUCHE TOHMATSU  
Auditores Independentes

Marcelo Cavalcanti Almeida  
**Engagement Partner**



01.01 - IDENTIFICATION

|                                |   |  |
|--------------------------------|---|--|
| 1 - CVM CODE<br><b>00403-0</b> | 2 - COMPANY NAME<br><b>COMPANHIA SIDERÚRGICA NACIONAL</b> | 3 - CNPJ (Federal Tax ID)<br><b>33.042.730/0001-04</b> |
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00403-0 COMPANHIA SIDERÚRGICA NACIONAL

33.042.730/0001-04

01.01 - IDENTIFICATION

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