

NATIONAL STEEL CO
Form 6-K
June 05, 2006

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 6-K

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

For the month of May, 2006

Commission File Number 1-14732

COMPANHIA SIDERÚRGICA NACIONAL
(Exact name of registrant as specified in its charter)

National Steel Company
(Translation of Registrant's name into English)

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

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

Form 20-F Form 40-F

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

Yes No

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

FEDERAL PUBLIC SERVICE**CVM BRAZILIAN SECURITIES COMMISSION****QUARTERLY INFORMATION**

Date: 03/31/2006

Accounting Practices

Adopted in Brazil

COMMERCIAL, INDUSTRY & OTHER TYPES OF COMPANY

**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 00403-0 | 2 - COMPANY NAME COMPANHIA SIDERÚRGICA NACIONAL | 3 - CNPJ (Corporate Taxpayer s ID) 33.042.730/0001-04 |
| 4 - NIRE (Corporate Registry ID) 33300011595 | | |

01.02 - HEAD OFFICE

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

01.03 - INVESTOR RELATIONS OFFICER (Company Mailing Address)

| | | | | |
|--|--------------------------|------------------|--------------------------|----------|
| 1 NAME BENJAMIN STEINBRUCH | | | | |
| 2 ADDRESS AV. BRIGADEIRO FARIA LIMA, 3400 20º ANDAR | | | 3 DISTRICT ITAIM BIBI | |
| 4 ZIP CODE 04538-132 | 5 CITY SÃO PAULO | | 6 STATE SP | |
| 7 AREA CODE 011 | 8 TELEPHONE 3049-7100 | 9 TELEPHONE - | 10 TELEPHONE - | 11 TELEX |
| 12 AREA CODE 011 | 13 FAX 3049-7519 | 14 FAX - | 15 FAX - | |
| 16 E-MAIL invrel@csn.com.br | | | | |

01.04 - REFERENCE AND AUDITOR INFORMATION

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| CURRENT YEAR | | CURRENT QUARTER | | | PREVIOUS QUARTER | | |
|---|------------|-----------------|---------------|-----------|---|---------------|------------|
| 1 - BEGINNING | 2. END | 3 - QUARTER | 4 - BEGINNING | 5 - END | 6 - QUARTER | 7 - BEGINNING | 8 - END |
| 1/01/2006 | 12/31/2006 | 1 | 1/01/2006 | 3/31/2006 | 4 | 10/01/2005 | 12/31/2005 |
| 09 - INDEPENDENT ACCOUNTANT DELOITTE TOUCHE TOHMATSU AUDITORES INDEPENDENTES | | | | | 10 - CVM CODE 00385-9 | | |
| 11. TECHNICIAN IN CHARGE JOSÉ CARLOS MONTEIRO | | | | | 12 TECHNICIAN S CPF (INDIVIDUAL TAXPAYER S ID) 443.201.918-20 | | |

01.05 - CAPITAL

| NUMBER OF SHARES (in thousands) | 1 CURRENT QUARTER 3/31/2006 | 2 PREVIOUS QUARTER 12/31/2005 | 3 SAME QUARTER, PREVIOUS YEAR 3/31/2005 |
|------------------------------------|--------------------------------|----------------------------------|---|
| Paid-up Capital | | | |
| 1 Common | 272,068 | 272,068 | 286,917 |
| 2 Preferred | 0 | 0 | 0 |
| 3 Total | 272,068 | 272,068 | 286,917 |
| Treasury Stock | | | |
| 4 Common | 14,655 | 13,886 | 10,724 |
| 5 Preferred | 0 | 0 | 0 |
| 6 Total | 14,655 | 13,886 | 10,724 |

01.06 - COMPANY PROFILE

| |
|---|
| 1 TYPE OF COMPANY Commercial, Industrial and Other Types of Company |
| 2 STATUS Operational |
| 3 NATURE OF OWNERSHIP Private National |
| 4 ACTIVITY CODE 1060 Metallurgy and Steel Industry |
| 5 MAIN ACTIVITY Manufacturing, transf. and trading of steel products |
| 6 CONSOLIDATION TYPE Total |
| 7 TYPE OF REPORT OF INDEPENDENT AUDITORS Unqualified |

01.07 - COMPANIES NOT INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS

| | | |
|----------|------------------------------------|------------------|
| 1 - ITEM | 2 - CNPJ (Corporate Taxpayer's ID) | 3 - COMPANY NAME |
|----------|------------------------------------|------------------|

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 |
|----------|-----------|------------|----------------------------|----------------------|--------------------|-------------------------|
| 01 | AGE | 01/31/2006 | Dividend | 02/09/2006 | Common | 3.6393000000 |
| 02 | AGO/E | 04/28/2006 | Interest on Own Capital | 05/08/2006 | Common | 1.0077300000 |
| 03 | AGO/E | 04/28/2006 | Dividend | 05/08/2006 | Common | 0.4967400000 |

01.09 - SUBSCRIBED CAPITAL AND CHANGES IN THE CURRENT YEAR

| 1 - ITEM | 2 - DATE OF CHANGE | 3 - CAPITAL STOCK (In thousands of reais) | 4 - AMOUNT OF CHANGE (In thousands of reais) | 5 - NATURE OF CHANGE | 7 - |
|----------|--------------------|--|---|----------------------|-----|
|----------|--------------------|--|---|----------------------|-----|

01.10 - INVESTOR RELATIONS OFFICER

| 1 DATE | 2 SIGNATURE |
|------------|-------------|
| 05/10/2006 | |

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

| 1-Code | 2- Description | 3- 03/31/2006 | 4- 12/31/2005 |
|---------------|--|----------------------|----------------------|
| 1 | Total Assets | 23,337,045 | 24,545,954 |
| 1.01 | Current Assets | 4,174,905 | 5,545,203 |
| 1.01.01 | Cash and Cash Equivalents | 34,251 | 73,034 |
| 1.01.02 | Credits | 1,595,851 | 1,772,853 |
| 1.01.02.01 | Domestic Market | 699,458 | 697,396 |
| 1.01.02.02 | Foreign Market | 969,875 | 1,146,408 |
| 1.01.02.03 | Allowance for Doubtful Accounts | (73,482) | (70,951) |
| 1.01.03 | Inventories | 1,351,568 | 1,396,406 |
| 1.01.04 | Other | 1,193,235 | 2,302,910 |
| 1.01.04.01 | Marketable Securities | 125,387 | 1,422,761 |
| 1.01.04.02 | Income Tax and Social Contribution Recoverable | 26,797 | 25,168 |
| 1.01.04.03 | Deferred Income Tax | 351,989 | 358,950 |
| 1.01.04.04 | Deferred Social Contribution | 78,337 | 80,843 |
| 1.01.04.05 | Proposed Dividends Receivable | 143,899 | 140,924 |
| 1.01.04.06 | Prepaid Expenses | 22,572 | 27,269 |
| 1.01.04.07 | Required Insurance | 176,616 | 0 |
| 1.01.04.08 | Other | 267,638 | 246,995 |
| 1.02 | Long-Term Assets | 1,752,491 | 1,686,801 |
| 1.02.01 | Sundry Credits | 31,584 | 26,084 |
| 1.02.01.01 | Loans ELETROBRÁS | 31,584 | 26,084 |
| 1.02.02 | Credit with Related Parties | 238,227 | 195,436 |
| 1.02.02.01 | Affiliates | 0 | 0 |
| 1.02.02.02 | Subsidiaries | 238,227 | 195,436 |
| 1.02.02.03 | Other Related Parties | 0 | 0 |
| 1.02.03 | Other | 1,482,680 | 1,465,281 |
| 1.02.03.01 | Deferred Income Tax | 442,928 | 410,391 |
| 1.02.03.02 | Deferred Social Contribution | 90,561 | 81,952 |
| 1.02.03.03 | Judicial Deposits | 644,764 | 641,327 |
| 1.02.03.04 | Marketable Securities Receivable | 69,297 | 79,172 |
| 1.02.03.05 | Marketable Securities | 125,673 | 125,639 |
| 1.02.03.06 | Recoverable PIS/PASEP | 27,838 | 27,334 |
| 1.02.03.07 | Prepaid Expenses | 34,390 | 35,685 |
| 1.02.03.08 | Other | 47,229 | 63,781 |
| 1.03 | Permanent Assets | 17,409,649 | 17,313,950 |
| 1.03.01 | Investments | 5,195,432 | 5,098,885 |
| 1.03.01.01 | In Affiliates | 0 | 0 |
| 1.03.01.02 | In Subsidiaries | 5,195,432 | 5,098,885 |
| 1.03.01.03 | Other Investments | 0 | 0 |
| 1.03.02 | Property, Plant and Equipment | 12,033,378 | 12,020,165 |
| 1.03.02.01 | In Operation, Net | 11,415,085 | 11,524,199 |
| 1.03.02.02 | In Construction | 474,319 | 352,025 |
| 1.03.02.03 | Land | 143,974 | 143,941 |
| 1.03.03 | Deferred Charges | 180,839 | 194,900 |

02.02 - BALANCE SHEET - LIABILITIES (in thousands of Reais)

| 1- Code | 2- Descriptionv | 3- 03/31/2006 | 4- 12/31/2005 |
|------------|-------------------------------------|---------------|---------------|
| 2 | Total Liabilities | 23,337,045 | 24,545,954 |
| 2.01 | Current Liabilities | 4,215,987 | 5,300,857 |
| 2.01.01 | Loans and Financing | 885,178 | 979,704 |
| 2.01.02 | Debentures | 697,573 | 661,920 |
| 2.01.03 | Suppliers | 909,724 | 1,149,504 |
| 2.01.04 | Taxes, Charges and Contributions | 468,140 | 305,526 |
| 2.01.04.01 | Salaries and Social Contributions | 55,494 | 59,903 |
| 2.01.04.02 | Taxes Payable | 240,409 | 119,143 |
| 2.01.04.03 | Deferred Income Tax | 126,645 | 93,000 |
| 2.01.04.04 | Deferred Social Contribution | 45,592 | 33,480 |
| 2.01.05 | Dividends Payable | 431,179 | 1,324,087 |
| 2.01.06 | Provisions | 39,431 | 40,341 |
| 2.01.06.01 | Contingencies | 39,431 | 40,341 |
| 2.01.07 | Debt with Related Parties | 0 | 0 |
| 2.01.08 | Other | 784,762 | 839,775 |
| 2.01.08.01 | Accounts Payable - Subsidiaries | 663,075 | 687,347 |
| 2.01.08.02 | Other | 121,687 | 152,428 |
| 2.02 | Long-Term Liabilities | 12,370,746 | 12,709,907 |
| 2.02.01 | Loans and Financing | 5,995,154 | 6,587,731 |
| 2.02.02 | Debentures | 288,169 | 286,176 |
| 2.02.03 | Provisions | 5,593,247 | 5,356,011 |
| 2.02.03.01 | Contingencies | 3,459,989 | 3,193,064 |
| 2.02.03.02 | Deferred Income Tax | 1,568,572 | 1,590,402 |
| 2.02.03.03 | Deferred Social Contribution | 564,686 | 572,545 |
| 2.02.04 | Debt with Related Parties | 0 | 0 |
| 2.02.05 | Other | 494,176 | 479,989 |
| 2.02.05.01 | Provision for Losses in Investments | 83,309 | 77,833 |
| 2.02.05.02 | Accounts Payable - Subsidiaries | 93,173 | 99,116 |
| 2.02.05.03 | Provision for Pension Fund | 239,612 | 223,400 |
| 2.02.05.04 | Other | 78,082 | 79,640 |
| 2.03 | Deferred Income | 0 | 0 |
| 2.05 | Shareholders Equity | 6,750,312 | 6,535,190 |
| 2.05.01 | Paid-In Capital Stock | 1,680,947 | 1,680,947 |
| 2.05.02 | Capital Reserve | 0 | 0 |
| 2.05.03 | Revaluation Reserve | 4,460,422 | 4,518,054 |
| 2.05.03.01 | Own Assets | 4,460,069 | 4,517,701 |
| 2.05.03.02 | Subsidiaries/Affiliates | 353 | 353 |
| 2.05.04 | Profit Reserve | 297,079 | 336,189 |
| 2.05.04.01 | Legal | 336,189 | 336,189 |
| 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 |

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| | | | |
|---------------|---------------------------------------|-----------|-----------|
| 2.05.04.06 | Special For Non-Distributed Dividends | 0 | 0 |
| 2.05.04.07 | Other Profit Reserve | (39,110) | 0 |
| 2.05.04.07.01 | From Investments | 637,611 | 637,611 |
| 2.05.04.07.02 | Treasury Shares | (676,721) | (637,611) |
| 2.05.05 | Retained Earnings | 311,864 | 0 |

03.01 STATEMENT OF INCOME (in thousands of reais)

| 1- Code | 2- Description | 3- 01/01/2006 to 03/31/2006 | 4- 01/01/2006 to 03/31/2006 | 5- 01/01/2005 to 03/31/2005 | 6- 1/01/2005 to 03/31/2005 |
|----------------|--|--|--|--|---------------------------------------|
| 3.01 | Gross Revenue from Sales and/or Services | 1,872,179 | 1,872,179 | 3,140,698 | 3,140,698 |
| 3.02 | Gross Revenue Deductions | (367,492) | (367,492) | (658,600) | (658,600) |
| 3.03 | Net Revenue from Sales and/or Services | 1,504,687 | 1,504,687 | 2,482,098 | 2,482,098 |
| 3.04 | Cost of Goods and/or Services Sold | (1,003,240) | (1,003,240) | (1,209,555) | (1,209,555) |
| 3.04.01 | Depreciation, Depletion and Amortization | (205,110) | (205,110) | (197,722) | (197,722) |
| 3.04.02 | Other | (798,130) | (798,130) | (1,011,833) | (1,011,833) |
| 3.05 | Gross Profit | 501,447 | 501,447 | 1,272,543 | 1,272,543 |
| 3.06 | Operating Income/Expenses | (55,201) | (55,201) | (243,020) | (243,020) |
| 3.06.01 | Selling | (65,830) | (65,830) | (78,971) | (78,971) |
| 3.06.01.01 | Depreciation and Amortization | (2,168) | (2,168) | (2,083) | (2,083) |
| 3.06.01.02 | Other | (63,662) | (63,662) | (76,888) | (76,888) |
| 3.06.02 | General and Administrative | (51,951) | (51,951) | (49,834) | (49,834) |
| 3.06.02.01 | Depreciation and Amortization | (3,601) | (3,601) | (4,524) | (4,524) |
| 3.06.02.02 | Other | (48,350) | (48,350) | (45,310) | (45,310) |
| 3.06.03 | Financial | (150,433) | (150,433) | (326,514) | (326,514) |
| 3.06.03.01 | Financial Income | (340,591) | (340,591) | 1,389 | 1,389 |
| 3.06.03.02 | Financial Expenses | 190,158 | 190,158 | (327,903) | (327,903) |
| 3.06.03.02.01 | Foreign Exchange and Monetary Variation, net | 461,577 | 461,577 | (64,172) | (64,172) |
| 3.06.03.02.02 | Financial Expenses | (271,419) | (271,419) | (263,731) | (263,731) |
| 3.06.04 | Other Operating Income | 187,630 | 187,630 | 1,596 | 1,596 |
| 3.06.05 | Other Operating Expenses | (57,565) | (57,565) | (34,388) | (34,388) |
| 3.06.06 | Equity pick-up | 82,948 | 82,948 | 245,091 | 245,091 |
| 3.07 | Operating Income | 446,246 | 446,246 | 1,029,523 | 1,029,523 |
| 3.08 | Non-Operating Income | 104 | 104 | (920) | (920) |

03.01 - STATEMENT OF INCOME (in thousands of reais)

| 1- Code | 2- Description | 3- 01/01/2006 to 03/31/2006 | 4- 01/01/2006 to 03/31/2006 | 5- 01/01/2005 to 03/31/2005 | 6- 1/01/2005 to 03/31/2005 |
|----------------|--|--|--|--|---------------------------------------|
| 3.08.01 | Income | 1 | 1 | 2 | 2 |
| 3.08.02 | Expenses | 103 | 103 | (922) | (922) |
| 3.09 | Income before Taxes and Participations | 446,350 | 446,350 | 1,028,603 | 1,028,603 |
| 3.10 | Provision for Income Tax and Social Contribution | (163,932) | (163,932) | (248,779) | (248,779) |
| 3.11 | Deferred Income Tax | 15,610 | 15,610 | (31,101) | (31,101) |
| 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 |
| 3.15 | Income/ Loss for the Period | 298,028 | 298,028 | 748,723 | 748,723 |
| | OUTSTANDING SHARES, EX-TREASURY (in thousands) | 257,413 | 257,413 | 276,193 | 276,193 |
| | EARNINGS PER SHARE | 1.15778 | 1.15778 | 2.71087 | 2.71087 |
| | LOSS PER SHARE | | | | |

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

FEDERAL PUBLIC SERVICE

CVM BRAZILIAN SECURITIES AND EXCHANGE COMMISSION

QUARTERLY INFORMATION ITR
COMMERCIAL, INDUSTRY & OTHER TYPES OF COMPANY

Date: 03/31/2006

Accounting
Practices
Adopted in
Brazil

00403-0

COMPANHIA SIDERÚRGICA NACIONAL

33.042.730/0001-04

04.01 NOTES TO THE FINANCIAL STATEMENTS

(In thousands of reais, except when indicated otherwise)

1. OPERATING CONTEXT

Companhia Siderúrgica Nacional ("CSN") is engaged in the production of flat steel products, its main industrial complex being the Presidente Vargas Steelworks located in the City of Volta Redonda, State of Rio de Janeiro.

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

For the purpose of establishing a closer approach to its customers and winning additional markets on a global level, CSN 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, a galvanized steel plant supplying an automaker in Porto Real, in the State of Rio de Janeiro, and another in Araucária, Paraná to supply home appliances, in addition to a rolling mill in the United States and a 50% stake in another rolling mill in Portugal.

2. PRESENTATION OF THE FINANCIAL STATEMENTS

In compliance with the configuration of the form of the Quarterly Information, the Statements of Changes in Financial Position and of Cash Flows of the parent company and consolidated are presented in the item Other information considered material by the Company .

3. SIGNIFICANT ACCOUNTING PRACTICES

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 the Brazilian Securities Commission.

(a) Statement of Income

The results of operations are determined on an accrual basis.

(b) Marketable securities

The investment funds have daily liquidity and have their assets valued at market as per instructions of the Central Bank of Brazil and CVM, since the Company considers these investments as securities retained for trading.

Fixed income securities are recorded at cost plus yields accrued through the balance sheet date, and do not exceed the market value, and investments overseas have a daily remuneration.

(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 their average cost of acquisition or production and on-going imports are recorded at their cost of acquisition, provided that they do not exceed their market or realization values.

(e) Other current and long-term assets

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

(f) Investments

Investments in subsidiaries and jointly owned subsidiary companies are recorded by the equity accounting method, adjusted for any amortizable goodwill or negative goodwill, if applicable. 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 conducted by independent expert appraisal firms, as permitted by Deliberation #288 issued by the Brazilian Securities and Exchange Commission ("CVM") on December 3, 1998. Depreciation is computed by the straight-line method at the rates, shown in the note 10, based on the remaining economic useful lives of the assets after revaluation. Depletion of the iron mine Casa de Pedra 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, with the amortization applied on a straight-line basis based on the period foreseen for the economic return on the above projects.

(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 up to the balance sheet date.

(j) Employees benefit

The Company decided to record the respective actuarial liabilities as from January 1, 2002, in accordance with Deliberation #371, issued by the Brazilian Securities and Exchange Commission (CVM), on December 13, 2000, in accordance with the above-mentioned reported deliberation and based on studies by independent actuaries.

(k) Income Tax and Social Contribution

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.

(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 in line with the contractual conditions.

Exchange options are adjusted monthly to market value whenever the position shows a loss. These losses are recognized as Company s liability with the corresponding entry in the financial results. Options traded through exclusive funds are adjusted to market and futures contracts have their positions adjusted to market daily by the Futures and Commodities Exchange (BM&F) with recognition of gains and losses directly in results.

(m) Treasury Shares

As established by CVM Instruction 10/80, treasury shares were recorded at acquisition cost.

(n) Estimates

Pursuant to the accounting practices followed in Brazil, the preparation of the financial statements requires the Company s Management to make estimates and assumptions related to the assets and liabilities reported, the disclosure of contingent assets and liabilities on the balance sheet date and the amount of income and expenses during the year. The end results may differ from these estimates.

4. CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements for the quarter ended March 31, 2006 and the year ended on December 31, 2005 include the following direct and indirect subsidiaries and jointly-owned subsidiaries:

| Companies | Currency | Participation in the capital stock (%) | | Main activities | |
|--|----------|--|-----------|-----------------|--|
| | | of Origin | 3/31/2006 | | 12/31/2005 |
| Direct participation: fully consolidated | | | | | |
| CSN Energy | US\$ | | 100.00 | 100.00 | Equity interest |
| CSN Export | US\$ | | 100.00 | 100.00 | Financial operations and trading |
| CSN Islands VII | US\$ | | 100.00 | 100.00 | Financial operations |
| CSN Islands VIII | US\$ | | 100.00 | 100.00 | Financial operations |
| CSN Islands IX | US\$ | | 100.00 | 100.00 | Financial operations |
| CSN Islands X | US\$ | | 100.00 | 100.00 | Financial operations |
| CSN Overseas | US\$ | | 100.00 | 100.00 | Financial operations |
| CSN Panama | US\$ | | 100.00 | 100.00 | Equity interest |
| CSN Steel | US\$ | | 100.00 | 100.00 | Equity interest |
| CSN I | R\$ | | 100.00 | 100.00 | Equity interest |
| Estanho de Rondônia - ERSA | R\$ | | 100.00 | 100.00 | Mining |
| Cia. Metalic Nordeste | R\$ | | 99.99 | 99.99 | Package production |
| Indústria Nacional de Aços Laminados - INAL | R\$ | | 99.99 | 99.99 | Steel products service center |
| CSN Cimentos | R\$ | | 99.99 | 99.99 | Cement production |
| Inal Nordeste | R\$ | | 99.99 | 99.99 | Steel products service center |
| CSN Energia | R\$ | | 99.90 | 99.90 | Trading of electricity |
| Sepetiba Tecon | R\$ | | 20.00 | 20.00 | Maritime port services |
| GalvaSud | R\$ | | 15.29 | 15.29 | Steel industry |
| Direct participation: proportionally consolidated | | | | | |
| Companhia Ferroviária do Nordeste (CFN) | R\$ | | 49.99 | 49.99 | Railroad transportation |
| Itá Energética | R\$ | | 48.75 | 48.75 | Electricity Generation |
| MRS Logística | R\$ | | 32.93 | 32.22 | Railroad transportation |
| Indirect participation: fully consolidated | | | | | |
| CSN Aceros | US\$ | | 100.00 | 100.00 | Equity interest |
| CSN Cayman | US\$ | | 100.00 | 100.00 | Financial operation and trading |
| CSN Iron | US\$ | | 100.00 | 100.00 | Financial operations |
| CSN LLC | US\$ | | 100.00 | 100.00 | Steel industry |
| CSN LLC Holding | US\$ | | 100.00 | 100.00 | Equity interest |
| CSN LLC Partner | US\$ | | 100.00 | 100.00 | Equity interest |
| Energy I | US\$ | | 100.00 | 100.00 | Equity interest |
| Tangua | US\$ | | 100.00 | 100.00 | Equity interest |
| Jaycee | EUR | | 100.00 | 100.00 | Financial operations and equity interest |
| Cinnabar | EUR | | 100.00 | 100.00 | Financial operations and equity interest |
| GalvaSud | R\$ | | 84.71 | 84.71 | Steel industry |
| Sepetiba Tecon | R\$ | | 80.00 | 80.00 | Maritime port services |

Indirect participation: proportionally consolidated

Lusosider EUR 50.00 50.00 Steel industry

The financial statements prepared in US dollars and in Euros were translated at the exchange rate in effect on March 31, 2006 R\$/US\$ 2.1724 (R\$/US\$2.3407 on December 31, 2005) and EUR/US\$1.2119 (EUR/US\$ 1.1830 on December 31, 2005).

The gains/losses from 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 entity. These financial statements were prepared applying the same accounting principles as those applied by the parent company.

In the preparation of the consolidated financial statements, the consolidated intercompany balances were eliminated, such as intercompany investments, equity accounting, asset and

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liability balances, revenues and expenses and unrealized profits resulting from operations among these companies.

Pursuant to the CVM Instruction #408/04 the Company consolidates the financial statements of the exclusive funds.

The reference date for the subsidiaries and jointly-owned subsidiaries financial statements coincides with that of the parent company.

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

| | Shareholders' equity | | Net income | |
|-----------------------------------|----------------------|------------|------------|------------|
| | 03/31/2006 | 12/31/2005 | 03/31/2006 | 03/31/2005 |
| Parent company | 6,750,312 | 6,535,190 | 298,028 | 748,723 |
| Income elimination in inventories | (28,775) | (62,749) | 42,390 | (31,891) |
| Consolidated | 6,721,537 | 6,472,441 | 340,418 | 716,832 |

5. RELATED PARTIES TRANSACTIONS

a) Assets

| Companies | Accounts receivable | Marketable securities | Mutual | Debentures | Dividends receivable | Advance for future capital increase | Advance to suppliers | Total |
|-----------------------|---------------------|-----------------------|--------|------------|----------------------|-------------------------------------|----------------------|---------|
| CSN Cayman | 11,307 | | | | | | | 11,307 |
| CSN Export | 872,271 | | | | | | | 872,271 |
| CSN LLC | 18,646 | | | | | | | 18,646 |
| Jaycee | 116,397 | | | | | | | 116,397 |
| SePETIBA Tecon | 423 | | | 36,000 | | 62,785 | 1,649 | 100,857 |
| Cia. Metalic Nordeste | 1,678 | | | | | | | 1,678 |
| Inal Nordeste | 12,960 | | | | | | | 12,960 |
| CFN | 135 | | 77,787 | | | 51,936 | | 129,858 |
| GalvaSud | 4,135 | | | | | | | 4,135 |
| INAL | 102,426 | | | | 74,269 | | 1,519 | 178,214 |
| MRS Logística | 109 | | | | 62,794 | | | 62,903 |
| Exclusive Funds | | 70,657 | | | | | | 70,657 |

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| | | | | | | | | |
|------------|-----------|---------|--------|--------|---------|---------|-------|-----------|
| ERSA | | | | | | | 1,243 | 1,243 |
| CSN | | | | | | | | |
| Cimentos | | | 7,128 | | | 8,076 | | 15,204 |
| Other (*) | 80 | | | | 6,836 | | 4 | 6,920 |
| 3/31/2006 | 1,140,567 | 70,657 | 84,915 | 36,000 | 143,899 | 122,797 | 4,415 | 1,603,250 |
| 12/31/2005 | 1,260,297 | 188,248 | 80,715 | 36,000 | 140,924 | 114,721 | 2,103 | 1,823,008 |

(*) OTHER: Itá Energética, Fundação CSN, CBS Previdência, CSN I and CSN Energia.

b) Liabilities

| Companies | Loans and financing | | | | Accounts payable | Suppliers | | Total |
|------------------|---------------------|---------------------------------|-----------------|-----------------------------------|--|---------------------|---------|-----------|
| | Prepayments | Fixed Rate Notes ⁽²⁾ | Loans investees | Intercompany Bonds ⁽²⁾ | Mutual ⁽¹⁾ / current accounts | Investees Inventory | Other | |
| CSN Export | 1,253,140 | | | | 11,444 | | | 1,264,584 |
| CSN Iron | | | | 1,342,756 | | | | 1,342,756 |
| Cinnabar | 399,714 | | 65,737 | | 42,559 | | | 508,010 |
| Jaycee | | | 22,762 | | 369,523 | | | 392,285 |
| CSN Islands VII | | 587,398 | | | | | | 587,398 |
| CSN Islands VIII | | 1,108,176 | | | 1,991 | | | 1,110,167 |
| CSN Steel | 820,724 | 667,964 | | | 285,244 | | | 1,773,932 |
| GalvaSud | | | | | | | 12,540 | 12,540 |
| INAL | | | | | | 2,847 | | 2,847 |
| INAL Nordeste | | | | | | 14,115 | | 14,115 |
| CSN Energia | | | | | 22,126 | | | 22,126 |
| CBS Previdência | | | | | | | 239,612 | 239,612 |
| Other (*) | | | | | | | 445 | 445 |
| 3/31/2006 | 2,473,578 | 2,363,538 | 88,499 | 1,342,756 | 732,887 | 16,962 | 252,597 | 7,270,817 |
| 12/31/2005 | 2,875,662 | 2,533,092 | 88,499 | 1,414,743 | 786,461 | 29,635 | 262,794 | 7,990,886 |

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

- (1) Information referring to loan agreements with related parties.
 - CSN Jaycee (part): annual Libor + 3% p.a. with indeterminate maturity.
 - CSN Jaycee (part): Libor + 2.5% p.a. with maturity on 9/15/2011.
 - CSN Cinnabar (part): semiannual Libor + 3% p.a. with indeterminate maturity and IGPM + 6% p.a. with indeterminate maturity.
 - CSN Export: Euribor + 0.5% p.a. with indeterminate maturity.
- (2) Contracts in US\$ - CSN Iron: interest of 9.125% p.a. with maturity on 6/1/2007.
 - Contracts in Yen - CSN Islands VII: interest of 7.3% and 7.75% p.a. with maturity on 9/12/2008.
 - CSN Islands VIII: interest of 5.65% p.a. with maturity on 12/15/2013.
 - CSN Steel: interest of 1.5% p.a. with maturity on 7/13/2010.

(*) OTHER: Itá Energética, Fundação CSN, CSN Energia and Metalic.

c) Result

| Companies | Income | | | Expenses | | | |
|-----------------------|-----------------------|--|-----------|-----------------------|--|--------|-----------|
| | Products and services | Interest and monetary and exchange variation | Total | Products and services | Interest and monetary and exchange variation | Other | Total |
| CSN Cayman | | (7,495) | (7,495) | | (14,409) | | (14,409) |
| CSN Export | 380,966 | (60,074) | 320,892 | 378,915 | (99,630) | | 279,285 |
| CSN Iron | | | | | (71,892) | | (71,892) |
| Cinnabar | | 441 | 441 | | 1,067 | | 1,067 |
| Jaycee | | | | | 21 | | 21 |
| CSN Islands VII | | | | | (33,795) | | (33,795) |
| CSN Islands VIII | | | | | (66,315) | | (66,315) |
| CSN Overseas | | | | | (19,248) | | (19,248) |
| CSN Panama | | 410 | 410 | | | | |
| CSN Steel | | | | | (128,742) | | (128,742) |
| Itá Energética | | | | 16,818 | | | 16,818 |
| GalvaSud | 37,435 | | 37,435 | 52,090 | | | 52,090 |
| INAL | 154,586 | | 154,586 | 96,105 | | | 96,105 |
| Inal Nordeste | 4,353 | | 4,353 | 4,480 | | | 4,480 |
| Cia. Metalic Nordeste | 9,798 | | 9,798 | 5,858 | | | 5,858 |
| MRS Logística | | | | 29,408 | | | 29,408 |
| Exclusive Funds | | (357,779) | (357,779) | | | | |
| ERSA | | | | 6,043 | | | 6,043 |
| CBS Previdência | | | | | | 32,873 | 32,873 |
| Other (*) | | | | 1,537 | | | 1,537 |
| 3/31/2006 | 587,138 | (424,497) | 162,641 | 591,254 | (432,943) | 32,873 | 191,184 |
| 12/31/2005 | 796,202 | (10,740) | 785,462 | 427,859 | 34,718 | 22,585 | 485,162 |

Purchase trade transactions, sale of products and inputs and contracting of services with subsidiaries are performed under usual conditions applicable to non-related parties.

(*) **OTHER:** Fundação CSN, Sepetiba Tecon and CSN Energia.

6. MARKETABLE SECURITIES

| | Parent Company | | Consolidated | |
|---------------------------|----------------|------------|--------------|------------|
| | 3/31/2006 | 12/31/2005 | 3/31/2006 | 12/31/2005 |
| Short term | | | | |
| Financial investment fund | 70,657 | 188,248 | | |

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| | | | | |
|---|---------|-----------|-----------|-----------|
| Brazilian government securities | | | 465,804 | 695,475 |
| Investments abroad (time deposit) | 12,538 | 1,193,798 | 2,059,266 | 2,409,840 |
| Fixed income investments | 42,192 | 40,715 | 324,133 | 240,269 |
| | 125,387 | 1,422,761 | 2,849,203 | 3,345,584 |
| Derivatives | | | 573,365 | 364,169 |
| | 125,387 | 1,422,761 | 3,422,568 | 3,709,753 |
| Long term | | | | |
| Investments abroad (time deposit) | | | 54,310 | 35,657 |
| Fixed income investments and debentures (net of provision for probable losses and withholding income tax) | 125,673 | 125,639 | 90,180 | 218,605 |
| | 125,673 | 125,639 | 144,490 | 254,262 |
| | 251,060 | 1,548,400 | 3,567,058 | 3,964,015 |

Company's management invests financial resources in exclusive Investment Funds, with daily liquidity, which are substantially comprised of Brazilian government bonds. Additionally, the Company's foreign subsidiaries invest their financial resources basically in Time Deposits with first-tier banks overseas.

7. ACCOUNTS RECEIVABLE

| | Parent Company | | Consolidated | |
|--|----------------|------------|--------------|------------|
| | 3/31/2006 | 12/31/2005 | 3/31/2006 | 12/31/2005 |
| Domestic market | | | | |
| Subsidiary companies | 121,946 | 57,485 | | |
| Other clients | 577,512 | 639,911 | 873,956 | 879,153 |
| | 699,458 | 697,396 | 873,956 | 879,153 |
| Foreign market | | | | |
| Subsidiary companies | 1,018,621 | 1,202,812 | | |
| Other clients | 12,081 | 9,135 | 298,213 | 588,098 |
| Exports Contract Advance (ACE) | (60,827) | (65,539) | | |
| | 969,875 | 1,146,408 | 298,213 | 588,098 |
| Allowance for doubtful accounts | (73,482) | (70,951) | (111,441) | (101,204) |
| | 1,595,851 | 1,772,853 | 1,060,728 | 1,366,047 |

8. INVENTORIES

| | Parent Company | | Consolidated | |
|----------------------|----------------|------------|--------------|------------|
| | 3/31/2006 | 12/31/2005 | 3/31/2006 | 12/31/2005 |
| Finished products | 190,590 | 367,810 | 350,175 | 556,652 |
| Products in process | 311,842 | 315,847 | 418,713 | 466,305 |
| Raw materials | 515,056 | 397,374 | 652,412 | 474,276 |
| Supplies | 320,430 | 295,705 | 381,068 | 352,611 |
| Imports in progress | 17,969 | 23,676 | 18,530 | 25,215 |
| Provision for losses | (4,319) | (4,006) | (4,662) | (4,251) |
| Other | | | 39,940 | 36,654 |
| | 1,351,568 | 1,396,406 | 1,856,176 | 1,907,462 |

9. DEFERRED INCOME TAX AND SOCIAL CONTRIBUTION

| | Parent Company | | Consolidated | |
|------------------------------|-----------------------|------------|---------------------|------------|
| | 3/31/2006 | 12/31/2005 | 3/31/2006 | 12/31/2005 |
| Current assets | | | | |
| Income tax | 351,989 | 358,950 | 381,241 | 405,034 |
| Social contribution | 78,337 | 80,843 | 88,871 | 98,105 |
| | 430,326 | 439,793 | 470,112 | 503,139 |
| Long-term assets | | | | |
| Income tax | 442,928 | 410,391 | 478,178 | 447,679 |
| Social contribution | 90,561 | 81,952 | 103,353 | 95,459 |
| | 533,489 | 492,343 | 581,531 | 543,138 |
| Current liabilities | | | | |
| Income tax | 126,645 | 93,000 | 126,645 | 93,000 |
| Social contribution | 45,592 | 33,480 | 45,592 | 33,480 |
| | 172,237 | 126,480 | 172,237 | 126,480 |
| Long-term liabilities | | | | |
| Income tax | 1,568,572 | 1,590,402 | 1,568,572 | 1,590,402 |
| Social contribution | 564,686 | 572,545 | 564,686 | 572,545 |
| | 2,133,258 | 2,162,947 | 2,133,258 | 2,162,947 |
| | 3/31/2006 | 3/31/2005 | 3/31/2006 | 3/31/2005 |
| Income | | | | |
| Income tax | 13,760 | (39,310) | (5,525) | (29,604) |
| Social contribution | 1,850 | 8,209 | (5,065) | 11,699 |
| | 15,610 | (31,101) | (10,590) | (17,905) |

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The deferred income tax and social contribution of the parent company are shown as follows:

| | 3/31/2006 | | | | 12/31/2005 | | | |
|-------------------------------|------------|-----------|---------------------|-----------|------------|-----------|---------------------|-----------|
| | Income tax | | Social contribution | | Income tax | | Social contribution | |
| | Short term | Long term | Short term | Long term | Short term | Long term | Short term | Long term |
| Assets | | | | | | | | |
| Non deductible provisions | 217,603 | 247,006 | 78,337 | 90,561 | 224,564 | 223,091 | 80,843 | 81,112 |
| Taxes under litigation | | 195,922 | | | | 187,300 | | |
| Tax losses | 134,386 | | | | 134,386 | | | |
| | 351,989 | 442,928 | 78,337 | 90,561 | 358,950 | 410,391 | 80,843 | 81,112 |
| Liabilities | | | | | | | | |
| IR/CSL on revaluation reserve | 93,000 | 1,568,572 | 33,480 | 564,686 | 93,000 | 1,590,402 | 33,480 | 572,112 |
| Other | 33,645 | | 12,112 | | | | | |
| | 126,645 | 1,568,572 | 45,592 | 564,686 | 93,000 | 1,590,402 | 33,480 | 572,112 |

Deferred income tax arising from tax losses was set up based on CSN's historical profitability and on projections of future profitability duly approved by the Company's management bodies and the balance, in the amount of R\$134,386 must be offset by the Company in 2006.

Following is the reconciliation between the income tax and social contribution of the parent company and the application of the effective rate on net income before Income tax - IRPJ and Social Contribution - CSL:

| | 3/31/2006 | | 3/31/2005 | |
|--|------------------|-----------------|------------------|-----------------|
| | IRPJ | CSL | IRPJ | CSL |
| Income before income tax (IR) and social contribution (CSL) | 446,350 | 446,350 | 1,028,603 | 1,028,603 |
| (-) interest on own capital total expense | (43,796) | (43,796) | (48,405) | (48,405) |
| Income before IR and CSL - adjusted | 402,554 | 402,554 | 980,198 | 980,198 |
| - Rate | 25% | 9% | 25% | 9% |
| Total | (100,639) | (36,230) | (245,050) | (88,218) |
| Adjustments to reflect the effective rate: | | | | |
| Equity in the earnings of subsidiary associated companies | 24,167 | 8,700 | 64,717 | 23,297 |
| Earnings from foreign subsidiaries | (33,645) | (12,112) | (23,920) | (8,611) |
| Other permanent additions (write-offs) | 992 | 445 | (1,733) | (362) |
| Parent company's current and deferred IR/CSL | (109,125) | (39,197) | (205,986) | (73,894) |
| Consolidated current and deferred IR/CSL | (165,028) | (55,173) | (215,885) | (78,393) |

10. INVESTMENTS**a) Direct participations in subsidiaries and jointly-owned subsidiaries**

| Companies | Number of shares | | 3/31/2006 | | | | | 12/31/2005 | |
|-----------------------------|------------------|------------------------------|-----------|------------------------------|--|--------|-----------|--|--|
| | | | Direct | Net | Shareholders' equity (unsecured liability) | Direct | Net | Shareholders' equity (unsecured liability) | |
| | interest | income (loss) for the period | interest | income (loss) for the period | | | | | |
| | Common | Preferred | % | | | % | | | |
| Steel | | | | | | | | | |
| GalvaSud | 11,801,406,867 | | 15.29 | 19,434 | 540,867 | 15.29 | 51,362 | 521,433 | |
| CSN I | 9,996,751,600 | 1,200 | 100.00 | 9,511 | 548,545 | 100.00 | 15,684 | 539,034 | |
| INAL | 325,685,135 | | 99.99 | 14,027 | 462,157 | 99.99 | 78,180 | 448,120 | |
| Cia. Metalic Nordeste | 87,868,185 | 4,424,971 | 99.99 | 3,477 | 105,909 | 99.99 | (23,767) | 102,411 | |
| Inal Nordeste | 37,800,000 | | 99.99 | 221 | 29,393 | 99.99 | (2,929) | 18,178 | |
| Corporate | | | | | | | | | |
| CSN Steel | 480,726,588 | | 100.00 | 259,856 | 1,291,444 | 100.00 | (58,725) | 1,114,332 | |
| CSN Overseas | 7,173,411 | | 100.00 | 20,627 | 1,009,117 | 100.00 | 65,781 | 1,065,186 | |
| CSN Panama | 4,240,032 | | 100.00 | (9,771) | 372,033 | 100.00 | (186,805) | 411,282 | |
| CSN Energy | 3,675,319 | | 100.00 | (11,421) | 406,434 | 100.00 | 5,110 | 450,239 | |
| CSN Export | 31,954 | | 100.00 | 6,525 | 93,709 | 100.00 | 16,873 | 94,074 | |
| CSN Islands VII | 1,000 | | 100.00 | 589 | 5 | 100.00 | (5) | (243) | |
| CSN Islands VIII | 1,000 | | 100.00 | 1,732 | 3,978 | 100.00 | 20,632 | 2,462 | |
| CSN Islands IX | 1,000 | | 100.00 | (6,053) | 20,257 | 100.00 | 30,518 | 28,316 | |
| CSN Islands X | 1,000 | | 100.00 | (354) | (22,693) | 100.00 | (24,055) | (24,053) | |
| Logistics and Energy | | | | | | | | | |
| Itá Energética | 520,219,172 | | 48.75 | 5,645 | 551,586 | 48.75 | 33,344 | 545,941 | |
| MRS Logística | 188,332,667 | 151,667,334 | 32.93 | 98,411 | 727,628 | 32.22 | 410,254 | 629,217 | |
| Sepetiba Tecon | 62,220,270 | | 20.00 | 4,957 | (7,115) | 20.00 | 6,333 | (12,072) | |
| CFN | 36,306,330 | | 49.99 | (33,678) | (118,392) | 49.99 | (56,890) | (102,252) | |
| CSN Energia | 1,000 | | 99.90 | 581 | 208,285 | 99.90 | 3,295 | 117,306 | |
| Mining | | | | | | | | | |
| ERSA | 34,236,307 | | 100.00 | 1,042 | 20,484 | 100.00 | 611 | 19,442 | |
| Cement | | | | | | | | | |
| CSN Cimentos | 376,337 | | 99.99 | (1,582) | 1,682 | 99.99 | 37,543 | 3,263 | |

b) Investment movement

| Companies | 12/31/2005 | | | | | 3/31/2006 | |
|------------------------------|----------------------------|---------------------------------|----------------------|-------------------|--------------------------------------|--------------------------|---------------------------------|
| | Initial investment balance | Balance of provision for losses | Addition (write-off) | Equity accounting | Goodwill amortization ⁽¹⁾ | Final investment balance | Balance of provision for losses |
| Steel | | | | | | | |
| GalvaSud | 79,727 | | | 2,972 | | 82,699 | |
| CSN I | 539,034 | | | 9,511 | | 548,545 | |
| INAL | 448,119 | | | 14,027 | | 462,146 | |
| Cia. Metalic Nordeste | 168,794 | | | 3,477 | (8,297) | 163,974 | |
| Inal Nordeste | 18,178 | | 10,994 | 221 | | 29,393 | |
| | 1,253,852 | | 10,994 | 30,208 | (8,297) | 1,286,757 | |
| Corporate | | | | | | | |
| CSN Steel | 1,114,332 | | | 177,112 | | 1,291,444 | |
| CSN Overseas | 1,065,186 | | | (56,069) | | 1,009,117 | |
| CSN Panama | 411,282 | | | (39,249) | | 372,033 | |
| CSN Energy | 450,239 | | | (43,805) | | 406,434 | |
| CSN Export | 94,074 | | | (365) | | 93,709 | |
| CSN Islands VII | | (243) | | 248 | | 5 | |
| CSN Islands VIII | 2,462 | | | 1,516 | | 3,978 | |
| CSN Islands IX | 28,316 | | | (8,059) | | 20,257 | |
| CSN Islands X | | (24,053) | | 1,360 | | | (22,693) |
| | 3,165,891 | (24,296) | | 32,689 | | 3,196,977 | (22,693) |
| Logistics and Energy | | | | | | | |
| Itá Energética | 266,146 | | | 2,752 | | 268,898 | |
| MRS Logística ⁽²⁾ | 202,756 | | 103 | 32,409 | 4,352 | 239,620 | |
| Sepetiba Tecon | | (2,414) | | 991 | | | (1,423) |
| CFN | | (51,123) | | (8,070) | | | (59,193) |
| CSN Energia | 117,190 | | (2,974) | 512 | | 114,728 | |
| | 586,092 | (53,537) | (2,871) | 28,594 | 4,352 | 623,246 | (60,616) |
| Mining | | | | | | | |
| ERSA | 89,788 | | | 1,042 | (4,058) | 86,772 | |
| | 89,788 | | | 1,042 | (4,058) | 86,772 | |
| Cement | | | | | | | |
| CSN Cimentos | 3,262 | | | (1,582) | | 1,680 | |
| | 3,262 | | | (1,582) | | 1,680 | |
| | 5,098,885 | (77,833) | 8,123 | 90,951 | (8,003) | 5,195,432 | (83,309) |

(1) This comprises the balance of parent company's equity accounting. The balances of consolidated goodwill are shown in item (d) of this note.

(2) Reversal of goodwill amortization in the acquisition of investment of MRS.

c) Additional Information on the main investees

GalvaSud

Incorporated in 1998, that initiated its operational activities in December 2000 and has as main purpose the operation of a galvanization line for hot immersion and weld laser lines to produce welded blanks directed to the automobile industry, as well as the operation of service centers for steel product processing.

On June 22, 2004, the subsidiary CSN I subscribed 8,262,865,920 common shares of GalvaSud's capital, paid with credits related to the full payment of all financial debts of the Company, and also acquired the totality of shares held by Thyssen-Krupp Stahl AG, which on that date was the holder of 49% of the stake in GalvaSud.

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

Itá Energética

Itasa (Itá Energética S.A.) holds a 60.5% stake in the Consortium Itá created for the use of Itá Hydroelectric Plant pursuant to the concession agreement as of December 28, 1995, and its addendum #1 dated as of July 31, 2000 and entered into between the consortium holders (Itasa and Centrais Geradora do Sul do Brasil - Gerasul, former name of Tractebel Energia S.A.) and the Brazilian Agency of Electric Energy - ANEEL.

CSN holds 48.75% of the subscribed capital corresponding to 48.75% of the total of common shares issued by Itasa, a special purpose company originally organized to make feasible the construction of UHE Itá, the contracting of supply of goods and services necessary to carry out the venture and the obtaining of financing by offering the corresponding guarantees.

Indústria Nacional de Aços Laminados - INAL

The Company based in Araucária, State of Paraná, with establishments in the States of São Paulo, Rio de Janeiro, Bahia, Rio Grande do Sul, Pernambuco and Minas Gerais, aims to reprocess and act as distributor of CSN's steel products, acting as a service and distribution center.

Cia Metalic Nordeste

Cia. Metalic Nordeste, acquired in 2002, is a company based in Maracanaú, State of Ceará, which has as main objective the manufacturing of steel packages and interest in other companies.

MRS Logística

The Company's main objective is to explore and develop cargo railroad public transport for the Southeast network.

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

CFN

Acquired in 1997 through a privatization auction, it has as its main objective the exploration and development of the cargo railroad public transport service for the Northeast network.

Sepetiba Tecon

Acquired in 1998, through a privatization auction, its objective is to exploit the No.1 Containers Terminal of the Sepetiba Port, located in Itaguaí, State of Rio de Janeiro. This terminal is connected to Presidente Vargas Plant by the Southeast railroad network.

CSN Energia

Incorporated in 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 an interest in.

The Company maintains a balance receivable related to the energy sale trade under the scope of the electricity commercialization chamber (Câmara de Comercialização de Energia Elétrica) CCEE, in the amount of R\$85,608 on March 31, 2006 (R\$88,711 on December 31, 2005).

From the balance receivable on March 31, 2006, the amount of R\$59,129 (R\$59,129 on December 31, 2005) is due by concessionaires with injunctions suspending the corresponding payments. The Company's Management understands that an allowance for doubtful accounts is not necessary in view of the measures taken by the industry official entities.

CSN Cimentos

In March 2005, the company previously named FEM Projetos, Construções e Montagens changed its name to CSN Cimentos, based in Volta Redonda, State of Rio de Janeiro. Its purpose is the production and trading of cement, and it will have as raw material the blast furnace slag, which will be used for the production of clinker, raw material of cement.

ERSA Estanho de Rondônia

Acquired on April 7, 2005 for R\$100,000, the Company, which is based in the State of Rondônia, has as its main purpose the extraction and processing of tin, which is one of the main raw materials used in CSN for the production of tin plates.

INAL Nordeste

In March 2005, the Company previously named CSC Companhia Siderúrgica do Ceará changed its name to INAL Nordeste. Based in Camaçari, State of Bahia, the company has as main purpose to reprocess and distribute CSN's steel products, operating as a service and distribution center in the Northeast region.

d) Goodwill and other indirect interests

On March 31, 2005, the Company maintained on its consolidated balance sheet the amount of R\$252,049 (R\$277,970 on December 31, 2005), net of amortization related to goodwill based on the expectation of future gains, with amortization estimated at five years.

| | Balance on 12/31/2005 | Additions | Amortization | Balance on 3/31/2006 | Investor |
|-----------------------------|--------------------------|-----------|-----------------|-------------------------|------------|
| Investment goodwill: | | | | | |
| GalvaSud | 97,443 | | (6,960) | 90,483 | CSN I |
| Ersa | 70,346 | | (4,058) | 66,288 | CSN |
| Metalic | 66,373 | | (8,297) | 58,076 | CSN CSN |
| Tangua / LLC | 39,931 | | (6,141) | 33,790 | Panama |
| Inal | 3,877 | | (465) | 3,412 | CSN |
| | 277,970 | | (25,921) | 252,049 | |
| Other stakes: | 1,296 | 24 | | 1,320 | |
| | 279,266 | 24 | (25,921) | 253,369 | |

e) Additional information on indirect participations 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. It is a complex comprising cold rolling, hot coil pickled line and galvanization line.

The Company holds an indirect and wholly-owned stake in CSN LLC by means of the subsidiary CSN Panama.

Lusosider

Lusosider Aços Planos was incorporated in 1996, providing continuity to Siderurgia Nacional - Empresa de Produtos Planos (flat products company), privatized on that date by the Portuguese Government. Located in Seixal, Portugal it is engaged in galvanization line and tin plates.

In 2003, the Company, through its subsidiary CSN Steel, acquired 912,500 shares issued by Lusosider Projectos Siderúrgicos, holder of Lusosider Aços Planos, which represents 50% of the total capital of Lusosider.

11. PROPERTY, PLANT AND EQUIPMENT

| | Parent Company | | | | |
|----------------------------|---|---------------------|---|------------|------------|
| | Effective rate | | | 3/31/2006 | 12/31/2005 |
| | for depreciation, depletion and amortization (p.a. %) | Reevaluated Cost | Accumulated depreciation, depletion and amortization | Net | Net |
| Machinery and equipment | 7.34 | 11,289,887 | (2,049,559) | 9,240,328 | 9,349,820 |
| Mines and mineral deposits | 0.41 | 1,239,084 | (14,999) | 1,224,085 | 1,225,450 |
| Buildings | 4.00 | 919,926 | (88,558) | 831,368 | 836,323 |
| Land | | 143,974 | | 143,974 | 143,941 |
| Other assets | 20.00 | 199,542 | (93,524) | 106,018 | 98,644 |
| Furniture and fixtures | 10.00 | 99,529 | (86,243) | 13,286 | 13,962 |
| | | 13,891,942 | (2,332,883) | 11,559,059 | 11,668,140 |
| Construction in progress | | 474,319 | | 474,319 | 352,025 |
| Parent company | | 14,366,261 | (2,332,883) | 12,033,378 | 12,020,165 |

| | Consolidated | | | | |
|----------------------------|--------------|------------|-------------|------------|------------|
| | | | | 3/31/2006 | 12/31/2005 |
| Machinery and equipment | | 12,242,712 | (2,376,704) | 9,866,008 | 10,035,680 |
| Mines and mineral deposits | | 1,245,766 | (14,999) | 1,230,767 | 1,232,048 |
| Buildings | | 1,459,066 | (177,295) | 1,281,771 | 1,259,755 |
| Land | | 172,436 | | 172,436 | 162,768 |
| Other assets | | 811,813 | (264,951) | 546,862 | 503,614 |
| Furniture and fixtures | | 113,060 | (94,107) | 18,953 | 20,297 |
| | | 16,044,853 | (2,928,056) | 13,116,797 | 13,214,162 |
| Construction in progress | | 547,986 | | 547,986 | 424,038 |
| Consolidated | | 16,592,839 | (2,928,056) | 13,664,783 | 13,638,200 |

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 #183, appraisal reports outlined as follows, respectively:

a) CTE-II's assets – steam and electric power generation thermal mill, located in the CSN's Presidente Vargas plant in Volta Redonda, RJ. The report established an addition of R\$508,434, composing the new amount of the assets.

b) Land, machinery and equipment, facilities, real properties and buildings, existing in the CSN's Presidente Vargas, Itaguaí, Casa de Pedra and Arcos plants, 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 the assets.

Up to March 31, 2006, the assets provided as collateral for financial operations amounted to R\$47,985.

Depreciation, depletion and amortization up to March 31, 2006 amounted to R\$175,141 (R\$174,792 in the first quarter of 2005), of which R\$172,247 (R\$171,998 in the first quarter of 2005) was charged to production costs and R\$2,894 (R\$2,929 in the first quarter of 2005) charged to selling, general and administrative expenses (amortization of deferred charges not included).

On March 31, 2006, the Company had R\$6,718,826 (R\$6,806,147 on December 31, 2005) of revaluation of own net depreciation assets.

12. DEFERRED CHARGES

| | Parent Company | | Consolidated | |
|---------------------------------|----------------|------------|--------------|------------|
| | 3/31/2006 | 12/31/2005 | 3/31/2006 | 12/31/2005 |
| Information technology projects | 153,293 | 153,210 | 153,293 | 163,799 |
| (-) Accumulated amortization | (119,956) | (114,722) | (119,956) | (125,311) |
| Expansion projects | 188,942 | 188,508 | 188,942 | 188,508 |
| (-) Accumulated amortization | (69,615) | (61,559) | (69,615) | (61,559) |
| Pre-operating expenses | | | 130,124 | 129,866 |
| (-) Accumulated amortization | | | (74,063) | (70,985) |
| Other projects | 78,972 | 78,585 | 186,566 | 191,484 |
| (-) Accumulated amortization | (50,797) | (49,122) | (103,725) | (104,161) |
| | 180,839 | 194,900 | 291,566 | 311,641 |

Information technology projects are represented by automation projects and computerization of operating processes that aim to reduce costs and increase the competitiveness of the Company.

The expansion projects disclosed on March 31, 2006 are primarily related to the expansion of the production capacity of Casa de Pedra mine and to the enlargement of Sepetiba port.

Amortization of information technology projects and of other projects on March 31, 2006 amounted to R\$14,962 (R\$14,856 in the first quarter of 2005), of which R\$12,087 (R\$10,907 in the first quarter of 2005) related to production costs and R\$2,875 (R\$3,949 in the first quarter of 2005) to selling, general and administrative expenses.

13. LOANS, FINANCING AND DEBENTURES

| | Parent Company | | | | Consolidated | | | |
|--|----------------|-----------|------------|-----------|--------------|-----------|------------|-----------|
| | 3/31/2006 | | 12/31/2005 | | 3/31/2006 | | 12/31/2005 | |
| | Short term | Long term | Short term | Long term | Short term | Long term | Short term | Long term |
| FOREIGN CURRENCY | | | | | | | | |
| Prepayment | 512,037 | 2,119,403 | 635,354 | 2,415,035 | 125,182 | 1,278,684 | 104,371 | 1,429,601 |
| Perpetual Bonds | | | | | 32,677 | 1,629,300 | 35,208 | 1,755,525 |
| Fixed Rate Notes | 67,017 | 3,643,117 | 31,334 | 3,919,097 | 63,910 | 2,833,533 | 72,893 | 3,053,052 |
| BNDES/Finame | | | | | | | | |
| Financed imports | 43,197 | 209,748 | 44,196 | 229,428 | 56,130 | 242,259 | 56,705 | 261,634 |
| Bilateral | 43,580 | | 46,019 | | 43,580 | | 46,019 | |
| Other | 5,567 | 16,586 | 5,366 | 17,871 | 701,557 | 107,416 | 30,915 | 116,874 |
| | 671,398 | 5,988,854 | 762,269 | 6,581,431 | 1,023,036 | 6,091,192 | 346,111 | 6,616,686 |
| DOMESTIC CURRENCY | | | | | | | | |
| BNDES/Finame | | | | | 39,376 | 309,139 | 36,595 | 277,561 |
| Debentures (Note 14) | 697,573 | 288,169 | 661,920 | 286,176 | 744,170 | 429,312 | 705,517 | 425,517 |
| Other | 79,611 | 6,300 | 78,036 | 6,300 | 22,990 | 13,625 | 21,173 | 14,248 |
| | 777,184 | 294,469 | 739,956 | 292,476 | 806,536 | 752,076 | 763,285 | 717,326 |
| Total Loans and Financing | 1,448,582 | 6,283,323 | 1,502,225 | 6,873,907 | 1,829,572 | 6,843,268 | 1,109,396 | 7,334,012 |
| Derivatives | 134,169 | | 139,399 | | 116,998 | | 355,097 | |
| Total Loans and Financing + Derivatives | 1,582,751 | 6,283,323 | 1,641,624 | 6,873,907 | 1,946,570 | 6,843,268 | 1,464,493 | 7,334,012 |

On March 31, 2006, the long-term amortization schedule, by year of maturity, is as follows:

| | Parent Company | Consolidated |
|------|----------------|--------------|
| 2007 | 1,484,212 | 399,077 |
| 2008 | 1,422,422 | 1,224,569 |
| 2009 | 254,375 | 355,396 |

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| | | |
|-----------------|------------------|------------------|
| 2010 | 906,616 | 295,729 |
| 2011 | 191,268 | 245,021 |
| After 2011 | 2,024,430 | 2,694,176 |
| Perpetual Bonds | | 1,629,300 |
| | 6,283,323 | 6,843,268 |

Interest is applied to loans and financing and debentures, at the following annual rates on March 31, 2006:

| | Parent Company | | Consolidated | |
|-----------------|-------------------|------------------|-------------------|------------------|
| | Domestic Currency | Foreign Currency | Domestic Currency | Foreign Currency |
| Up to 7% | 85,910 | 3,343,854 | 13,290 | 1,870,617 |
| From 7.1 to 9% | | 1,529,869 | | 679,953 |
| From 9.1 to 11% | 297,497 | 1,786,529 | 371,588 | 4,559,679 |
| Over 11% | 688,246 | | 1,165,100 | |
| Variable | | 134,169 | 464 | 129,147 |
| | 1,071,653 | 6,794,421 | 1,550,442 | 7,239,396 |
| | | 7,866,074 | | 8,789,838 |

Breakdown of total debt by currency/index of origin:

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| | Parent Company | | Consolidated | |
|--------------------------|----------------|---------------|---------------|---------------|
| | 3/31/2006 | 12/31/2005 | 3/31/2006 | 12/31/2005 |
| Domestic Currency | | | | |
| CDI | 8.75 | 7.75 | 8.46 | 8.49 |
| IGPM | 4.70 | 4.23 | 5.02 | 5.03 |
| TJLP | | | 4.07 | 3.83 |
| IGP-DI | 0.17 | 0.15 | 0.15 | 0.17 |
| Other currencies | | | 0.03 | |
| | 13.62 | 12.13 | 17.73 | 17.52 |
| Foreign Currency | | | | |
| US dollar | 53.83 | 55.73 | 79.83 | 81.45 |
| Yen | 30.59 | 30.26 | 0.44 | 0.49 |
| Euro | 0.24 | 0.23 | 0.66 | 0.54 |
| Other currencies | 1.72 | 1.65 | 1.34 | |
| | 86.38 | 87.87 | 82.27 | 82.48 |
| | 100.00 | 100.00 | 100.00 | 100.00 |

In July 2005, the Company issued through its subsidiary CSN Islands X Corp. perpetual securities amounting to US\$750 million. These securities with indeterminate maturity pay 9.5% p.a. and the Company has the right to settle the transaction at its par value after five (5) years, on the interest maturity dates.

Loans with certain agents contain certain restrictive clauses, which are being complied with.

As described in note 15, the Company contracts derivatives operations, aiming at minimizing fluctuation risks in the parity between Real and another foreign currency.

The guarantees provided for loans and financing amounted to R\$2,875,792 on March 31, 2006 (R\$3,446,558 on December 31, 2005), and comprise fixed assets items (Note 11), bank guarantees, sureties and prepayment operations. This amount does not take into consideration the guarantees provided to subsidiaries, as mentioned in note 16.

Amortizations and funding held by the Company's subsidiaries in the current year are as follows:

Amortizations

| Subsidiary | Description | Principal (US\$ million) | Maturity | Interest rate (p.a.) |
|------------|-----------------------|-----------------------------|------------|-------------------------|
| CSN Export | <i>Securitization</i> | 7 | Feb / 2006 | 7.28% |

Funding

| Subsidiary | Description | Principal (US\$ million) | Issuance | Term | Maturity | Interest rate (p.a.) |
|------------|-------------|-----------------------------|----------|------|----------|----------------------------|
|------------|-------------|-----------------------------|----------|------|----------|----------------------------|

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| | | | | | | |
|-------|------------------------------|-----|---------------|-------------|---------------|-------|
| Steel | Revolving Credit Facility | 300 | Feb / 2006 | 6 months | Aug / 2006 | 5.97% |
|-------|------------------------------|-----|---------------|-------------|---------------|-------|

14. DEBENTURES

Second issuance

As approved at the Board of Directors Meeting held on October 21 and ratified on December 5, 2003, the Company issued 40,000 registered, non-convertible debentures, unsecured and without preference in one single tranche, for the unit face value of R\$10 on December 1, 2003. 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 9 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 under Shareholders' Equity as Capital Reserve, subsequently used for cancellation of treasury shares.

Interest applied to the face value balance of these debentures represents 107% of the CDI Cetip, and the maturity of the face value is scheduled for December 1, 2006.

Third issuance

As approved at the Board of Directors Meeting held on December 11 and ratified on December 18, 2003, the Company issued 50,000 registered and non-convertible debentures, unsecured and without preference in two tranches, for the unit face value of R\$10 on December 1, 2003. Such debentures were issued for the total value of issue of R\$500,000. The credits 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 was recorded in Shareholders' Equity as Capital Reserve, subsequently used for cancellation of treasury shares.

The balance of the face value of the 1st tranche incurs compensation interest corresponding to 106.5% of Cetip's CDI. The face value of the 2nd tranche is adjusted by the IGP-M plus compensation interest of 10% p.a.. The maturity of the 1st tranche is scheduled for December 1, 2006 and of the 2nd tranche for December 1, 2008.

The deeds for these issues contain certain restrictive covenants, which have been duly complied with.

15. FINANCIAL INSTRUMENTS

General considerations

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

Exchange rate risk

Most of the revenues of the Company are in Brazilian Reais and, on March 31, 2006, R\$7,114,228 of the Company's consolidated debt of loans and financing were denominated in foreign currency (R\$6,962,797 on December 31, 2005). 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 a great part of its cash and funds available in securities remunerated by U.S. dollar exchange variation.

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 customers as well as the diversification of its accounts receivable and the control on sales financing terms by business segments are procedures adopted by CSN to minimize problems with its trade partners. Since part of the Companies' funds available is invested in Brazilian government bonds, there is exposure to the credit risk with the government. The amount invested in such instruments on March 31, 2006, was R\$465,804 (R\$695,475 on December 31, 2005).

The financial instruments recorded in the Parent Company's balance sheet accounts on March 31, 2006, whose market value differs from the book value, are as follows:

| | Book Value | Market Value |
|---|------------|--------------|
| Loans and financing (short and long term) | 7,866,074 | 8,188,966 |

On March 31, 2006, the consolidated position of outstanding derivative agreements was as follows:

| | Agreement | | Market value |
|--|-----------|------------------------|--------------------------|
| | Maturity | Notional amount | |
| Variable income swap (*) | 7/28/2006 | US\$ 49.223 thousand | R\$529,489 |
| Derivatives from interest listed at BM&F (DI) - contracted by exclusive funds | Jan/2007 | R\$ 2.450.000 thousand | Daily adjusted at market |
| Exchange derivatives listed at BM&F (Future Dollar, SCC and DDI) - contracted by exclusive funds) | May/06 | US\$ 237.750 thousand | Daily adjusted at market |
| Exchange options | 2/1/2007 | US\$ 300.000 thousand | R\$4,655 |
| Exchange swaps registered with CETIP (contracted by exclusive funds) | Jan/07 | US\$ 203.428 thousand | (R\$52,157) |
| | Apr/06 | US\$ 980.000 thousand | (R\$50,211) |
| | May/06 | US\$ 980.000 thousand | R\$575 |

(*) Refers to non cash swap which, at the end of the contract, the counterpart shall remunerate at the variation of equity assets, as long as the Company's subsidiary, CSN Steel, undertakes to remunerate the same reference updated value at the pre-fixed rate of 7.5% per annum

Market value

The amounts presented as market value were calculated according to the conditions that were used in local and foreign markets on March 31, 2006, for financial transactions with similar features, such as: volume of the transaction and rates 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.

16. 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, in the amount of R\$4,903.3 million, for guarantees provided:

| Companies | Currency | In millions | | Maturity | Conditions |
|--------------------------|----------|--------------|--------------|-----------------------|--|
| | | 3/31/2006 | 12/31/2005 | | |
| CFN | R\$ | 18.0 | 18.0 | Indeterminate | BNDES loan guarantees |
| CFN | R\$ | 23.0 | 23.0 | Indeterminate | BNDES loan guarantees |
| CFN | R\$ | 24.0 | 24.0 | 11/13/2009 | BNDES loan guarantees |
| CFN | R\$ | 20.0 | 20.0 | Indeterminate | BNDES loan guarantees |
| CFN | R\$ | 19.2 | 19.2 | Indeterminate | BNDES loan guarantees |
| CFN | R\$ | 50.0 | 50.0 | Indeterminate | BNDES loan guarantees |
| Cia. Metalic Nordeste | R\$ | 4.8 | 4.8 | 5/15/2008 | Promissory notes/guarantee given to Banco Santos referring to contracts for the financing of equipment |
| CSN Cimentos | R\$ | 27.0 | 27.0 | 6/22/2006 | Guarantee for execution of outstanding debt with INSS |
| INAL | R\$ | 3.6 | 3.6 | 3/15 and 4/15/2006 | Personal guarantee in equipment financing |
| INAL | R\$ | 2.8 | 2.8 | Indeterminate | Suretyship in guarantee for tax foreclosure |
| INAL | R\$ | 6.1 | 6.1 | Indeterminate | Suretyship in guarantee for tax foreclosure |
| INAL | R\$ | 0.7 | 0.7 | Indeterminate | Suretyship in guarantee for tax foreclosure |
| Exclusive Fund | R\$ | 50.0 | 50.0 | 7/3/2006 | Suretyship in guarantee for transaction margins at the BM&F |
| Total in R\$ | | 249.2 | 249.2 | | |
| CSN Iron | US\$ | 79.3 | 79.3 | 6/1/2007 | Promissory note of Eurobond operation |
| 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\$ | 450.0 | 450.0 | 1/15/2015 | Installment of guarantee by CSN in Bond issuance |
| CSN Islands X | US\$ | 750.0 | 750.0 | Perpetual | Installment of guarantee by CSN in Bond issuance |
| CSN Steel | US\$ | 20.0 | 20.0 | 10/29/2009 | Rendering of guarantee by CSN in the issuance of Promissory Notes |
| INAL | US\$ | 1.4 | 1.4 | 3/26/2008 | Personal guarantee in equipment financing |

| | | | | | |
|----------------------|------|----------------|----------------|-----------|---|
| Sepetiba Tecon | US\$ | 16.7 | 16.7 | 9/15/2012 | Personal guarantee in equipment financing and terminal implementation |
| Total in US\$ | | 2,142.4 | 2,142.4 | | |

17. CONTINGENT LIABILITIES AND JUDICIAL DEPOSITS

The Company is currently party to several administrative and court proceedings involving a large number of actions, claims and complaints. Details on the amounts provided and their respective judiciary deposits related to those claims are shown below:

| | 3/31/2006 | | 12/31/2005 | |
|-----------------------|-------------------|----------------------|-------------------|----------------------|
| | Judicial deposits | Contingent liability | Judicial deposits | Contingent liability |
| Labor | 17,934 | 26,259 | 17,618 | 27,170 |
| Civil | 8,969 | 13,281 | 9,544 | 13,281 |
| Environmental | 138 | 27,557 | 138 | 24,062 |
| Tax | 617,723 | 3,432,323 | 614,027 | 3,168,892 |
| Parent Company | 644,764 | 3,499,420 | 641,327 | 3,233,405 |
| Consolidated | 676,343 | 3,580,551 | 672,996 | 3,311,558 |
| Short Term | | 39,431 | | 40,341 |
| Long Term | 644,764 | 3,459,989 | 641,327 | 3,193,064 |
| Parent Company | 644,764 | 3,499,420 | 641,327 | 3,233,405 |
| Short Term | | 45,198 | | 45,881 |
| Long Term | 676,343 | 3,535,353 | 672,996 | 3,265,677 |
| Consolidated | 676,343 | 3,580,551 | 672,996 | 3,311,558 |

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. Additionally, it includes tax liabilities stemming from actions taken by Company's initiative, which are maintained and increased by Selic interest rates.

The Company is defending itself in other judicial and administrative proceedings (labor, civil, tax and environmental) in the approximate amount of R\$1 billion. According to the Company's legal counsel, there is a possible risk of losing these lawsuits, and therefore they were not provided for in accordance with accounting practices adopted in Brazil.

a) Labor Litigation Dispute:

On March 31, 2006, CSN was defendant in 7,541 labor claims (7,232 claims on December 31, 2005), which required a provision in the amount of R\$26,259 (R\$27,170 on December 31, 2005). 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 increase in labor claims as from 2004 is due to the request for the difference of 40% fine on the FGTS deposited amounts, in view of the understated inflation imposed by economic plans. The matter is still controversial, pending a

uniform understanding.

The lawsuits related to subsidiary responsibility originate from the non-payment by the contracting 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 number of lawsuits originated from subsidiary responsibility has been reduced 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.

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 accidents and diseases related to industrial activities of the Company. For all these disputes, the Company accrued the amount of R\$13,281 on March 31, 2006, (R\$13,281 on December 31, 2005).

c) Environmental Actions:

On March 31, 2006, the Company recorded a provision of R\$27,557 (R\$24,062 on December 31, 2005) for investment in environmental recovery expenditures.

d) 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, which occurred in January and February 1989, by a percentage of 51.87% (Plano Verão).

In December 2004, the proceeding terminated and judgment was made final and unappealable, granting to CSN the right to apply the index of 42.72% (Jan/89), of which the 12.15% already applied should be deducted. The application of 10.14% (Feb/89) was deferred. The proceeding is now under accounting inspection.

On March 31, 2006, the Company has recorded R\$361,928 (R\$361,928 on December 31, 2005) as judicial deposit and a provision of R\$60,573 (R\$60,573 on December 31, 2005), which represents the portion not recognized by the courts.

(ii) In February 2003, the tax authorities assessed the Company for the calculation of prior years IRPJ and CSL for compensating taxable losses over the limit of 30% of taxable income as provided for by law. On August 21, 2003 a decision was rendered by the 2nd 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. The Company filed a refutation of this assessment notice which was not accepted in the lower court, was accepted in the appellate court, but the respective final court decision has not been published yet.

The provision related to items remaining from the second tax assessment amounts to R\$197,463 (R\$193,218 on December 31, 2005), which includes legal charges.

(iii) The Company filed an action questioning the assessment of Social Contribution on Income on export revenues, based on Constitutional Amendment #33/01 and in March 2004 the Company obtained an initial decision authorizing the exclusion of export revenues from said

calculation basis, as well as the offsetting of amounts paid on these revenues as from 2001. The lower court decision was favorable. The proceeding is waiting for trial in the Regional Federal Court of the appeal filed by the Federal Government. On March 31, 2006, the amount of suspended liability and the offset credits based on the referred proceedings was R\$604,048 (R\$547,766 on December 31, 2005), which includes legal charges.

PIS/COFINS 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. On March 31, 2006 provision amounts to R\$299,455 (R\$292,363 on December 31, 2005), which includes legal charges.

In February 1999 the Company obtained a favorable decision in the lower court. However, the 2nd Regional Federal Court reversed the favorable decision. Later on, the Company appealed against this decision in the Supreme Court of Justice and is currently waiting for trial.

CPMF

The Company is questioning the CPMF taxation since the promulgation of the Constitutional Amendment #21/99. On March 31, 2006 provision amounts to R\$392,801 (R\$370,616 on December 31, 2005), which includes legal charges.

On August 31, 1999 the Company obtained a favorable decision in the lower court and the proceeding is under compulsory re-examination by the 2nd Regional Federal Court. However, we emphasize that the most recent jurisprudence has not been favorable to tax payers.

CIDE Intervention Contribution 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 on the amounts paid, credited or remitted to non-resident beneficiaries, 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\$22,924 on March 31, 2006 (R\$22,786 on December 31, 2005), which includes legal charges.

The lower court decision was unfavorable and the proceeding is currently under judgment at the 2nd Regional Federal Court.

Education Salary

The Company discussed 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 lawsuit was judged unfounded, and the Superior Court maintained its unfavorable decision, judgment made final and unappealable.

In view of this fact, the Company attempted to pay the amount due, and FNDE and INSS did not reach an agreement as to whom the amounts should be paid. A fine was also demanded, to CNS disagreement.

Hence, the Company filed new proceedings to question the doubts relating to whom the collection should be made, as well as if a fine is due or not, and it has deposited in court the amounts due. In the first lawsuit to be judged, the 1st degree sentence was partially in favor of CSN, with the fine being disregarded but not the SELIC rate. We presented counter-arguments to the defendant's appeal and appealed in relation to the SELIC rate. No judgment has been made regarding the other lawsuits.

The provision on March 31, 2006 amounted to R\$33,121 (R\$33,121 on December 31, 2005), which includes legal charges, and excludes the fine related to the voluntary disclosure period.

According to the Company's legal counsel, there is a possible risk of losing, and therefore the Company did not provide for the fine related to the voluntary disclosure period, with no judicial deposit of the related amount being made.

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 provided as of March 31, 2006 totals R\$81,083 (R\$76,699 on December 31, 2005), which includes legal charges.

The lower court decision was unfavorable and the proceeding is under judgment of TRF of the 2nd Region. Given the new understanding adopted by the Courts, the Company's lawyers deem as probable the possibility of loss.

IPI (Excise Tax) presumed credit on inputs

The Company brought an action pleading the right to the IPI presumed credit on the acquisition of exempted, immune, non-taxed inputs, or taxed at zero rate and in May 2003 an initial decision was obtained authorizing the use of said credits. This action is currently waiting for the sentence in lower court.

On March 31, 2006, the provision related to the total credits already offset and recorded under the Company's liabilities amounted to R\$731,457 (R\$708,633 on December 31, 2005), adjusted by the Selic.

IPI premium credit over exports

The Company brought an action claiming the right to the IPI premium credit on exports from 1992 to 2002 and in March 2003 a favorable decision was obtained authorizing the use of said credits. The Regional Federal Court - Appellate Court maintained the favorable decision.

Currently, CSN is waiting for the action to be redirected to the STF/STJ to have the argued appeal filed by the Internal Revenue Service.

On March 31, 2006, the provision referring to the total of credits already offset amounted to R\$963,296 (R\$818,242 on December 31, 2005), adjusted by the Selic.

Other

The Company also provided for several other lawsuits in respect of FGTS LC 110, COFINS Law 10,833/03, PIS Law 10,637/02 and PIS/COFINS Manaus Free-Trade Zone, in the amount of R\$46,102 on March 31, 2006 (R\$44,875 on December 31, 2005), which includes legal charges.

18. SHAREHOLDERS EQUITY

| | Paid-in capital stock | Reserves | Retained earnings | Treasury Shares | Total shareholders' equity |
|--|-----------------------------|------------------|----------------------|--------------------|----------------------------------|
| BALANCES ON 9/30/2005 | 1,680,947 | 4,914,755 | 1,355,162 | (343,673) | 7,607,191 |
| Realization of revaluation reserve, net of income tax and social contribution | | (60,865) | 60,865 | | 361,847 |
| Net income for the quarter | | | 361,847 | | 361,847 |
| Reflexive reevaluation reserve CFN | | 353 | (353) | | |
| Constitution of investment reserve | | 637,611 | (637,611) | | |
| Proposed dividends (R\$4,12377per share) | | | (1,064,683) | | (1,064,683) |
| Proposed interest on own capital (R\$0,25189 per share) | | | (75,227) | | (75,227) |
| Treasury shares | | | | (293,938) | (293,938) |
| BALANCES ON 12/31/2005 | 1,680,947 | 5,491,854 | | (637,611) | 6,535,190 |
| Realization of revaluation reserve, net of income tax and social contribution | | (57,632) | 57,632 | | |
| Proposed interest on own capital (R\$0,25610 per share) | | | (43,796) | | (43,796) |
| Treasury shares | | | | (39,110) | (39,110) |
| Net income for the quarter | | | 298,028 | | 298,028 |
| BALANCES ON 3/31/2006 | 1,680,947 | 5,434,222 | 311,864 | (676,721) | 6,750,312 |

a) Paid-in capital stock

On July 7, 2005, at an Extraordinary Annual Meeting, CSN approved the cancellation of 14,849,099 shares held in treasury, with no reduction in the capital stock. The Company's fully subscribed and paid-in capital stock of R\$1,680,947 was then divided in 272,067,946 common book-entry shares, with no par value. Each share is entitled to one vote in the resolutions of the General Meeting.

b) Revaluation reserve

This reserve 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 #288, dated December 3, 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 273, as of August 20, 1998, a provision for deferred social contribution and income tax was set up based on the balance of the revaluation reserve (except land), which is 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.

c) Treasury shares

The Board of Directors approved on May 25, 2005 for a period of 360 days the purchase of 15,000,000 shares of the Company to be held in treasury and subsequent sale and/or cancellation, such authorization is estimated to finish on May 26, 2006.

Treasury shares position on March 31, 2006, was as follows:

| Number of shares purchased (in units) | Total value paid for shares | Share unit cost | | | Market value of shares on 3/31/2006 |
|---|--|-----------------|---------|---------|---|
| | | Minimum | Maximum | Average | |
| 14,654,500 | 676,721 | 35.88 | 56.58 | 46.18 | 999,730 |

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

d) Ownership structure

On March 31, 2006, the Company's capital stock was comprised as follows:

| | Number of shares | | |
|--|--------------------|----------------------|-------------------------|
| | Common | Total % of shares | Outstanding Shares % |
| Vicunha Siderurgia S.A. | 116,286,665 | 42.74% | 45.18% |
| BNDESPAR | 17,085,986 | 6.28% | 6.64% |
| Caixa Beneficente dos Empregados da CSN - CBS | 11,831,289 | 4.35% | 4.60% |
| Sundry (ADR - NYSE) | 52,129,613 | 19.16% | 20.25% |
| Other shareholders (approximately 10 thousand) | 60,079,893 | 22.08% | 23.33% |
| Outstanding shares | 257,413,446 | 94.61% | 100.00% |
| Treasury shares | 14,654,500 | 5.39% | |
| Total shares | 272,067,946 | 100.00% | |

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 6,404/76, altered by Law 9,457/97 implies the distribution of all the 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 obligations, (iii) making the necessary investments and (iv) maintenance of a good financial situation of the Company.

19. INTEREST ON OWN CAPITAL

The calculation of interest on own capital is based on the change in the Long-Term Interest Rates over shareholders equity, limited to 50% of the income for the year before income tax or 50% of accumulated profits and profit reserves, and the higher between two limits may be used, pursuant to the prevailing laws.

In compliance with CVM Deliberation 207, as of December 31, 1996, and fiscal rules, the Company opted to record the interest on own capital the amount of R\$43,796 on March 31,

2006, as counter entry of the financial expenses account, and revert it on the same account, not been shown on the income statement and not generating effects on net income after IRPJ/CSL, except as to the fiscal effects, these recognized under income tax and social contribution. The Company's management shall propose that the amount of interest on own capital be attributed to the mandatory minimum dividend.

20. NET REVENUES AND COST OF GOODS SOLD

| | Parent Company | | | | | |
|-----------------------|-----------------------------------|------------------|--------------------------|-----------------------------------|------------------|-----------------------|
| | 3/31/2006 | | | 3/31/2005 | | |
| | Tonnes Unaudited (thousand) | Net revenue | Cost of Goods Sold | Tonnes Unaudited (thousand) | Net revenue | Cost of Goods Sold |
| Steel Products | | | | | | |
| Domestic Market | 612 | 1,019,821 | 590,776 | 958 | 1,934,967 | 880,856 |
| Foreign Market | 328 | 397,199 | 360,464 | 234 | 433,508 | 252,101 |
| | 940 | 1,417,020 | 951,240 | 1,192 | 2,368,475 | 1,132,957 |
| Other sales | | | | | | |
| Domestic Market | | 83,852 | 48,797 | | 107,289 | 73,753 |
| Foreign Market | | 3,815 | 3,203 | | 6,334 | 2,845 |
| | | 87,667 | 52,000 | | 113,623 | 76,598 |
| | 940 | 1,504,687 | 1,003,240 | 1,192 | 2,482,098 | 1,209,555 |

| | Consolidated | | | | | |
|-----------------------|-----------------------------------|-------------|-----------------------|-----------------------------------|-------------|-----------------------|
| | 3/31/2006 | | | 3/31/2005 | | |
| | Tonnes Unaudited (thousand) | Net revenue | Cost of Goods Sold | Tonnes Unaudited (thousand) | Net revenue | Cost of Goods Sold |
| Steel Products | | | | | | |
| Domestic Market | 604 | 1,092,662 | 586,653 | 897 | 1,899,590 | 804,533 |
| Foreign Market | 393 | 590,612 | 482,837 | 300 | 653,242 | 495,537 |
| | 997 | 1,683,274 | 1,069,490 | 1,197 | 2,552,832 | 1,300,070 |
| Other sales | | | | | | |
| Domestic Market | | 252,526 | 144,090 | | 274,320 | 176,662 |
| Foreign Market | | 17,147 | 3,203 | | 35,117 | 2,845 |

| | | | | | |
|------------|------------------|------------------|--------------|------------------|------------------|
| | 269,673 | 147,293 | | 309,437 | 179,507 |
| 997 | 1,952,947 | 1,216,783 | 1,197 | 2,862,269 | 1,479,577 |

21. CONSOLIDATED REVENUES AND INCOME BY BUSINESS SEGMENT

The disclosure by business segment followed the concept suggested by CVM, providing the means to evaluate the performance in all of the Company's business segments.

| | 3/31/2006 | | | |
|---|----------------|---------------|------------------------------------|----------------|
| | Steel | Mining | Logistics, Energy and Cement | Total |
| Net revenues from sales | 1,750,289 | 44,672 | 157,986 | 1,952,947 |
| Cost of goods and services sold | (1,074,485) | (25,036) | (117,262) | (1,216,783) |
| Gross income | 675,804 | 19,636 | 40,724 | 736,164 |
| Operating Income (Expenses) | | | | |
| Selling | (109,667) | | (3,746) | (113,413) |
| Administrative | (64,340) | (101) | (16,724) | (81,165) |
| Other operating expenses, net | 135,409 | (19) | 865 | 136,255 |
| | (38,598) | (120) | (19,605) | (58,323) |
| Net financial result | (355,183) | 1 | (11,987) | (367,169) |
| Exchange and monetary variations, net | 257,743 | | 2,792 | 260,535 |
| Equity accounting | (10,789) | | | (10,789) |
| Operating Income | 528,977 | 19,517 | 11,924 | 560,418 |
| Non-operating income | 214 | | (13) | 201 |
| Income before income tax and social contribution | 529,191 | 19,517 | 11,911 | 560,619 |
| Income tax and social contribution | (208,995) | (6,636) | (4,570) | (220,201) |
| Net income for the period | 320,196 | 12,881 | 7,341 | 340,418 |

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

| | Parent company | | Consolidated | |
|---|----------------|-----------|--------------|-----------|
| | 3/31/2006 | 3/31/2005 | 3/31/2006 | 3/31/2005 |
| Financial expenses: | | | | |
| Loans and financing - foreign currency | (46,641) | (53,442) | (165,239) | (197,981) |
| Loans and financing - domestic currency | (35,749) | (41,393) | (36,070) | (43,236) |
| Transactions with subsidiaries | (58,547) | (87,642) | | |
| PIS/COFINS on financial revenues | (23,993) | (5,598) | (23,993) | (5,764) |
| interest, fines and interest on arrears (fiscal) | (80,335) | (50,238) | (81,530) | (51,931) |
| CPMF | (22,276) | (21,806) | (25,894) | (25,609) |
| Other financial expenses | (3,878) | (3,612) | (11,080) | (7,827) |
| | (271,419) | (263,731) | (343,806) | (332,348) |
| Financial revenues | | | | |
| Transactions with subsidiaries | | | | |
| Exchange Swap | (362,773) | (12,504) | (83,368) | 240,454 |
| Yield on marketable securities, net of provision for losses | 7,822 | 5,044 | 40,060 | 78,994 |
| Other income | 14,360 | 8,849 | 19,945 | 70,764 |
| | (340,591) | 1,389 | (23,363) | 390,212 |
| Net financial income | (612,010) | (262,342) | (367,169) | 57,864 |
| Monetary variations | | | | |
| - Assets | 777 | 1,144 | 1,251 | 1,387 |
| - Liabilities | (10,247) | (8,698) | (9,648) | (13,728) |
| | (9,470) | (7,554) | (8,397) | (12,341) |
| Exchange Variations | | | | |
| - Assets | (145,517) | (4,133) | (173,644) | (98,870) |
| - Liabilities | 616,564 | (52,485) | 442,576 | (50,899) |
| | 471,047 | (56,618) | 268,932 | (149,769) |
| Net monetary and exchange variations | 461,577 | (64,172) | 260,535 | (162,110) |

23. OTHER OPERATING REVENUES

On January 22, 2006 there was an accident in the powder collecting system of Blast Furnace number 3, temporarily stopping the production of this equipment. The Company has an insurance policy for loss of profits and equipment in the maximum amount of US\$750 million.

The Company required an advance on the account of this insurance and the insurance companies involved are evaluating this request, as well as the indemnification amount as a whole. However, the causes of the accident reported by the experts contracted for this purpose are covered by the referred policy.

Thus, the Company, based on studies and calculation prepared by independent consultants contracted by the insurance company, recorded in other operating revenues an estimated amount, on a conservative basis, of R\$176,615 as loss of profits relating to the quarter ended on March 31, 2006.

24. STATEMENT OF VALUE-ADDED

| | Parent Company | |
|---|----------------|----------------|
| | R\$ million | |
| | 3/31/2006 | 3/31/2005 |
| Revenue | | |
| Sales of products and services | 1,855 | 3,131 |
| Allowance for doubtful accounts | (3) | (17) |
| Non-operating income | | (1) |
| | 1,852 | 3,113 |
| Input purchased from third parties | | |
| Raw material used up | (422) | (603) |
| Cost of goods and services | (253) | (314) |
| Materials, energy, third-party services and other | 48 | (106) |
| | (627) | (1,023) |
| Gross value-added | 1,225 | 2,090 |
| Retentions | | |
| Depreciation, amortization and depletion | (215) | (204) |
| Net produced value-added | 1,010 | 1,886 |
| Value-added transferred | | |
| Equity accounting | 83 | 245 |
| Financial income/Exchange variation | (485) | (2) |
| | (402) | 243 |
| Total value-added to distribute | 608 | 2,129 |
| VALUE-ADDED DISTRIBUTION | | |
| Staff and charges | 131 | 114 |
| Taxes, charges and contributions | 538 | 947 |
| Interest and exchange variation | (359) | 319 |
| Interest on own capital/dividends | 44 | 48 |
| Retained earnings in the period | 254 | 701 |
| | 608 | 2,129 |

25. EMPLOYEES PENSION FUND

(i) Private Pension Administration

The Company is the principal sponsor of the CSN employees pension fund ("Caixa Beneficente dos Empregados da CSN - CBS), a private non-profit pension fund established in July 1960, main purpose of which is to pay supplementary benefits to those of the official Pension Plan. CBS congregates CSN employees, of CSN related companies and the entity itself, provided they sign the adherence agreement.

(ii) Characteristics of the plans

CBS has three benefit plans, as follows:

35% of average salary plan

It is a defined benefit plan (BD), which began on February 1, 1966, for the purpose 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 thirteen contributions per year, being the same number of benefits paid per year. This plan is in the process of extinction, and became inactive on October 31, 1977, when the new benefit plan began.

Supplementary average salary plan

It is a defined benefit plan (BD), which began on November 1, 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 on December 26, 1995, because of the combined supplementary benefits plan creation.

Combined supplementary benefit plan

This plan began on December 27, 1995. It is a combined plan, being a Defined Contribution (CD), related to the retirement and a defined benefit (BD), in relation to other risk benefits (pension in activity, disability and sickness benefit). In this plan, the retirement benefit is calculated based on the sponsor and participants contributions, totaling thirteen per year. Upon retirement of the participant, the plan becomes a defined benefit plan and thirteen benefits are paid per year.

On March 31, 2006 and December 31, 2005, the plans are presented as follows:

| | 3/31/2006 | 12/31/2005 |
|---|---------------|---------------|
| Members | 18,978 | 18,933 |
| In activity | 8,069 | 7,972 |
| Retired employees | 10,909 | 10,961 |
| Distribution of members by benefit plan: | | |
| 35% of Average Salary Plan | 5,523 | 5,587 |
| Active | 17 | 16 |
| Beneficiaries | 5,506 | 5,571 |
| Supplementary Average Salary Plan | 5,032 | 5,051 |
| Active | 40 | 45 |
| Beneficiaries | 4,992 | 5,006 |
| Combined Supplementary Benefits Plan | 8,423 | 8,295 |
| Active | 8,012 | 7,911 |
| Beneficiaries | 411 | 384 |
| Linked beneficiaries: | 5,405 | 5,397 |
| 35% of average salary plan | 4,101 | 4,110 |
| Supplementary average salary plan | 1,246 | 1,227 |
| Combined supplementary benefits plan | 58 | 60 |
| Total members (beneficiaries) | 24,383 | 24,330 |

(iii) Actuarial liability

According to the official letter 1555/SPC/GAB/COA, of August 22, 2002, confirmed by official letter 1598/SPC/GAB/COA of August 28, 2002, a proposal was approved for refinancing of reserves to amortize the sponsors responsibility in 240 monthly and successive installments, monetarily indexed by INPC + 6% p.a., starting June 28, 2002.

The agreement foresees the installments prepayment in case of cash necessity in the defined benefit plan and the incorporation to the updated debit balance the eventual deficits/surplus under the sponsors responsibility, so as to preserve the plans balance without exceeding the maximum period of amortization provided for by the agreement.

(iv) Actuarial Liabilities

As provided by CVM Deliberation 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 Company s management and its external actuaries calculated the assessment of the effects arising from this practice, in conformity with the

report dated January 10, 2006.

Actuarial Liability Recognition

The Company's Management decided to recognize the actuarial liability adjustment in the results for the period of five years, from January 1, 2002, being appropriated in the quarter ended on March 31, 2006, the amount of R\$16,212 (R\$6,429 in 2005), in accordance with paragraphs 83 and 84 of NPC 26 of IBRACON approved by the CVM Deliberation 371/2000, which, added to related disbursements, totaled R\$30,054 (R\$22,586 in 2005).

The balance of the provision for coverage of the actuarial liability on March 31, 2006 amounts to R\$239,612.

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' opinion understands that such amortizing contribution was duly approved by the Secretaria da Previdência Complementar - 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 of R\$3,984 on March 31, 2006 (R\$3,621 in 2005).

Main actuarial assumptions adopted in the actuarial liability calculation

| | |
|---|---|
| Methodology used | Projected credit unit method |
| Nominal discount rate for actuarial liability | 11.3% p.a. (6% actual and 5% inflation) |
| Expected yield rate over plan assets | 11.3% p.a. (6% actual and 5% inflation) |
| Estimated salary increase index | INPC + 1% (6.05%) |
| Estimated benefits increase index | INPC + 0% (5.00%) |
| Estimated inflation rate in the long-term | INPC + 0% (5.00%) |
| Biometric table of overall mortality | UP94 with 2 years of aggravation and separated by sex for the BD plans and without aggravation for the CD plans |

| | |
|------------------------------------|---|
| Biometric table for disability | Winklevoss |
| Expected turnover rate | 2% p.a. |
| Probability of starting retirement | 100% in the first eligibility to a full benefit by the Plan |

CSN does not have obligations on other post-employment benefits.

26. SUBSEQUENT EVENTS

Metalúrgica PRADA

At the Extraordinary General Meeting held on April 28, 2006, the acquisition by the Company or by means of its subsidiaries of the control of Cia Metalúrgica Prada was approved, being authorized that the Management takes all the necessary steps for the negotiation and conclusion of the acquisition of the Company.

Cia Metalúrgica Prada is a manufacturer of steel packages and produces, in 4 units located in São Paulo, Araçatuba, Gaspar and Uberlândia, more than 1 billion steel cans a year.

Debentures - Fourth Issuance

The Board of Directors approved on April 24, 2006 the issuance of 60,000 not convertible and unsecured debentures in a single series, in the nominal amount of R\$10,000, totaling R\$600,000 with maturity on February 1, 2012 and with no early redemption. These debentures will have a remuneration rate of 103.6% of the CDI and the funds were received by the Company on May 5, 2006.

Lusosider

On May 9, 2006, CSN entered into a Purchase and Sale Agreement with Corus Group Plc for the acquisition of the full control of Lusosider Projectos Siderúrgicos, a Portuguese company of the flat steel sector, producer of pickled coil hot rolled, cold rolled, dip galvanized products and metallic sheets, whose control was equally divided between CSN and Corus.

The acquisition of the full control of Lusosider, for the amount of EUR\$25 million is subject to the analysis and approval of the Portuguese Competition Authority, a process which may last approximately 45 days.

SEE ITEM 08.01:

COMMENTS ON THE CONSOLIDATED PERFORMANCE IN THE QUARTER

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

FEDERAL PUBLIC SERVICE**CVM BRAZILIAN SECURITIES AND EXCHANGE COMMISSION**

Accounting Practices

QUARTERLY INFORMATION

Date:

03/31/2006

Adopted in Brazil

COMMERCIAL, INDUSTRY & OTHER TYPES OF COMPANY**01.01 IDENTIFICATION**

| | | |
|-------------------------|--|--|
| 1 - CVM CODE 00403-0 | 2 - COMPANY NAME COMPANHIA SIDERÚRGICA NACIONAL | 3 - CNPJ (Corporate Taxpayer s ID) 33.042.730/0001-04 |
|-------------------------|--|--|

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

| 1- Code | 2- Description | 3- 03/31/2006 | 4- 12/31/2005 |
|------------|--|---------------|---------------|
| 1 | Total Assets | 23,936,290 | 24,447,710 |
| 1.01 | Current Assets | 7,727,828 | 8,164,081 |
| 1.01.01 | Cash and Cash Equivalents | 212,564 | 135,185 |
| 1.01.02 | Credits | 1,060,728 | 1,366,047 |
| 1.01.02.01 | Domestic Market | 873,956 | 879,153 |
| 1.01.02.02 | Foreign Market | 298,213 | 588,098 |
| 1.01.02.03 | Allowance for Doubtful Accounts | (111,441) | (101,204) |
| 1.01.03 | Inventories | 1,856,176 | 1,907,462 |
| 1.01.04 | Other | 4,598,360 | 4,755,387 |
| 1.01.04.01 | Marketable Securities | 3,422,568 | 3,709,753 |
| 1.01.04.02 | Income Tax and Social Contribution Recoverable | 33,528 | 32,428 |
| 1.01.04.03 | Deferred Income Tax | 381,241 | 405,034 |
| 1.01.04.04 | Deferred Social Contribution | 88,871 | 98,105 |
| 1.01.04.05 | Prepaid Expenses | 38,857 | 40,445 |
| 1.01.04.06 | Required Insurance | 176,616 | 0 |
| 1.01.04.07 | Other | 456,679 | 469,622 |
| 1.02 | Long-Term Assets | 1,998,745 | 2,063,043 |
| 1.02.01 | Sundry Credits | 31,925 | 26,425 |
| 1.02.01.01 | Loans Eletrobras | 31,925 | 26,425 |
| 1.02.02 | Credit with Related Parties | 64,972 | 63,258 |
| 1.02.02.01 | Affiliates | 0 | 0 |
| 1.02.02.02 | Subsidiaries | 64,972 | 63,258 |
| 1.02.02.03 | Other Related Parties | 0 | 0 |
| 1.02.03 | Other | 1,901,848 | 1,973,360 |
| 1.02.03.01 | Deferred Income Tax | 478,178 | 447,679 |
| 1.02.03.02 | Deferred Social Contribution | 103,353 | 95,459 |
| 1.02.03.03 | Judicial Deposits | 676,343 | 672,996 |

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| | | | |
|------------|----------------------------------|------------|------------|
| 1.02.03.04 | Marketable Securities Receivable | 187,785 | 202,718 |
| 1.02.03.05 | PIS/PASEP Recoverable | 28,363 | 28,010 |
| 1.02.03.06 | Prepaid Expenses | 88,792 | 92,275 |
| 1.02.03.07 | Marketable Securities | 144,490 | 254,262 |
| 1.02.03.08 | Other | 194,544 | 179,961 |
| 1.03 | Permanent Assets | 14,209,717 | 14,220,586 |
| 1.03.01 | Investments | 253,368 | 270,745 |
| 1.03.01.01 | In Affiliates | 0 | 0 |
| 1.03.01.02 | In Subsidiaries | 252,017 | 269,449 |
| 1.03.01.03 | Other Investments | 1,351 | 1,296 |
| 1.03.02 | Property, Plant and Equipment | 13,664,783 | 13,638,200 |
| 1.03.02.01 | In Operation, Net | 12,944,361 | 13,051,394 |
| 1.03.02.02 | In Construction | 547,986 | 424,038 |
| 1.03.02.03 | Land | 172,436 | 162,768 |
| 1.03.03 | Deferred charges | 291,566 | 311,641 |

06.02 - CONSOLIDATED BALANCE SHEET - LIABILITIES (in thousands of reais)

| 1- Code | 2- Description | 3- 03/31/2006 | 4- 12/31/2005 |
|----------------|-----------------------------------|----------------------|----------------------|
| 2 | Total Liabilities | 23,936,290 | 24,447,710 |
| 2.01 | Current Liabilities | 4,263,689 | 4,819,657 |
| 2.01.01 | Loans and Financing | 1,202,400 | 758,976 |
| 2.01.02 | Debentures | 744,170 | 705,517 |
| 2.01.03 | Suppliers | 1,031,361 | 1,261,690 |
| 2.01.04 | Taxes, Charges and Contributions | 595,476 | 452,689 |
| 2.01.04.01 | Salaries and Social Contributions | 80,063 | 85,385 |
| 2.01.04.02 | Taxes Payable | 343,176 | 240,824 |
| 2.01.04.03 | Deferred Income Tax | 126,645 | 93,000 |
| 2.01.04.04 | Deferred Social Contribution | 45,592 | 33,480 |
| 2.01.05 | Dividends Payable | 431,179 | 1,324,087 |
| 2.01.06 | Provisions | 45,198 | 45,881 |
| 2.01.06.01 | Contingencies | 45,198 | 45,881 |
| 2.01.07 | Debt with Related Parties | 0 | 0 |
| 2.01.08 | Other | 213,905 | 270,817 |
| 2.02 | Long-Term Liabilities | 12,945,059 | 13,149,531 |
| 2.02.01 | Loans and Financing | 6,413,956 | 6,908,495 |
| 2.02.02 | Debentures | 429,312 | 425,517 |
| 2.02.03 | Provisions | 5,668,611 | 5,428,624 |
| 2.02.03.01 | Contingencies | 3,535,353 | 3,265,677 |
| 2.02.03.02 | Deferred Income Tax | 1,568,572 | 1,590,402 |
| 2.02.03.03 | Deferred Social Contribution | 564,686 | 572,545 |
| 2.02.04 | Debt with Related Parties | 0 | 0 |
| 2.02.05 | Other | 433,180 | 386,895 |
| 2.02.05.01 | Accounts Payable- Subsidiaries | 28,323 | 28,324 |
| 2.02.05.02 | Provision for Pension Fund | 239,612 | 223,400 |
| 2.02.05.03 | Other | 165,245 | 135,171 |
| 2.03 | Deferred Income | 6,005 | 6,081 |
| 2.04 | Minority Interest | 0 | 0 |
| 2.05 | Shareholders Equity | 6,721,537 | 6,472,441 |
| 2.05.01 | Paid-In Capital | 1,680,947 | 1,680,947 |
| 2.05.02 | Capital Reserve | 0 | 0 |
| 2.05.03 | Revaluation Reserve | 4,460,422 | 4,518,054 |
| 2.05.03.01 | Own Assets | 4,460,069 | 4,517,701 |
| 2.05.03.02 | Subsidiaries/Affiliates | 353 | 353 |
| 2.05.04 | Profit Reserves | 234,330 | 273,440 |
| 2.05.04.01 | Legal | 336,189 | 336,189 |
| 2.05.04.02 | Statutory | 0 | 0 |

06.02 - CONSOLIDATED BALANCE SHEET - LIABILITIES (in thousands of reais)

| 1- Code | 2- Description | 3- 03/31/2006 | 4- 12/31/2005 |
|----------------|---------------------------------------|----------------------|----------------------|
| 2.05.04.03 | For Contingencies | 0 | 0 |
| 2.05.04.04 | Unrealized Income | 0 | 0 |
| 2.05.04.05 | Profit Retention | 0 | 0 |
| 2.05.04.06 | Special For Non-Distributed Dividends | 0 | 0 |
| 2.05.04.07 | Other Profit Reserves | (101,859) | (62,749) |
| 2.05.04.07.01 | For Investments | 637,611 | 637,611 |
| 2.05.04.07.02 | Treasury Shares | (676,721) | (637,611) |
| 2.05.04.07.03 | Unrealized Income | (62,749) | (62,749) |
| 2.05.05 | Retained Earnings | 345,838 | 0 |

07.01 - CONSOLIDATED STATEMENT OF INCOME (in thousands of reais)

| 1- Code | 2- Description | 3- 01/01/2006 to 03/31/2006 | 4- 01/01/2006 to 03/31/2006 | 5- 01/01/2005 to 03/31/2005 | 6- 01/01/2005 to 03/31/2005 |
|----------------|--|--|--|--|--|
| 3.01 | Gross Revenue from Sales and/or Services | 2,408,857 | 2,408,857 | 3,577,631 | 3,577,631 |
| 3.02 | Deductions from Gross Revenue | (455,910) | (455,910) | (715,362) | (715,362) |
| 3.03 | Net Revenue from Sales and/or Services | 1,952,947 | 1,952,947 | 2,862,269 | 2,862,269 |
| 3.04 | Cost of Goods and/or Services Sold | (1,216,783) | (1,216,783) | (1,479,577) | (1,479,577) |
| 3.04.01 | Depreciation and Amortization | (233,128) | (233,128) | (225,498) | (225,498) |
| 3.04.02 | Other | (983,655) | (983,655) | (1,254,079) | (1,254,079) |
| 3.05 | Gross Profit | 736,164 | 736,164 | 1,382,692 | 1,382,692 |
| 3.06 | Operating Income/Expenses | (175,746) | (175,746) | (370,742) | (370,742) |
| 3.06.01 | Selling | (113,413) | (113,413) | (137,629) | (137,629) |
| 3.06.01.01 | Depreciation and Amortization | (2,471) | (2,471) | (2,354) | (2,354) |
| 3.06.01.02 | Other | (110,942) | (110,942) | (135,275) | (135,275) |
| 3.06.02 | General and Administrative | (81,165) | (81,165) | (75,915) | (75,915) |
| 3.06.02.01 | Depreciation and Amortization | (10,281) | (10,281) | (9,685) | (9,685) |
| 3.06.02.02 | Other | (70,884) | (70,884) | (66,230) | (66,230) |
| 3.06.03 | Financial | (106,634) | (106,634) | (104,246) | (104,246) |
| 3.06.03.01 | Financial Income | (23,363) | (23,363) | 390,212 | 390,212 |
| 3.06.03.02 | Financial Expenses | (83,271) | (83,271) | (494,458) | (494,458) |
| 3.06.03.02.01 | Foreign Exchange and Monetary Variation, net | 260,535 | 260,535 | (162,110) | (162,110) |
| 3.06.03.02.02 | Financial Expenses | (343,806) | (343,806) | (332,348) | (332,348) |
| 3.06.04 | Other Operating Income | 200,254 | 200,254 | 13,383 | 13,383 |
| 3.06.05 | Other Operating Expenses | (63,999) | (63,999) | (46,657) | (46,657) |
| 3.06.06 | Equity Pick-up | (10,789) | (10,789) | (19,678) | (19,678) |
| 3.07 | Operating Income | 560,418 | 560,418 | 1,011,950 | 1,011,950 |

07.01 - CONSOLIDATED STATEMENT OF INCOME (in thousands of reais)

| 1- Code | 2- Description | 3- 01/01/2006 to 03/31/2006 | 4- 01/01/2006 to 03/31/2006 | 5- 01/01/2005 to 03/31/2005 | 6- 01/01/2005 to 03/31/2005 |
|----------------|---|--|--|--|--|
| 3.08 | Non-Operating Income | 201 | 201 | (840) | (840) |
| 3.08.01 | Income | 57 | 57 | 73 | 73 |
| 3.08.02 | Expenses | 144 | 144 | (913) | (913) |
| 3.09 | Income before Taxes and Interest | 560,619 | 560,619 | 1,011,110 | 1,011,110 |
| 3.10 | Provision for Income Tax and Social Contribution | (209,611) | (209,611) | (276,373) | (276,373) |
| 3.11 | Deferred Income Tax | (10,590) | (10,590) | (17,905) | (17,905) |
| 3.12 | Statutory Participation/Contributions | 0 | 0 | 0 | 0 |
| 3.12.01 | Participation | 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 | Income (Loss) for the Period | 340,418 | 340,418 | 716,832 | 716,832 |
| | OUTSTANDING SHARES, EX-TREASURY (in thousands) | 257,413 | 257,413 | 276,193 | 276,193 |
| | EARNINGS PER SHARE | 1.32246 | 1.32246 | 2.59540 | 2.59540 |
| | LOSS PER SHARE | | | | |

(CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE)**FEDERAL PUBLIC SERVICE****CVM BRAZILIAN SECURITIES AND EXCHANGE COMMISSION**Date:
03/31/2006Accounting
Practices
Adopted in
Brazil**QUARTERLY INFORMATION
COMMERCIAL, INDUSTRY & OTHER TYPES OF COMPANY****00403-0 COMPANHIA SIDERÚRGICA NACIONAL 33.042.730/0001-04****08.01 COMMENTS ON THE CONSOLIDATED PERFORMANCE IN
THE QUARTER****Output**

As a result of the January 22 accident occurred in Blast Furnace #3, responsible for 70% of the Company's pig iron production capacity, the volume of crude steel and rolled products produced in the first quarter fell by 41% and 64% quarter-over-quarter, respectively.

The Company purchased 1,021 thousand tonnes of slabs, only 108,000 tonnes of which were delivered in the quarter, due to the time needed for negotiation, production and shipment to Volta Redonda. In addition, the steel production process was adjusted to permit higher scrap input in order to maximize output while only Blast Furnace #2 is operational.

| Output (in thousand tonnes) | 1Q05 | 4Q05 | 1Q06 | Accumulated | |
|--|-------------|-------------|-------------|--------------------|-------------|
| | | | | 2005 | 2006 |
| Presidente Vargas Mill (UPV) | | | | | |
| Crude Steel | 1,167 | 1,355 | 540 | 1,167 | 540 |
| Rolled Products* | 1,134 | 1,256 | 751 | 1,134 | 751 |
| CSN Paraná* | 55 | 60 | 77 | 55 | 77 |
| GalvaSud* | 77 | 89 | 57 | 77 | 57 |

*Products delivered for sale

Sales

Although the Company reduced its inventories of finished and semi-finished products between December and March, sales volume was jeopardized by the accident in Blast Furnace #3.

The Company ratified the commitment to supplying the domestic market, which present better margins, keeping the delivery of finished products through the use of existing inventory and purchases in the market, aiming at reducing the effects of the accident in Blast Furnance #3 on clients. Domestic market sales remained flat compared to the previous quarter, but exports were reduced. Coated products accounted for almost 70% of foreign shipments, versus 50% for domestic sales. Also, coated products accounted for 58% of the total sales.

In comparison with the fourth quarter of 2005, the Company's increased its share of the distribution (23% to 28%) and home appliance markets (from 30% to 33%), while its slice of the construction and auto markets fell from 47% to 36% and 15% to 13%, respectively.

Prices

Despite the 7% appreciation of Real against dollar, average prices rose by 7% over the previous quarter, led by hot and cold-rolled exports. The healthy international prices were due to strong demand by final consumers, the build-up of distributors' inventories, and a shortfall in supply, especially in the American market where various blast furnace repairs led to delays in the production schedule. In Brazil, prices are expected to go up in the second and third quarters thanks to prospects of an improved economic climate, with lower interest rates and incentives for the construction and agricultural sectors, among other factors. In this context, the Company has already announced a 5% average price hike as of June.

Net Revenues

Although the average price was higher this quarter, this was not enough to offset the slide in sales volume, which was particularly sharp in the export market.

Production Costs (parent company)

The decline in output caused by the stoppage of Blast Furnace #3 led to an across-the-board cost reduction, generating quarter-over-quarter and year-on-year savings of R\$294 million (-60%) and R\$242 million (-54%), respectively. On the other hand, unit production costs moved up 63% and 47% in the same comparative basis.

In year-on-year terms, the biggest reductions came from coke (R\$168 million), coal (R\$61 million), energy/fuel (R\$18 million) and general manufacturing costs (R\$12 million), although the downturn was partially offset by the increase in costs from slab purchases (R\$78 million). In comparison with the 4Q05, the corresponding savings stood at R\$62 million, R\$83 million, R\$28 million and R\$80 million, respectively.

As for the main raw materials, the coal acquisition cost increased from US\$134/t, in the final quarter of 2005, to US\$ 138/t, reflecting a more up-market coal mix. The coke price, on the other hand, plunged from US\$327/t to US\$277/t as a result of the consumption of materials with lower average costs, given the big reduction in coke inventories purchased when price were exceptionally high. The average March/06 cost of the coal and coke inventories was US\$ 120/t and US\$ 240/t, respectively.

Operating Expenses

The reduction in export volume led to a R\$45 million (29%) in the sales expenses. General and administrative expenses and depreciation and amortization remained in line.

The Company provided R\$ 176.6 million under other operating income for loss of profit in the first quarter. This provision generates a PIS/Confins charge of R\$ 16.3 million, accounted for the net financial results line.

As a result, operating expenses fell by R\$230 million over the preceding quarter.

EBITDA

The Company reported an EBITDA of R\$948 million in the quarter, reflecting impact of the accident in Blast Furnace #3 in the sales volume. It is worth to highlight that this result was reached even with the 30-day deductible in insurance for loss of profit, i.e., losses related to the accident in the 30-days period after the initial insurance claim are not covered and thus directly impact the EBITDA. Additionally, if we ignore these provisions for business interruption, which value is R\$160.3 million*, EBITDA records a 40% margin, still one of the highest in the sector, reiterating once more the competitiveness of the Company. * R\$176.6 million net of R\$16.3 million PIS/Cofins.

EBITDA (R\$ MM) and Ebitda Margin

| EBITDA and EBITDA Margin Change (consolidated) | 1Q06 x 4Q05 | 1Q06 x 1Q05 |
|---|----------------|----------------|
| EBITDA (ch. %) | -25 | -44 |
| Margin (ch. p.p.) | -3 | -9 |
| *Adjusted EBITDA (ch. %) | -10 | -33 |
| *EBITDA and EBITDA Margin accounting for the effect of provision for lost profits | | |

Net Financial Result and Debt

The net financial result was negative by R\$107 million, a 74% decrease when compared to the previous quarter, which recorded an R\$404 million expense. The considerable improvement was mainly due to gains from treasury transactions.

Net debt increased by R\$310 million, due to the R\$937 million dividend pay-out in February/06, in turn raising the net debt/ EBITDA ratio from 1x to 1.3x. However, gross debt remained virtually flat. The debt had an average cost of 8.6% p.a., in Brazilian Reais, or 53% of the CDI, while the average maturity was 13 years.

*Takes into account the 12-months accumulated EBITDA.

Income Taxes

Income taxes recorded a quarterly expense of R\$220 million, versus R\$4 million revenue in the previous three months. The variation was essentially due to a lower pre-tax result and a positive exchange variation on foreign investments in the 4Q05.

Net Income

First-quarter net income fell 3% quarter-over-quarter due to the fall in gross profit, in turn caused by the accident in Blast Furnace #3 and the provision for income tax and social contribution expenses, neither of which occurred in the previous quarter.

Investments

Quarterly investments totaled R\$248 million, including R\$53 million in the Sepetiba Port expansion project, in turn part of the Casa de Pedra expansion project; R\$31 million in MRS*, R\$12 million in CFN* and R\$69 million in industrial maintenance.

*corresponding to CSN's respective 33% and 50% stakes in these companies

Working Capital

Working capital applied in the quarter fell by R\$146 million, chiefly due to the reduction in accounts receivable from the export market, caused by lower export volume, and the increase in the tax payable account. However, both of these positive effects were largely offset by the decrease in the suppliers line, due to reduced raw-material needs.

| Account | 4Q05 | 1Q06 | In R\$ MM Change |
|---------------------------------|----------------|----------------|-----------------------------|
| Assets | 3,408 | 3,129 | 279 |
| Cash equivalents | 135 | 213 | -77 |
| Accounts receivable | 1,366 | 1,061 | 305 |
| Domestic market | 879 | 874 | 5 |
| Exports market | 588 | 298 | 290 |
| Allowance for doubtful accounts | (101) | (111) | 10 |
| Inventory | 1,907 | 1,856 | 51 |
| Liabilities | 1,588 | 1,455 | -133 |
| Suppliers | 1,262 | 1,031 | -230 |
| Wages and Social Contribution | 85 | 80 | -5 |
| Tax payable | 241 | 343 | 102 |
| Working capital | (1,820) | (1,675) | 146 |

Capital Market

CSN's shares appreciated by 43% in the first three months of the year, reflecting the positive international scenario and the consolidation of the global steel sector.

The Company's healthy results in the fourth quarter of 2005 and expectations of healthy performance on the domestic and export markets in 2006, combined with the on-schedule investment projects, also played an important role in the share's appreciation.

Capital Markets - CSNA3/SID

| | 1Q05 | 2Q05 | 3Q05 | 4Q05 | 1Q06 |
|-------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| N# of shares | 286,917,045 | 286,917,045 | 272,067,946 | 272,067,946 | 272,067,946 |
| Market Capitalization | | | | | |
| Closing price (R\$/share) | 50.92 | 35.83 | 48.94 | 47.55 | 68.05 |
| Closing price (US\$/share) | 24.10 | 16.15 | 23.22 | 21.40 | 31.42 |
| Market Value (R\$ million) | 14,610 | 10,279 | 13,314 | 12,936 | 18,514 |
| Market Value (US\$ million) | 5,480 | 4,373 | 5,991 | 5,527 | 8,522 |
| Variation | | | | | |
| CSNA3 (%) | 14.4 | (29.6) | 36.6 | (2.8) | 43.1 |
| SID (%) | 23.1 | (33.0) | 43.8 | (7.8) | 46.8 |
| Ibovespa - index | 26,610 | 25,051 | 31,583 | 33,455 | 37,951 |
| Ibovespa - variation (%) | 1.6 | (5.9) | 26.1 | 5.9 | 13.4 |
| Volume | | | | | |
| Average daily (n# of shares) | 893,803 | 1,039,721 | 869,511 | 825,845 | 844,315 |
| Average daily (R\$ Thousand) | 52,964 | 48,460 | 39,741 | 37,706 | 50,665 |
| Average daily (n# of ADR's) | 840,623 | 815,547 | 812,392 | 773,876 | 1,007,920 |
| Average daily (US\$ Thousand) | 18,813 | 15,283 | 15,715 | 15,384 | 27,910 |

Source: *Economática*

Recent Developments

• General Shareholders Meeting

At the Annual and General Extraordinary Shareholders Meeting on April 28, the Company's shareholders deliberated on the following:

Dividends

Shareholders approved the payment of interest on own capital and dividends, totaling R\$259 million and R\$128 million, respectively, with R\$ 387 million paid on May 8, 2006. Adding the amount paid in February, ratified by the Shareholders Meeting, the Company paid out a total of R\$1,324 million as dividends and interest on own capital related to 2005 results.

Board of Directors

The eight members of the Board of Directors were re-elected with a mandate lasting until the General Shareholders Meeting of 2007.

Acquisition of Prada

Shareholders approved the capitalization of all the credits held by the Company against Companhia Metalúrgica Prada, in the amount of R\$175 million, and the acquisition of all Prada's for the token sum of R\$1.00. As a result, the Company took control of Prada and its assets and liabilities, booked on 02/28/2006.

Prada is Brazil's largest steel packaging producer. It has been present in this market since 1936 and produces over 1 billion steel cans per year from 4 plants in São Paulo, Araçatuba, Gaspar and Uberlândia, supplying the chemical and food product sectors. Prada's market share in 2004 was 20%.

• Issuance of Debentures

In May 2006, CSN issued R\$600 million in non-convertible debentures, due in 2012 (6-year maturity), with no advanced redemptions and interest equivalent to 103.6% of the CDI (Brazilian interbank rate).

• Lusosider

On May 9, CSN signed a share purchase agreement with Corus Group Plc for the outright acquisition of Lusosider Projectos Siderúrgicos S.A., a Portuguese company in the flat steel segment which produces pickled hot-rolled, cold-rolled, hot-dip galvanized and tin plate. Previously, CSN had shared control of Lusosider equally with Corus.

The acquisition, for 25 million, reinforces the Company's commitment to its global expansion strategy, increasing its international operations by acquiring finishing lines located near the largest steel markets.

In 2005 Lusosider, located in Seixal on the outskirts of Lisbon, produced 203,000 tonnes of galvanized, 28,000 tonnes of pickled hot-rolled and cold-rolled and 71,000 tonnes of tin plate, from a workforce of 249.

The conclusion of the transaction is subject to the approval of the Portuguese Antitrust Commission, a process which should take around 45 days.

Outlook

Following the slowdown in apparent domestic consumption in 2005 and the beginning of 2006, the market looks set to recover, fueled by expectations of more robust economic growth in Brazil. The IISI (International Iron & Steel Institute) believes apparent Brazilian consumption of finished steel products will move up by 9.5% this year. We ourselves expect 7% growth in domestic demand for flat steel, based on an economic scenario which includes falling interest rates and increased government spending on public work, in addition to our own internal studies.

On the international front, beginning-of-year forecasts indicated that prices would only start coming down as of the third quarter, when supply and demand would reach equilibrium point. However, some companies, especially in Europe, have expressed the off-the-record view that prices could even go up further in the third quarter, calling into question all the estimates of a slight decrease in the inclination of the price curve.

09.01 - EQUITY IN SUBSIDIARIES AND/OR ASSOCIATED COMPANIES

| 1 - ITEM | 2 - NAME OF SUBSIDIARY/ASSOCIATED COMPANY | 3 - CNPJ (Corporate Taxpayer's ID) | 4 - CLASSIFICATION | 5 - PARTICIPATION IN CAPITAL OF INVESTEE - % | 6 - INVESTOR'S SHAREHOLDERS' EQUITY - % |
|---|---|---|--|--|---|
| 7 - TYPE OF COMPANY | | 8 - NUMBER OF SHARES HELD IN CURRENT QUARTER (in thousands) | 9 - NUMBER OF SHARES HELD IN PREVIOUS QUARTER (in thousands) | | |
| 01 | CSN OVERSEAS | 05.722.388/0001-585 | PRIVATE SUBSIDIARY | 100.00 | 15.24 |
| COMMERCIAL, INDUSTRY AND OTHER TYPES OF COMPANY | | 7,173 | 7,173 | | |
| 02 | CSN STEEL | 05.706.345/0001-895 | PRIVATE SUBSIDIARY | 100.00 | 19.44 |
| COMMERCIAL, INDUSTRY AND OTHER TYPES OF COMPANY | | 480,727 | 480,727 | | |
| 04 | CSN ENERGY | 06.202.987/0001-035 | PRIVATE SUBSIDIARY | 100.00 | 6.24 |
| COMMERCIAL, INDUSTRY AND OTHER TYPES OF COMPANY | | 3,675 | 3,675 | | |
| 06 | IND. NAC. DE AÇOS LAMINADOS INAL | 02.737.015/0001-625 | PRIVATE SUBSIDIARY | 99.99 | 6.98 |
| COMMERCIAL, INDUSTRY AND OTHER TYPES OF COMPANY | | 325,685 | 325,685 | | |
| 07 | CSN CIMENTOS | 42.564.807/0001-055 | PRIVATE SUBSIDIARY | 99.99 | 0.03 |
| COMMERCIAL, INDUSTRY AND OTHER TYPES OF COMPANY | | 376 | 376 | | |
| 08 | CIA METALIC DO NORDESTE | 01.183.070/0001-955 | PRIVATE SUBSIDIARY | 99.99 | 1.60 |
| COMMERCIAL, INDUSTRY AND OTHER TYPES OF COMPANY | | 92,293 | 92,293 | | |
| 09 | INAL NORDESTE | 00.904.638/0001-575 | PRIVATE SUBSIDIARY | 99.99 | 0.44 |
| COMMERCIAL, INDUSTRY AND OTHER TYPES OF COMPANY | | 37,800 | 37,800 | | |

09.01 - EQUITY IN SUBSIDIARIES AND/OR ASSOCIATED COMPANIES

| 1 - ITEM | 2 - NAME OF SUBSIDIARY/ASSOCIATED COMPANY | 3 - CNPJ (Corporate Taxpayer's ID) | 4 - CLASSIFICATION | 5 - PARTICIPATION IN CAPITAL OF INVESTEE - % | 6 - INVESTOR'S SHAREHOLDER EQUITY - % |
|---|---|------------------------------------|--|--|---------------------------------------|
| 7 - TYPE OF COMPANY | 8 - NUMBER OF SHARES HELD IN CURRENT QUARTER (in thousands) | | 9 - NUMBER OF SHARES HELD IN PREVIOUS QUARTER (in thousands) | | |
| 10 | CSN PANAMA | 05.923.777/0001-41 | PRIVATE SUBSIDIARY | 100.00 | 5.0 |
| COMMERCIAL, INDUSTRY AND OTHER TYPES OF COMPANY | | 4,240 | | 4,240 | |
| 11 | CSN ENERGIA | 03.537.249/0001-29 | PRIVATE SUBSIDIARY | 99.90 | 1.0 |
| COMMERCIAL, INDUSTRY AND OTHER TYPES OF COMPANY | | 1 | | | |
| 13 | CSN I | 04.518.302/0001-07 | PRIVATE SUBSIDIARY | 100.00 | 8.0 |
| COMMERCIAL, INDUSTRY AND OTHER TYPES OF COMPANY | | 9,996,753 | | 9,996,753 | |
| 14 | GALVASUD | 02.618.456/0001-45 | PRIVATE SUBSIDIARY | 15.29 | 8.0 |
| COMMERCIAL, INDUSTRY AND OTHER TYPES OF COMPANY | | 1,804,435 | | 1,804,435 | |
| 16 | SEPETIBA TECON | 02.394.276/0001-27 | PRIVATE SUBSIDIARY | 20.00 | 0.0 |
| COMMERCIAL, INDUSTRY AND OTHER TYPES OF COMPANY | | 12,444 | | 12,444 | |
| 17 | COMPANHIA FERROVIÁRIA DO NORDESTE-CFN | 02.281.836/0001-37 | PRIVATE SUBSIDIARY | 49.99 | 0.0 |
| COMMERCIAL, INDUSTRY AND OTHER TYPES OF COMPANY | | 18,150 | | 18,150 | |
| 18 | ITÁ ENERGÉTICA | 01.355.994/0002-02 | PUBLICLY-TRADED SUBSIDIARY | 48.75 | 0.0 |
| COMMERCIAL, INDUSTRY AND OTHER TYPES OF COMPANY | | 253,607 | | 253,607 | |

09.01 - EQUITY IN SUBSIDIARIES AND/OR ASSOCIATED COMPANIES

| 1 - ITEM | 2 - NAME OF SUBSIDIARY/ASSOCIATED COMPANY | 3 - CNPJ (Corporate Taxpayer's ID) | 4 - CLASSIFICATION | 5 - PARTICIPATION IN CAPITAL OF INVESTEE - % | 6 - INVESTOR'S SHAREHOLDER EQUITY - % |
|---|---|------------------------------------|--|--|---------------------------------------|
| 7 - TYPE OF COMPANY | 8 - NUMBER OF SHARES HELD IN CURRENT QUARTER (in thousands) | | 9 - NUMBER OF SHARES HELD IN PREVIOUS QUARTER (in thousands) | | |
| 19 | MRS LOGÍSTICA | 01.417.222/0001-77 | PUBLICLY-TRADED SUBSIDIARY | 32.93 | 10.9 |
| COMMERCIAL, INDUSTRY AND OTHER TYPES OF COMPANY | | 60,681 | | 60,681 | |
| 27 | CSN EXPORT | 05.760.237/0001-94 | PRIVATE SUBSIDIARY | 100.00 | 1.4 |
| COMMERCIAL, INDUSTRY AND OTHER TYPES OF COMPANY | | 32 | | 1 | |
| 28 | CSN ISLANDS VII | 05.918.539/0001-48 | PRIVATE SUBSIDIARY | 100.00 | 0.9 |
| COMMERCIAL, INDUSTRY AND OTHER TYPES OF COMPANY | | 1 | | 1 | |
| 29 | CSN ISLANDS VIII | 06.042.103/0001-09 | PRIVATE SUBSIDIARY | 100.00 | 0.9 |
| COMMERCIAL, INDUSTRY AND OTHER TYPES OF COMPANY | | 1 | | 1 | |
| 30 | CSN ISLANDS IX | 07.064.261/0001-14 | PRIVATE SUBSIDIARY | 100.00 | 0.9 |
| COMMERCIAL, INDUSTRY AND OTHER TYPES OF COMPANY | | 1 | | 1 | |
| 31 | ERSA - ESTANHO DE RONDÔNIA | 00.684.808/0001-35 | PRIVATE SUBSIDIARY | 100.00 | 0.9 |
| COMMERCIAL, INDUSTRY AND OTHER TYPES OF COMPANY | | 34,236 | | 34,236 | |
| 32 | CSN ISLANDS X | ./.- | PRIVATE SUBSIDIARY | 100.00 | 0.9 |
| COMMERCIAL, INDUSTRY AND OTHER TYPES OF COMPANY | | 1 | | 1 | |

10.01 - CHARACTERISTICS OF PUBLIC OR PRIVATE ISSUANCE OF DEBENTURES

| | |
|--|----------------------|
| 1- ITEM | 02 |
| 2 - No. ORDER | 2 |
| 3 - No. REGISTRY AT CVM | CVM/SRE/DEB/2003/020 |
| 4 - REGISTRY DATE AT CVM | 12/8/2003 |
| 5 - ISSUED SERIES | UN |
| 6 - TYPE OF ISSUANCE | COMMON |
| 7 - NATURE OF ISSUANCE | PUBLIC |
| 8 - DATE OF ISSUANCE | 12/1/2003 |
| 9 - MATURITY DATE | 12/1/2006 |
| 10 - TYPE OF DEBENTURE | WITHOUT PREFERENCE |
| 11 - CONDITION OF CURRENT REMUNERATION | 107% CDI CETIP |
| 12 - PREMIUM/NEGATIVE GOODWILL | |
| 13 - NOMINAL VALUE (Reais) | 10,0000.00 |
| 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 RENEGOTIATION | |
| 22 - DATE OF NEXT EVENT | 06/01/2006 |

10.01 - CHARACTERISTICS OF PUBLIC OR PRIVATE ISSUANCE OF DEBENTURES

| | |
|--|----------------------|
| 1- ITEM | 03 |
| 2 - No. ORDER | 3 |
| 3 - No. REGISTRY AT CVM | CVM/SRE/DEB/2003/022 |
| 4 REGISTRY DATE AT CVM | 12/19/2003 |
| 5 - ISSUED SERIES | 1A |
| 6 - TYPE OF ISSUANCE | COMMON |
| 7 - NATURE OF ISSUANCE | PUBLIC |
| 8 - DATE OF ISSUANCE | 12/1/2003 |
| 9 - EXPIRATION DATE | 12/1/2006 |
| 10 - TYPE OF DEBENTURE | WITHOUT PREFERENCE |
| 11 - CONDITION OF CURRENT REMUNERATION | 106.5% CDI CETIP |
| 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 RENEGOTIATION | |
| 22 - DATE OF NEXT EVENT | 06/1/2006 |

10.01 - CHARACTERISTICS OF PUBLIC OR PRIVATE ISSUANCE OF DEBENTURES

| | |
|--|----------------------|
| 1- ITEM | 04 |
| 2 - No. ORDER | 3 |
| 3 - No. REGISTRY AT CVM | CVM/SRE/DEB/2003/023 |
| 4 - REGISTRY DATE AT CVM | 12/19/2003 |
| 5 - ISSUED SERIES | 2A |
| 6 - TYPE OF ISSUANCE | COMMON |
| 7 - NATURE OF ISSUANCE | PUBLIC |
| 8 - DATE OF ISSUANCE | 12/1/2003 |
| 9 - EXPIRATION DATE | 12/1/2008 |
| 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 RENEGOTIATION | |
| 22 - DATE OF NEXT EVENT | 06/1/2006 |

(CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE)**FEDERAL PUBLIC SERVICE****CVM BRAZILIAN SECURITIES AND EXCHANGE COMMISSION****QUARTERLY INFORMATION
COMMERCIAL, INDUSTRY & OTHER TYPES OF COMPANY**Date:
03/31/2006Accounting
Practices
Adopted in
Brazil**00403-0 COMPANHIA SIDERÚRGICA NACIONAL 33.042.730/0001-04****15.01 INVESTMENT PROJECTS****OPERATING INVESTMENTS**

Expenditures made in the first quarter of 2006, with the main investment projects in implementation were as follows:

| Description | R\$ thousand | |
|---|---------------------|-------------------------------|
| | 1Q06 | Accumulated until 1Q06 |
| Sepetiba Project Port Expansion | 52,842 | 273,562 |
| Mine Project Casa de Pedra Mine Expansion | 9,132 | 34,664 |
| Supply replacement main engines LTF3 | 8,708 | 11,207 |
| Campaign Extension of Batteries 4A, 4B and 5 | 3,667 | 7,191 |
| Carcass change of converter | 1,303 | 6,523 |
| Revamp of Gas System 1 Phase II | 1,556 | 4,909 |
| Campaign Extension of Battery 1 | 1,753 | 4,820 |
| Campaign Extension of regenerator AF2 | 4,001 | 4,299 |
| Cement Project - Implementation of Cement Plant | 224 | 4,224 |
| Revamp of lime furnace 3 | | 4,045 |
| Repair and Modification of Torpedo Cars | 368 | 2,390 |
| Control engine start exhaustion sinter | | 2,087 |
| Increase capacity of railcar fleet | 160 | 1,906 |
| Revamp of regenerators 1 to 2 of AF2 | | 1,883 |
| Drainage and change in the slope geometry of the mine | 180 | 1,624 |
| Cold pellet process development | | 1,613 |
| Drawdown wells | 253 | 1,441 |
| Construction barriers in the Casa de Pedra mine | | 1,401 |
| Migration of mail to exchange 2003 | | 1,387 |
| Water Purification System of Converter B | 326 | 1,372 |
| Replacement of supervising system of LTF3 | 93 | 1,219 |
| Replacement of reducers and lame hooks | | 1,193 |
| Construction of pile deep drain Vila Batateiro | (32) | 1,087 |

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| | | |
|--|---------------|----------------|
| Revamp in Sínter 2 | | 1,068 |
| Increase of the Casa de Pedra barrier 920m | 664 | 1,046 |
| Change of the supervising system of LTF1 | 61 | 1,021 |
| Electromechanical Revamp in Torpedo Cars | 138 | 1,007 |
| Capitation of benzene steam of tanks | | 437 |
| Laboratory Resources | | 395 |
| Regenerators Thermal Isolation AF3 | | 260 |
| | 85,397 | 381,279 |

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

FEDERAL PUBLIC SERVICE

CVM BRAZILIAN SECURITIES AND EXCHANGE COMMISSION

QUARTERLY INFORMATION

COMMERCIAL, INDUSTRY & OTHER TYPES OF COMPANY

Date:
03/31/2006

Accounting
Practices
Adopted in
Brazil

00403-0

COMPANHIA SIDERÚRGICA NACIONAL

33.042.730/0001-04

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

**Companhia Siderúrgica Nacional
Statements of Cash Flows
For the periods ended on March 31, 2006 and 2005
(In thousands of reais)**

| | Parent Company | | Consolidated | |
|---|----------------|----------------|----------------|------------------|
| | 2006 | 2005 | 2006 | 2005 |
| Cash flow from operating activities | | | | |
| Net income for the period | 298,028 | 748,723 | 340,418 | 716,832 |
| Adjustments to reconcile the net income for the period with the resources from operating activities: | | | | |
| - Net monetary and exchange variations | (512,845) | (77,171) | (462,454) | 640 |
| - Provision for loan and financing charges | 143,901 | 185,608 | 185,919 | 235,585 |
| - Depreciation, depletion and amortization | 210,879 | 204,328 | 245,878 | 239,353 |
| - Write-off of permanent assets | | 903 | 445 | 2,524 |
| - Equity accounting and amortization of goodwill and negative goodwill | (82,948) | (245,073) | 10,790 | 19,679 |
| - Deferred income tax and social contribution | (15,611) | 31,100 | 10,592 | 17,905 |
| - Swap Provision | (5,230) | 80,941 | (187,434) | (131,686) |
| - Employees' pension fund provision | 16,212 | 6,429 | 16,212 | 6,429 |
| - Other provisions | 34,433 | 59,790 | 37,125 | 65,393 |
| | 86,819 | 995,578 | 197,491 | 1,172,654 |
| (Increase) decrease in assets: | | | | |
| - Accounts receivable | 172,105 | (315,699) | 302,637 | (233,920) |

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| | | | | |
|---|--------------------|------------------|--------------------|------------------|
| - Inventories | 44,218 | 214,851 | 50,315 | 211,818 |
| - Judicial deposits | (2,478) | (9,178) | (3,347) | (10,076) |
| - Credits with subsidiaries | (9,927) | (2,161) | | |
| - Recoverable taxes | (27,090) | (40,723) | 17,738 | (53,667) |
| - Other | (192,044) | (61,674) | (86,942) | (43,002) |
| | (15,216) | (214,584) | 280,401 | (128,847) |
| Increase (decrease) in liabilities | | | | |
| - Suppliers | (216,424) | 175,488 | (207,036) | 119,161 |
| - Salaries and payroll charges | (4,408) | (3,704) | (5,322) | (5,018) |
| - Taxes | 121,897 | 369,710 | 102,576 | 357,647 |
| - Accounts payable - Subsidiaries | (63,430) | (261,917) | | |
| - Other | 208,393 | (7,212) | (68,313) | (19,716) |
| | 46,028 | 272,365 | (178,095) | 452,074 |
| Net resources from operating activities | 117,631 | 1,053,359 | 299,797 | 1,495,881 |
| Cash Flow from investing activities | | | | |
| Investments | (11,098) | (438) | 4,328 | (161) |
| Property, plant and equipment | (188,354) | (108,595) | (247,661) | (146,042) |
| Deferred assets | (904) | (6,161) | (1,946) | (6,170) |
| Net resources used on investing activities | (200,356) | (115,194) | (245,279) | (152,373) |
| Cash Flow from financing activities | | | | |
| Financial Funding | | | | |
| - Loans and Financing | 6,380 | | 853,713 | 1,394,070 |
| | 6,380 | - | 853,713 | 1,394,070 |
| Payments | | | | |
| - Financial Institution | | | | |
| - Principal | (194,339) | (110,248) | (178,989) | (238,948) |
| - Charges | (90,148) | (95,904) | (151,156) | (131,723) |
| - Dividends and interest on own capital | (936,215) | (12) | (936,215) | (12) |
| - Treasury stocks | (39,110) | (44,576) | (39,110) | (44,576) |
| | (1,259,812) | (250,740) | (1,305,470) | (415,259) |
| Net resources from (to) financing activities | (1,253,432) | (250,740) | (451,757) | 978,811 |
| Increase (decrease) in cash and marketable securities | (1,336,157) | 687,425 | (397,239) | 2,322,319 |
| Cash and marketable securities, beginning of period | 1,495,795 | 1,957,276 | 3,495,799 | 3,325,969 |
| Cash and marketable securities (except for derivatives), end of period | 159,638 | 2,644,701 | 3,098,560 | 5,648,288 |

Companhia Siderúrgica Nacional
Statements of Changes in Financial Position
For the periods ended on March 31, 2006 and 2005
(In thousands of reais)

| | Parent Company | | Consolidated | |
|--|----------------|----------------|----------------|------------------|
| | 2006 | 2005 | 2006 | 2005 |
| SOURCES OF FUNDS | | | | |
| Funds provided by operations | | | | |
| Net income for the period | 298,028 | 748,723 | 340,418 | 716,832 |
| Expenses (income) not affecting net working capital | | | | |
| Monetary and exchange variation and long term accrued charges (net) | (289,240) | (83,050) | (256,054) | 30,147 |
| Equity accounting and amortization of goodwill and negative goodwill | (82,948) | (245,073) | 10,790 | 19,679 |
| Write-offs from permanent assets | | 903 | 445 | 2,524 |
| Depreciation, depletion and amortization | 210,879 | 204,328 | 245,878 | 239,353 |
| Deferred income tax and social contribution | (70,836) | (24,254) | (68,082) | (21,021) |
| Provision for contingencies | | | | |
| PIS/COFINS/CPMF | 35,423 | 29,320 | 38,174 | 29,320 |
| Employees pension fund provision | 16,212 | 6,429 | 16,212 | 6,429 |
| Deferred income variation | | | (76) | (402) |
| Other | (7,761) | (11,822) | (9,994) | (10,551) |
| | 109,757 | 625,504 | 317,711 | 1,012,310 |
| Dividends and interest on own capital of subsidiaries | 2,975 | 27,175 | | |
| Other | | | | |
| Resources from loans and financing | 7,480 | | 79,193 | 552,401 |
| Decrease in other long-term assets | 16,179 | 4,607 | 159,753 | 22,965 |
| Increase in other long-term liabilities | 20,676 | 99,327 | 55,487 | 112,727 |
| Other | | | | |
| | 44,335 | 103,934 | 294,433 | 688,093 |
| TOTAL SOURCES OF FUNDS | 157,067 | 756,613 | 612,144 | 1,700,403 |
| USES OF FUNDS | | | | |
| Funds used in permanent assets | | | | |
| Investments | 11,098 | 438 | (4,328) | 161 |
| Property, plant and equipment | 188,354 | 108,595 | 247,661 | 146,042 |
| Deferred assets | 904 | 6,161 | 1,946 | 6,170 |
| | 200,356 | 115,194 | 245,279 | 152,373 |
| Other | | | | |
| Dividends and Interest on own capital | 43,796 | 48,404 | 43,796 | 48,404 |
| Treasury stocks | 39,110 | 44,576 | 39,110 | 44,576 |

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| | | | | |
|---|--------------------|----------------|------------------|------------------|
| Transfer of loans and financing to short term | 130,737 | 105,828 | 46,143 | 118,914 |
| Increases in long-term assets | 28,497 | 11,993 | 36,631 | 15,211 |
| Decreases in long-term liabilities | (1) | 32,508 | 81,470 | 38,901 |
| | 242,139 | 243,309 | 247,150 | 266,006 |
| TOTAL USES OF FUNDS | 442,495 | 358,503 | 492,429 | 418,379 |
| INCREASE (DECREASE) IN NET WORKING CAPITAL | (285,428) | 398,110 | 119,715 | 1,282,024 |
| NET WORKING CAPITAL VARIATIONS | | | | |
| Current Assets | | | | |
| At end of the period | 4,174,905 | 7,275,356 | 7,727,828 | 11,127,586 |
| At beginning of the period | 5,545,203 | 6,440,179 | 8,164,081 | 8,608,514 |
| | (1,370,298) | 835,177 | (436,253) | 2,519,072 |
| Current Liabilities | | | | |
| At end of the period | 4,215,987 | 6,668,644 | 4,263,689 | 7,400,710 |
| At beginning of the period | 5,300,857 | 6,231,577 | 4,819,657 | 6,163,662 |
| | (1,084,870) | 437,067 | (555,968) | 1,237,048 |
| INCREASE (DECREASE) IN NET WORKING CAPITAL | (285,428) | 398,110 | 119,715 | 1,282,024 |

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

FEDERAL PUBLIC SERVICE

CVM BRAZILIAN SECURITIES AND EXCHANGE COMMISSION

**QUARTERLY INFORMATION
COMMERCIAL, INDUSTRY & OTHER TYPES OF COMPANY**

Date:
03/31/2006

Accounting
Practices
Adopted in
Brazil

00403-0

COMPANHIA SIDERÚRGICA NACIONAL

33.042.730/0001-04

17.01 SPECIAL REVIEW REPORT UNQUALIFIED

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

1. We have conducted a special review on the Quarterly Information (ITRs) of COMPANHIA SIDERÚRGICA NACIONAL, which includes the individual and consolidated balance sheets as of March 31, 2006, the related statements of income for the quarter ended on that date, the performance report and the relevant information, presented in accordance with the accounting practices adopted in Brazil, prepared under the responsibility of the Company's management.
2. Our review was conducted in accordance with specific standards established by the Brazilian Institute of Auditors - IBRACON, together with the Federal Accounting Council, and mainly comprised: (a) inquiries and discussions with the administrators responsible for the accounting, financial and operating areas of the Company and its subsidiaries, as to main criteria adopted in the preparation of the Quarterly Information; and (b) review of the information and subsequent events that have or may have significant effects on the Company's and its subsidiaries financial position and operations.
3. Based on our special review, we are not aware of any material modification that should be made to the Quarterly Information 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 issued by CVM, specifically applicable to the preparation of mandatory Quarterly Information.
4. 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 referring to the Value-Added Statement, the EBTIDA Statement, and the Statements of Changes in Financial Position and of Cash Flows are presented for the purposes of allowing additional analyses and are not required as part of the mandatory Quarterly Information. These statements were reviewed by us according to the review procedures mentioned in paragraph (2) above, and based on our special review are fairly stated, in all its material aspects, in relation to the Quarterly Information taken as a whole.

5. The statements of the individual and consolidated results for the quarter ended on March 31, 2005, presented for comparative purposes, were reviewed by us, and our report, dated April 22, 2005, contains emphasis as to the realization of the amounts receivable relating to the transactions of sale of energy made within the Scope of the Energy Wholesale Market MAE.

Rio de Janeiro, May 9, 2006.

DELOITTE TOUCHE TOHMATSU
Auditores Independentes
CRC- no. 2 SP 11609 S/RJ

José Carlos Monteiro
Accountant
CRC-RJ 362063/O

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| | | | |
|--|--|--------------------------|-----|
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SIGNATURE

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

Date: May 31, 2006

COMPANHIA SIDERÚRGICA NACIONAL

By: /s/ Benjamin Steinbruch

**Benjamin Steinbruch
Chief Executive Officer and
Acting Chief Financial
Officer**

FORWARD-LOOKING STATEMENTS

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