

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

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 6-K/A

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

For the month of December, 2017
Commission File Number 1-14732

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

ITR — Quarterly Financial Information - September 30, 2016 – CIA SIDERURGICA NACIONAL **Version: 1**

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1**

Company Information / Capital Breakdown

| | Current Quarter |
|-------------------------------------|------------------------|
| Number of Shares (Units) | 09/30/2016 |
| Paid-in Capital | |
| Common | 1,387,524,047 |
| Preferred | 0 |
| Total | 1,387,524,047 |
| Treasury Shares | |
| Common | 30,391,000 |
| Preferred | 0 |
| Total | 30,391,000 |

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

| Code | Description | Current Quarter 09/30/2016 | Previous Year 12/31/2015 |
|-------------|---|---------------------------------------|-------------------------------------|
| 1 | Total Assets | 41,729,469 | 44,570,369 |
| 1.01 | Current assets | 7,686,024 | 8,842,440 |
| 1.01.01 | Cash and cash equivalent | 2,400,313 | 1,885,199 |
| 1.01.02 | Financial investments | 125,378 | 763,599 |
| 1.01.02.02 | Financial investments at amortized cost | 125,378 | 763,599 |
| 1.01.03 | Trade receivables | 2,147,621 | 2,467,523 |
| 1.01.04 | Inventory | 2,270,159 | 2,850,744 |
| 1.01.08 | Other current assets | 742,553 | 875,375 |
| 1.01.08.01 | Non-current assets available-for-sale | 157,792 | 0 |
| 1.01.08.03 | Others | 584,761 | 875,375 |
| 1.02 | Non-current assets | 34,043,445 | 35,727,929 |
| 1.02.01 | Long-term assets | 1,280,892 | 1,281,470 |
| 1.02.01.09 | Other non-current assets | 1,280,892 | 1,281,470 |
| 1.02.02 | Investments in affiliates | 23,292,619 | 25,517,369 |
| 1.02.03 | Property, plant and equipment | 9,411,399 | 8,866,348 |
| 1.02.04 | Intangible assets | 58,535 | 62,742 |

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

| Code | Description | Current Quarter 09/30/2016 | Previous Year 12/31/2015 |
|---------------|---|---------------------------------------|-------------------------------------|
| 2 | Total liabilities | 41,729,469 | 44,570,369 |
| 2.01 | Current liabilities | 3,605,010 | 4,272,372 |
| 2.01.01 | Payroll and related taxes | 156,077 | 141,496 |
| 2.01.02 | Trade payables | 1,003,260 | 742,364 |
| 2.01.03 | Tax payables | 74,245 | 5,814 |
| 2.01.04 | Borrowings and financing | 1,844,487 | 2,879,073 |
| 2.01.05 | Other payables | 413,812 | 411,699 |
| 2.01.06 | Provisions | 78,627 | 91,926 |
| 2.01.06.01 | Provision for tax, social security, labor and civil risks | 78,627 | 91,926 |
| 2.01.07 | Liabilities over non-current assets held for sale and discontinued operations | 34,502 | 0 |
| 2.01.07.01 | Liabilities over non-current assets held for sale | 34,502 | 0 |
| 2.02 | Non-current liabilities | 31,521,973 | 34,334,488 |
| 2.02.01 | Long term Borrowings and financing | 28,337,424 | 31,109,017 |
| 2.02.02 | Other payables | 82,699 | 126,450 |
| 2.02.03 | Deferred Taxes | 663,870 | 666,081 |
| 2.02.04 | Provisions | 2,437,980 | 2,432,940 |
| 2.02.04.01 | Provision for tax, social security, labor and civil risks | 562,644 | 564,372 |
| 2.02.04.02 | Other provisions | 1,875,336 | 1,868,568 |
| 2.02.04.02.03 | Provision for environmental liabilities and decommissioning of assets | 252,355 | 259,115 |
| 2.02.04.02.04 | Pension and healthcare plan | 514,367 | 514,367 |
| 2.02.04.02.05 | Provision for losses on investments | 1,108,614 | 1,095,086 |
| 2.03 | Consolidated Shareholders' equity | 6,602,486 | 5,963,509 |
| 2.03.01 | Share Capital | 4,540,000 | 4,540,000 |
| 2.03.02 | Capital reserves | 30 | 30 |
| 2.03.04.02 | Earnings reserves | 238,976 | 238,976 |
| 2.03.04.09 | Treasury shares | (238,976) | (238,976) |
| 2.03.05 | Accumulated profit/(losses) | (1,219,797) | (367,214) |
| 2.03.08 | Other comprehensive income | 3,282,253 | 1,790,693 |

CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESEITR — Quarterly Financial Information - September 30, 2016 – CIA SIDERURGICA NACIONAL **Version:****1****Parent Company Financial Statements / Statements of Income
(R\$ thousand)**

| Code | Description | Current | Same quarter YTD previous | | Year |
|------------|---|---------------|---------------------------|---------------|---------------|
| | | Quarter | Year to date | previous year | previous year |
| | | 07/01/2016 to | 01/01/2016 to | 07/01/2015 to | 01/01/2015 to |
| | | 09/30/2016 | 09/30/2016 | 09/30/2015 | 09/30/2015 |
| 3.01 | Revenues from sale of goods and rendering of services | 2,288,121 | 6,457,435 | 3,118,708 | 9,047,587 |
| 3.02 | Costs from sale of goods and rendering of services | (1,825,749) | (5,370,811) | (2,472,690) | (6,929,971) |
| 3.03 | Gross profit | 462,372 | 1,086,624 | 646,018 | 2,117,616 |
| 3.04 | Operating expenses/income | 156,167 | (1,337,554) | 2,232,878 | 2,479,680 |
| 3.04.01 | Selling expenses | (141,831) | (448,060) | (185,331) | (479,481) |
| 3.04.02 | General and administrative expenses | (87,854) | (283,481) | (96,783) | (272,153) |
| 3.04.04 | Other operating income | 152,150 | 156,720 | 16,403 | 28,672 |
| 3.04.05 | Other operating expenses | (79,648) | (269,116) | (102,664) | (509,351) |
| 3.04.06 | Equity in income of affiliates and join ventures | 313,350 | (493,617) | 2,601,253 | 3,711,993 |
| 3.05 | Profit before finance income (expenses) and taxes | 618,539 | (250,930) | 2,878,896 | 4,597,296 |
| 3.06 | Finance income (expenses) | (713,121) | (600,636) | (3,287,418) | (5,871,010) |
| 3.06.01 | Finance income | 65,651 | 152,322 | 726,759 | 1,133,815 |
| 3.06.02 | Finance expenses | (778,772) | (752,958) | (4,014,177) | (7,004,825) |
| 3.06.02.01 | Net exchange differences over financial instruments | (119,842) | 2,014,530 | (2,985,847) | (4,334,953) |
| 3.06.02.02 | Finance expenses | (658,930) | (2,767,488) | (1,028,330) | (2,669,872) |
| 3.07 | Profit (loss) before taxes | (94,582) | (851,566) | (408,522) | (1,273,714) |
| 3.08 | Income tax and social contribution | 3,321 | 5,769 | (123,263) | 512,980 |
| 3.09 | Profit (loss) from continued operations | (91,261) | (845,797) | (531,785) | (760,734) |
| 3.10 | Profit (loss) from discontinued operations | (6,984) | (6,786) | (728) | 6,009 |
| 3.11 | Consolidated Profit (loss) for the year | (98,245) | (852,583) | (532,513) | (754,725) |

| | | | | | |
|------------|---------------|-----------|-----------|-----------|-----------|
| 3.99.01.01 | Common shares | (0.07240) | (0.62822) | (0.39238) | (0.55611) |
| 3.99.02.01 | Common shares | (0.07240) | (0.62822) | (0.39238) | (0.55611) |

CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE

ITR — Quarterly Financial Information - September 30, 2016 – CIA SIDERURGICA NACIONAL **Version:**
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**Parent Company Financial Statements / Statement of Comprehensive Income
(R\$ thousand)**

| Code | Description | Current | Same quarter YTD previous | | |
|---------|--|---------------|---------------------------|---------------|---------------|
| | | Quarter | Year to date | previous year | year |
| | | 07/01/2016 to | 01/01/2016 to | 07/01/2015 to | 01/01/2015 to |
| | | 09/30/2016 | 09/30/2016 | 09/30/2015 | 09/30/2015 |
| 4.01 | Consolidated (loss) profit for the year | (98,245) | (852,583) | (532,513) | (754,725) |
| 4.02 | Other comprehensive income | 661,630 | 1,491,560 | (1,026,861) | (1,040,896) |
| 4.02.01 | Actuarial gains over pension plan of affiliates | 29 | 143 | - | (96) |
| 4.02.02 | Actuarial gains (losses) on defined benefit pension plan | - | - | - | 348 |
| 4.02.03 | Income tax and social contribution on actuarial gains (losses) in pension plan | - | - | - | (118) |
| 4.02.04 | Cumulative translation adjustments for the year | 73,956 | (386,136) | 550,919 | 719,875 |
| 4.02.05 | Available-for-sale assets | 647,552 | 775,405 | (445,407) | (443,153) |
| 4.02.06 | Income tax and social contribution on available-for-sale assets | - | - | - | (767) |
| 4.02.07 | Available-for-sale assets from investments in affiliates, net of taxes | - | - | - | (20,817) |
| 4.02.08 | Impairment of available-for-sale assets | - | - | 81,016 | 178,867 |
| 4.02.09 | Income tax and social contribution on impairment of available-for-sale assets | - | - | - | (33,269) |
| 4.02.10 | (Loss) / gain on the percentage change in investments | 740 | 1,324 | 245 | 202 |
| 4.02.11 | Gain (loss) on cash flow hedge accounting | (56,324) | 1,016,560 | (1,171,346) | (1,517,306) |
| 4.02.12 | Income tax and social contribution on cash flow hedge accounting | - | - | - | 117,626 |

| | | | | | |
|---------|--|----------|---------|-------------|-------------|
| 4.02.13 | Realization of cash flow hedge accounting reclassified to income statement | 5,949 | 26,472 | - | - |
| 4.02.14 | Gain (Loss) on net investment hedge from investments in affiliates | (10,272) | 57,792 | (42,288) | (42,288) |
| 4.03 | Consolidated comprehensive income for the year | 563,385 | 638,977 | (1,559,374) | (1,795,621) |

CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE

ITR — Quarterly Financial Information - September 30, 2016 – CIA SIDERURGICA NACIONAL **Version:**
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**Parent Company Financial Statements / Statement of Cash Flows – Indirect Method
(R\$ thousand)**

| Code | Description | Year to date YTD previous year | |
|------------|--|--------------------------------|-----------------------------|
| | | 01/01/2016 to 09/30/2016 | 01/01/2015 to 09/30/2015 |
| 6.01 | Net cash from operating activities | 1,418,549 | 282,033 |
| 6.01.01 | Cash from operations | (393,672) | 3,532,689 |
| 6.01.01.01 | Profit (loss) for the period | (852,583) | (754,725) |
| 6.01.01.03 | Finance charges in borrowing | 1,909,151 | 2,510,054 |
| 6.01.01.04 | Finance charges in lending | (27,919) | (15,749) |
| 6.01.01.05 | Depreciation, depletion and amortization | 418,828 | 651,952 |
| 6.01.01.06 | Equity in gain (loss) of affiliates | 493,617 | (3,718,002) |
| 6.01.01.07 | Deferred tax | (5,820) | (593,287) |
| 6.01.01.08 | Provision for tax, social security, labor, civil and environmental risks | (15,027) | 84,671 |
| 6.01.01.09 | Exchange differences, net | (2,320,143) | 5,144,844 |
| 6.01.01.11 | Impairment of available-for-sale assets | - | 178,867 |
| 6.01.01.12 | Write-off of PPE and Intangible assets | 20,751 | 3,935 |
| 6.01.01.13 | Provision for environmental liabilities and decommissioning of assets | (6,760) | (2,014) |
| 6.01.01.14 | Business combination gains | (28,013) | - |
| 6.01.01.15 | Others | 20,246 | 42,143 |
| 6.01.02 | Changes in assets and liabilities | 1,812,221 | (3,250,656) |
| 6.01.02.01 | Trade receivables - third parties | (118,462) | (19,562) |
| 6.01.02.02 | Trade receivables - related parties | 430,601 | (1,412,278) |
| 6.01.02.03 | Inventories | 580,585 | (94,391) |
| 6.01.02.04 | Receivables - related parties | 36,264 | 78,255 |
| 6.01.02.05 | Tax assets | 250,807 | (155,883) |
| 6.01.02.06 | Judicial deposits | 27,745 | (27,112) |
| 6.01.02.07 | Dividends received - related parties | 2,313,552 | 12,215 |
| 6.01.02.09 | Trade payables | 261,063 | 220,235 |
| 6.01.02.10 | Payroll and related taxes | 20,000 | 65,289 |
| 6.01.02.11 | Taxes in installments – REFIS | 71,734 | 55,410 |
| 6.01.02.13 | Payables to related parties | (2,986) | 74,645 |
| 6.01.02.15 | Interest paid | (2,023,675) | (2,079,553) |
| 6.01.02.16 | Interest received - Related Parties | - | 651 |
| 6.01.02.18 | Others | (35,007) | 31,423 |

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| | | | |
|---------|--|-----------|-------------|
| 6.02 | Net cash used in investing activities | (434,870) | (1,453,885) |
| 6.02.01 | Advance for future capital increase | (222,374) | (28,083) |
| 6.02.02 | Purchase of property, plant and equipment | (878,908) | (1,597,232) |
| 6.02.03 | Cash from incorporation of affiliates | - | 129,745 |
| 6.02.04 | Capital reduction in joint venture | - | 486,758 |
| 6.02.07 | Intercompany loans granted | (56,547) | (43,475) |
| 6.02.09 | Intercompany loans received | - | 5,546 |
| 6.02.10 | Exclusive funds | 84,738 | 220,274 |
| 6.02.11 | Financial Investments, net of redemption | 638,221 | (627,418) |
| 6.03 | Net cash used in financing activities | (469,845) | 378,601 |
| | Borrowings and financing, net of transaction | | |
| 6.03.01 | cost | (26,018) | 934,396 |
| 6.03.02 | Borrowings and financing, related parties | 40,239 | 1,725,595 |
| 6.03.03 | Funding Forfeiting/ Drawee Risk | 78,240 | 625,117 |
| 6.03.04 | Payment Forfeiting / Drawee Risk | (300,321) | (861,617) |
| 6.03.05 | Amortization of borrowings and financing | (221,693) | (938,239) |
| | Amortization of borrowings and financing - | | |
| 6.03.06 | related parties | (40,239) | (547,429) |
| | Payments of dividends and interests on | | |
| 6.03.07 | shareholder's equity | (53) | (549,832) |
| 6.03.08 | Treasury shares | - | (9,390) |
| | Exchange rate on translating cash and cash | | |
| 6.04 | equivalents | 1,280 | - |
| | Increase (decrease) in cash and cash | | |
| 6.05 | equivalents | 515,114 | (793,251) |
| | Cash and equivalents at the beginning of the | | |
| 6.05.01 | year | 1,885,199 | 3,146,393 |
| 6.05.02 | Cash and equivalents at the end of the year | 2,400,313 | 2,353,142 |

CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE

ITR — Quarterly Financial Information - September 30, 2016 – CIA SIDERURGICA NACIONAL **Version: 1**

Parent Company Financial Statements / Statement of Changes in Equity - 1/1/2016 to 09/30/2016 (R\$ thousand)

| Code | Description | Paid-in capital | Capital reserve, granted options and treasury shares | Earnings reserve | Retained earnings (accumulated losses) | Other comprehensive income | Shareholders' equity |
|-------------|---|------------------------|---|-------------------------|---|-----------------------------------|-----------------------------|
| 5.01 | Opening balances | 4,540,000 | 30 | - | (367,214) | 1,790,693 | 5,963,509 |
| 5.03 | Adjusted opening balances | 4,540,000 | 30 | - | (367,214) | 1,790,693 | 5,963,509 |
| 5.05 | Total comprehensive income | - | - | - | (852,583) | 1,491,560 | 638,977 |
| 5.05.01 | Profit (loss) for the period | - | - | - | (852,583) | - | (852,583) |
| 5.05.02 | Other comprehensive income | - | - | - | - | 1,491,560 | 1,491,560 |
| 5.05.02.04 | Translation adjustments for the year | - | - | - | - | (386,136) | (386,136) |
| 5.05.02.08 | Actuarial gains on pension plan, net of taxes | - | - | - | - | 143 | 143 |
| 5.05.02.09 | Available-for-sale assets, net of taxes | - | - | - | - | 775,405 | 775,405 |
| 5.05.02.10 | (Loss) / gain on the percentage change in investments | - | - | - | - | 1,324 | 1,324 |
| 5.05.02.11 | (Loss) / gain on cash flow hedge | - | - | - | - | 1,016,560 | 1,016,560 |

| | | | | | | | |
|------------|--|-----------|----|---|-------------|-----------|-----------|
| | accounting, net of taxes | | | | | | |
| | Realization of cash flow hedge | | | | | | |
| 5.05.02.11 | reclassified to the income statement | - | - | - | - | 26,472 | 26,472 |
| | (Loss) / gain on | | | | | | |
| 5.05.02.12 | foreign investments | - | - | - | - | 57,792 | 57,792 |
| 5.07 | Closing balance | 4,540,000 | 30 | - | (1,219,797) | 3,282,253 | 6,602,486 |

CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESEITR — Quarterly Financial Information - September 30, 2016 – CIA SIDERURGICA NACIONAL **Version:****1****Parent Company Financial Statements / Statement of Changes in Equity - 1/1/2015 to 09/30/2015
(R\$ thousand)**

| Code | Description | Paid-in capital | Capital reserve, granted options and treasury shares | Earnings reserve | Retained earnings (accumulated losses) | Other comprehensive income | Shareholders' equity |
|------------|---|-----------------|--|------------------|--|----------------------------|----------------------|
| 5.01 | Opening balances | 4,540,000 | 30 | 1,131,298 | - | 25,140 | 5,696,468 |
| 5.03 | Adjusted opening balances | 4,540,000 | 30 | 1,131,298 | - | 25,140 | 5,696,468 |
| 5.04 | Capital transactions with shareholders | - | - | (284,390) | - | - | (284,390) |
| 5.04.04 | Treasury shares acquired | - | - | (9,390) | - | - | (9,390) |
| 5.04.06 | Dividends | - | - | (275,000) | - | - | (275,000) |
| 5.05 | Total comprehensive income | - | - | - | (754,725) | (1,040,896) | (1,795,621) |
| 5.05.01 | Profit for the period | - | - | - | (754,725) | - | (754,725) |
| 5.05.02 | Other comprehensive income | - | - | - | - | (1,040,896) | (1,040,896) |
| 5.05.02.04 | Translation adjustments for the period | - | - | - | - | 719,875 | 719,875 |
| 5.05.02.08 | (Actuarial (losses) gains on pension plan, net of taxes | - | - | - | - | 134 | 134 |
| 5.05.02.09 | Available-for-sale assets, net of taxes | - | - | - | - | (319,139) | (319,139) |
| 5.05.02.10 | (Loss) / gain on the percentage | - | - | - | - | 202 | 202 |

| | | | | | | |
|------------|--|-----------|----|---------|-------------|-------------|
| | change in investments | | | | | |
| 5.05.02.11 | (Loss) gain on cash flow hedge accounting, net of taxes | - | - | - | (1,399,680) | (1,399,680) |
| 5.05.02.12 | (Loss) / gain on net investment hedge | - | - | - | (42,288) | (42,288) |
| 5.07 | Closing balances | 4,540,000 | 30 | 846,908 | (754,725) | (1,015,756) |
| | | | | | | 3,616,457 |

CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE

ITR — Quarterly Financial Information - September 30, 2016 – CIA SIDERURGICA NACIONAL **Version: 1**

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

| Code | Description | Year to date 01/01/2016 to 09/30/2016 | Previous year 01/01/2015 to 09/30/2015 |
|-------------|--|--|---|
| 7.01 | Revenues | 8,039,004 | 10,792,661 |
| 7.01.01 | Sales of products and rendering of services | 8,062,255 | 10,729,818 |
| 7.01.02 | Other revenues | (14,491) | 82,703 |
| 7.01.04 | Allowance for (reversal of) doubtful debts | (8,760) | (19,860) |
| 7.02 | Raw materials acquired from third parties | (6,173,207) | (7,758,535) |
| 7.02.01 | Cost of sales and services | (5,584,069) | (6,236,049) |
| 7.02.02 | Materials, electric power, outsourcing and other | (575,846) | (1,347,066) |
| 7.02.03 | Impairment/recovery of assets | (13,292) | 3,447 |
| 7.02.04 | Others | - | (178,867) |
| 7.02.04.01 | Impairment of available-for-sale assets | - | (178,867) |
| 7.03 | Gross value added | 1,865,797 | 3,034,126 |
| 7.04 | Retentions | (418,828) | (651,952) |
| 7.04.01 | Depreciation, amortization and depletion | (418,828) | (651,952) |
| 7.05 | Wealth created | 1,446,969 | 2,382,174 |
| 7.06 | Value added received | (637,080) | 5,959,392 |
| 7.06.01 | Equity in income of affiliates | (493,617) | 3,711,993 |
| 7.06.02 | Finance income | 152,322 | 1,133,815 |
| 7.06.03 | Others | (295,785) | 1,113,584 |
| 7.06.03.01 | Others and exchange gains | (295,785) | |

| | | | |
|---------------|--|-------------|-----------|
| | | | 1,113,584 |
| 7.07 | Wealth for distribution | 809,889 | 8,341,566 |
| 7.08 | Wealth distributed | 809,889 | 8,341,566 |
| 7.08.01 | Personnel | 835,872 | 1,067,905 |
| 7.08.01.01 | Salaries and wages | 647,165 | 817,157 |
| 7.08.01.02 | Benefits | 142,510 | 197,830 |
| 7.08.01.03 | Severance payment (FGTS) | 46,197 | 52,918 |
| 7.08.02 | Taxes, fees and contributions | 364,392 | (82,830) |
| 7.08.02.01 | Federal | 296,926 | (188,833) |
| 7.08.02.02 | State | 67,465 | 99,758 |
| 7.08.02.03 | Municipal | 1 | 6,245 |
| 7.08.03 | Remuneration on third-party capital | 455,422 | 8,117,225 |
| 7.08.03.01 | Interest | 2,767,491 | 2,668,737 |
| 7.08.03.02 | Leases | 7,983 | 7,505 |
| 7.08.03.03 | Others | (2,320,052) | 5,440,983 |
| 7.08.03.03.01 | Others and exchange losses | (2,320,052) | 5,440,983 |
| 7.08.04 | Remuneration on Shareholders' capital | (852,583) | (754,725) |
| 7.08.04.03 | Retained earnings (accumulated losses) | (852,583) | (754,725) |
| 7.08.05 | Others | 6,786 | (6,009) |
| 7.08.05.01 | Gain (loss) on discontinued operations | 6,786 | (6,009) |

CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE

ITR — Quarterly Financial Information - September 30, 2016 – CIA SIDERURGICA NACIONAL **Version:**
1

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

| Code | Description | Current Quarter 09/30/2016 | Previous Year 12/31/2015 |
|-------------|---|---------------------------------------|-------------------------------------|
| 1 | Total Assets | 44,152,623 | 47,339,409 |
| 1.01 | Current assets | 12,127,269 | 16,430,691 |
| 1.01.01 | Cash and cash equivalent | 5,091,372 | 7,861,052 |
| 1.01.02 | Financial investments | 341,684 | 763,599 |
| 1.01.02.02 | Financial investments at amortized cost | 341,684 | 763,599 |
| 1.01.03 | Trade receivables | 1,859,630 | 1,578,277 |
| 1.01.04 | Inventory | 3,799,306 | 4,941,314 |
| 1.01.08 | Other current assets | 1,035,277 | 1,286,449 |
| 1.01.08.01 | Non-current assets available for sale | 157,792 | - |
| 1.01.08.03 | Others | 877,485 | 1,286,449 |
| 1.02 | Non-current assets | 32,025,354 | 30,908,718 |
| 1.02.01 | Long-term assets | 1,625,437 | 1,661,987 |
| 1.02.01.06 | Deferred tax assets | 70,650 | 78,066 |
| 1.02.01.09 | Other non-current assets | 1,554,787 | 1,583,921 |
| 1.02.02 | Investments | 5,078,288 | 3,998,239 |
| 1.02.03 | Property, plant and equipment | 18,013,518 | 17,826,226 |
| 1.02.04 | Intangible assets | 7,308,111 | 7,422,266 |

CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE

ITR — Quarterly Financial Information - September 30, 2016 – CIA SIDERURGICA NACIONAL **Version: 1**

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

| Code | Description | Current Quarter 09/30/2016 | Previous Year 12/31/2015 |
|---------------|---|-------------------------------|-----------------------------|
| 2 | Total liabilities | 44,152,623 | 47,339,409 |
| 2.01 | Current liabilities | 5,034,019 | 5,082,199 |
| 2.01.01 | Payroll and related taxes | 286,640 | 256,840 |
| 2.01.02 | Trade payables | 1,580,180 | 1,293,008 |
| 2.01.03 | Tax payables | 220,453 | 457,391 |
| 2.01.04 | Borrowings and financing | 1,831,210 | 1,874,681 |
| 2.01.05 | Other payables | 970,386 | 1,073,017 |
| 2.01.06 | Provisions | 110,648 | 127,262 |
| 2.01.06.01 | Provision for tax, social security, labor and civil risks | 110,648 | 127,262 |
| 2.01.07 | Liabilities over non-current assets held for sale and discontinued operations | 34,502 | - |
| 2.01.07.01 | Liabilities over non-current assets held for sale | 34,502 | - |
| 2.02 | Non-current liabilities | 31,333,687 | 35,165,922 |
| 2.02.01 | Long term Borrowings and financing | 28,497,797 | 32,407,834 |
| 2.02.02 | Other payables | 131,539 | 131,284 |
| 2.02.03 | Deferred tax liabilities | 1,157,103 | 1,072,033 |
| 2.02.04 | Provisions | 1,547,248 | 1,554,771 |
| 2.02.04.01 | Provision for tax, social security, labor and civil risks | 704,087 | 711,472 |
| 2.02.04.02 | Other provisions | 843,161 | 843,299 |
| 2.02.04.02.03 | Provision for environmental liabilities and decommissioning of assets | 328,793 | 328,931 |
| 2.02.04.02.04 | Pension and healthcare plan | 514,368 | 514,368 |
| 2.03 | Consolidated Shareholders' equity | 7,784,917 | 7,091,288 |
| 2.03.01 | Share Capital | 4,540,000 | 4,540,000 |
| 2.03.02 | Capital reserves | 30 | 30 |
| 2.03.04 | Earnings reserves | 238,976 | 238,976 |
| 2.03.04.09 | Treasury shares | (238,976) | (238,976) |
| 2.03.05 | Accumulated profit/(losses) | (1,219,797) | (367,214) |
| 2.03.08 | Other comprehensive income | 3,282,253 | 1,790,693 |
| 2.03.09 | Profit attributable to the non-controlling interests | 1,182,431 | 1,127,779 |

CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE

ITR — Quarterly Financial Information - September 30, 2016 – CIA SIDERURGICA NACIONAL **Version: 1**

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

| Code | Description | Current | Same quarter YTD previous | | Year |
|------------|---|---------------|---------------------------|---------------|---------------|
| | | Quarter | Year to date | previous year | previous year |
| | | 07/01/2016 to | 07/01/2016 to | 07/01/2015 to | 07/01/2015 to |
| | | 09/30/2016 | 09/30/2016 | 09/30/2015 | 09/30/2015 |
| 3.01 | Revenues from sale of goods and rendering of services | 4,469,240 | 12,630,353 | 3,933,604 | 11,609,223 |
| 3.02 | Costs from sale of goods and rendering of services | (3,157,057) | (9,470,412) | (2,993,905) | (8,851,521) |
| 3.03 | Gross profit | 1,312,183 | 3,159,941 | 939,699 | 2,757,702 |
| 3.04 | Operating expenses/income | (498,862) | (1,840,607) | 246,828 | (664,836) |
| 3.04.01 | Selling expenses | (405,411) | (1,247,971) | (409,430) | (1,018,483) |
| 3.04.02 | General and administrative expenses | (117,792) | (382,114) | (120,037) | (339,764) |
| 3.04.04 | Other operating income | 168,600 | 202,617 | 29,602 | 48,125 |
| 3.04.05 | Other operating expenses | (170,376) | (501,612) | (114,659) | (569,554) |
| 3.04.06 | Equity in income of affiliates and jointly operations | 26,117 | 88,473 | 861,352 | 1,214,840 |
| 3.05 | Profit before finance income (expenses) and taxes | 813,321 | 1,319,334 | 1,186,527 | 2,092,866 |
| 3.06 | Finance income (expenses) | (750,292) | (1,845,256) | (1,549,045) | (3,193,295) |
| 3.06.01 | Finance income | 140,423 | 522,995 | 105,446 | 202,296 |
| 3.06.02 | Finance expenses | (890,715) | (2,368,251) | (1,654,491) | (3,395,591) |
| 3.06.02.01 | Net exchange differences over financial instruments | (67,202) | 102,278 | (644,421) | (717,071) |
| 3.06.02.02 | Finance expenses | (823,513) | (2,470,529) | (1,010,070) | (2,678,520) |
| 3.07 | Profit (loss) before taxes | | | | |

| | | | | | |
|------------|--|-----------|-----------|-----------|-------------|
| | | 63,029 | (525,922) | (362,518) | (1,100,429) |
| 3.08 | Income tax and social contribution | (122,796) | (264,617) | (169,405) | 338,978 |
| 3.09 | Profit (loss) from continued operations | (59,767) | (790,539) | (531,923) | (761,451) |
| 3.10 | Profit (loss) from discontinued operations | (6,984) | (6,786) | (728) | 6,009 |
| 3.11 | Consolidated Profit (loss) for the year | (66,751) | (797,325) | (532,651) | (755,442) |
| 3.11.01 | Profit attributable to the controlling interests | (98,245) | (852,583) | (532,513) | (754,725) |
| 3.11.02 | Profit attributable to the non-controlling interests | 31,494 | 55,258 | (138) | (717) |
| 3.99.01.01 | Common shares | (0.07240) | (0.62822) | (0.39238) | (0.55611) |
| 3.99.02.01 | Common shares | (0.07240) | (0.62822) | (0.39238) | (0.55611) |

CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE

ITR — Quarterly Financial Information - September 30, 2016 – CIA SIDERURGICA NACIONAL **Version: 1**

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

| Code | Description | Current | Same quarter YTD previous | | |
|---------|--|--|---|-------------------------------------|-------------------------------------|
| | | Quarter 07/01/2016 to 09/30/2016 | Year to date previous year 01/01/2016 to 09/30/2016 | Year 07/01/2015 to 09/30/2015 | Year 01/01/2015 to 09/30/2015 |
| 4.01 | Consolidated profit (loss) for the year | (66,751) | (797,325) | (532,651) | (755,442) |
| 4.02 | Other comprehensive income | 661,630 | 1,491,560 | (1,026,861) | (1,040,896) |
| 4.02.01 | Actuarial gains over pension plan of affiliates | 29 | 143 | - | - |
| 4.02.02 | Actuarial gains (losses) on defined benefit pension plan | - | - | - | 202 |
| 4.02.03 | Income tax and social contribution on actuarial (losses) gains in pension plan | - | - | - | (68) |
| 4.02.04 | Cumulative translation adjustments for the year | 73,956 | (386,136) | 550,919 | 719,875 |
| 4.02.05 | Available-for-sale assets | 647,552 | 775,405 | (445,407) | (474,694) |
| 4.02.06 | Income tax and social contribution on available-for-sale assets | - | - | - | 9,957 |
| 4.02.07 | Impairment of available-for-sale assets | - | - | 81,016 | 178,867 |
| 4.02.08 | Income tax and social contribution on impairment of available-for-sale assets | - | - | - | (33,269) |
| 4.02.09 | (Loss) / gain on the percentage change in investments | 740 | 1,324 | 245 | 202 |
| 4.02.10 | Gain (loss) on cash flow hedge accounting | (56,324) | 1,016,560 | (1,171,346) | (1,517,306) |
| 4.02.11 | Income tax and social contribution on cash flow hedge accounting | - | - | - | 117,626 |
| 4.02.12 | | | 57,792 | | |

| | | | | | |
|---------|--|----------|---------|-------------|-------------|
| | Gain (Loss) on net investment hedge | (10,272) | | (42,288) | (42,288) |
| 4.02.13 | Realization of cash flow hedge accounting reclassified to income statement | 5,949 | 26,472 | - | - |
| 4.03 | Consolidated comprehensive income for the year | 594,879 | 694,235 | (1,559,512) | (1,796,338) |
| 4.03.01 | Attributed to controlling Shareholders | 563,385 | 638,977 | (1,559,374) | (1,795,621) |
| 4.03.02 | Attributed to non-controlling Shareholders | 31,494 | 55,258 | (138) | (717) |

CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE

ITR — Quarterly Financial Information - September 30, 2016 – CIA SIDERURGICA NACIONAL **Version: 1**

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

| Code | Description | Year to date | YTD previous year |
|------------|--|--------------------------|--------------------------|
| | | 01/01/2016 to 09/30/2016 | 01/01/2015 to 09/30/2015 |
| 6.01 | Net cash from operating activities | (225,880) | 1,417,451 |
| 6.01.01 | Cash from operations | 1,110,102 | 4,834,421 |
| 6.01.01.01 | Profit (loss) attributable to the controlling interests | (852,583) | (754,725) |
| 6.01.01.03 | Profit (loss) attributable to the non-controlling interests | 55,258 | (717) |
| 6.01.01.04 | Finance charges in borrowing | 2,230,131 | 2,489,354 |
| 6.01.01.05 | Finance charges in lending | (42,379) | (25,168) |
| 6.01.01.06 | Depreciation, depletion and amortization | 956,715 | 857,137 |
| 6.01.01.07 | Equity in gain (loss) of affiliates | (88,473) | (1,215,784) |
| 6.01.01.08 | Deferred tax | 133,416 | (543,095) |
| 6.01.01.09 | Provision for tax, social security, labor, civil and environmental risks | (23,999) | 123,438 |
| 6.01.01.10 | Exchange differences, net | (1,140,319) | 3,647,017 |
| 6.01.01.11 | Gain (loss) of derivative financial instruments | 362 | 3,775 |
| 6.01.01.12 | Impairment of available-for-sale assets | - | 178,867 |
| 6.01.01.13 | Write-down of PPE and Intangible assets | 61,791 | 4,773 |
| 6.01.01.14 | Gain on repurchase of debt securities | (146,214) | - |
| 6.01.01.15 | Gain resulted from business combination | (28,013) | - |
| 6.01.01.16 | Provision for environmental liabilities and decommissioning of assets | (138) | (2,417) |
| 6.01.01.17 | Others | (5,453) | 71,966 |
| 6.01.02 | Changes in assets and liabilities | (1,335,982) | (3,416,970) |
| 6.01.02.01 | Trade receivables - third parties | (302,616) | (602,122) |
| 6.01.02.02 | Trade receivables - related parties | (1,097) | (82,273) |
| 6.01.02.03 | Inventories | 1,112,678 | (530,308) |
| 6.01.02.04 | Receivables - related parties | 6,449 | - |

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| | | | |
|------------|---|-------------|-------------|
| 6.01.02.05 | Tax assets | 330,029 | (200,825) |
| 6.01.02.06 | Judicial deposits | 25,556 | (40,980) |
| 6.01.02.08 | Trade payables | 286,655 | 342,768 |
| 6.01.02.09 | Payroll and related taxes | 28,739 | 94,574 |
| 6.01.02.10 | Taxes in installments – REFIS | (247,674) | 32,735 |
| 6.01.02.11 | Payables to related parties | 376 | 1,032 |
| 6.01.02.13 | Interest paid | (2,494,408) | (2,472,131) |
| 6.01.02.15 | Interest received - Related Parties | - | 8,627 |
| 6.01.02.17 | Others | (80,669) | 31,933 |
| 6.02 | Net cash used in investing activities | (1,733,091) | (213,236) |
| 6.02.02 | Advance for future capital increase | (190,435) | - |
| 6.02.03 | Purchase of property, plant and equipment | (1,179,636) | (1,703,793) |
| 6.02.04 | Capital reduction in joint venture | - | 466,758 |
| 6.02.05 | Receivable/payable from derivative financial instruments | (713,049) | 1,216,913 |
| 6.02.06 | Acquisition of intangible assets | (7) | (440) |
| 6.02.08 | Intercompany loans granted | (32,118) | (43,475) |
| 6.02.09 | Intercompany loans received | - | 443,345 |
| 6.02.10 | Financial Investments, net of redemption | 421,915 | (592,544) |
| 6.02.11 | Cash and cash equivalents from discontinued operations | (40,702) | - |
| 6.02.12 | Cash and cash equivalents in control acquisition (business combination) | 941 | - |
| 6.03 | Net cash used in financing activities | (754,658) | (2,286,202) |
| 6.03.01 | Borrowings and financing, net of transaction cost | (27,089) | 937,005 |
| 6.03.02 | Funding Forfaiting / Drawee Risk | 78,240 | 625,117 |
| 6.03.03 | Payment Forfaiting / Drawee Risk | (300,321) | (861,617) |
| 6.03.04 | Amortization of borrowings and financing | (354,337) | (2,333,975) |
| 6.03.06 | Amortization of borrowings and financing - related parties | - | (52,839) |
| 6.03.07 | Payments of dividends and interests on shareholder's equity | (53) | (549,832) |
| 6.03.08 | Treasury shares | - | (9,390) |
| 6.03.09 | Buyback of debt securities | (151,098) | (40,671) |
| 6.04 | Exchange rate on translating cash and cash equivalents | (56,051) | (4,672) |
| 6.05 | Increase (decrease) in cash and cash equivalents | (2,769,680) | (1,086,659) |
| 6.05.01 | Cash and equivalents at the beginning of the year | 7,861,052 | 8,686,021 |
| 6.05.02 | Cash and equivalents at the end of the year | 5,091,372 | 7,599,362 |

CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE

ITR — Quarterly Financial Information - September 30, 2016 – CIA SIDERURGICA NACIONAL **Version: 1**

Consolidated Financial Statements / Statement of Changes in Equity - 1/1/2016 to 09/30/2016
(R\$ thousand)

| Code | Description | Paid-in capital | Capital reserve, granted options and treasury shares | Earnings reserve | Retained earnings (accumulated losses) | Other comprehensive income | Shareholders' equity | Non-con | inter |
|------------|---|-----------------|--|------------------|--|----------------------------|----------------------|---------|-------|
| 5.01 | Opening balances | 4,540,000 | 30 | - | (367,214) | 1,790,693 | 5,963,509 | 1, | |
| 5.03 | Adjusted opening balances | 4,540,000 | 30 | - | (367,214) | 1,790,693 | 5,963,509 | 1, | |
| 5.05 | Total comprehensive income | - | - | - | (852,583) | 1,491,560 | 638,977 | | |
| 5.05.01 | Profit (loss) for the year | - | - | - | (852,583) | - | -852,583 | | |
| 5.05.02 | Other comprehensive income | - | - | - | - | 1,491,560 | 1,491,560 | | |
| 5.05.02.04 | Translation adjustments for the year | - | - | - | - | (386,136) | (386,136) | | |
| 5.05.02.08 | Actuarial gains on pension plan, net of taxes | - | - | - | - | 143 | 143 | | |
| 5.05.02.09 | Available-for-sale assets, net of taxes | - | - | - | - | 775,405 | 775,405 | | |
| 5.05.02.10 | (Loss) / gain on the percentage change in investments | - | - | - | - | 1,324 | 1,324 | | |

| | | | | | | | | |
|------------|---|-----------|----|---|-------------|-----------|-----------|----|
| 5.05.02.11 | (Loss) / gain on hedge accounting, net of taxes | - | - | - | - | 1,016,560 | 1,016,560 | |
| 5.05.02.12 | Realization of cash flow hedge reclassified to the income statement | - | - | - | - | 26,472 | 26,472 | |
| 5.05.02.13 | (Loss) / gain on net investment hedge, net of taxes | - | - | - | - | 57,792 | 57,792 | |
| 5.06 | Internal changes in shareholders' equity | - | - | - | - | - | - | |
| 5.06.04 | Non-controlling interests in affiliates | - | - | - | - | - | - | |
| 5.07 | Closing balance | 4,540,000 | 30 | - | (1,219,797) | 3,282,253 | 6,602,486 | 1, |

CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE

ITR — Quarterly Financial Information - September 30, 2016 – CIA SIDERURGICA NACIONAL **Version:**
1

Consolidated Financial Statements / Statement of Changes in Equity - 1/1/2015 to 09/30/2015 (R\$thousand)

| Code | Description | Paid-in capital | Capital reserve, granted options and treasury shares | Earnings reserve | Retained earnings (accumulated losses) | Other comprehensive income | Shareholders' equity |
|------------|--|-----------------|--|------------------|--|----------------------------|----------------------|
| 5.01 | Opening balances | 4,540,000 | 30 | 1,131,298 | - | 25,140 | 5,696,468 |
| 5.03 | Adjusted opening balances | 4,540,000 | 30 | 1,131,298 | - | 25,140 | 5,696,468 |
| 5.04 | Capital transactions with shareholders | - | - | (284,390) | - | - | (284,390) |
| 5.04.04 | Treasury shares acquired | - | - | (9,390) | - | - | (9,390) |
| 5.04.06 | Dividends | - | - | (275,000) | - | - | (275,000) |
| 5.05 | Total comprehensive income | - | - | - | (754,725) | (1,040,896) | (1,795,621) |
| 5.05.01 | Profit for the period | - | - | - | (754,725) | - | (754,725) |
| 5.05.02 | Other comprehensive income | - | - | - | - | (1,040,896) | (1,040,896) |
| 5.05.02.04 | Translation adjustments for the period | - | - | - | - | 719,875 | 719,875 |
| 5.05.02.08 | (Actuarial (losses) gains on pension plan, net | - | - | - | - | 134 | 134 |

| | | | | | | | |
|------------|--------------------|-----------|----|---------|-----------|-------------|-------------|
| | of taxes | | | | | | |
| | Available-for-sale | | | | | | |
| 5.05.02.09 | assets, net of | - | - | - | - | (319,139) | (319,139) |
| | taxes | | | | | | |
| 5.05.02.10 | (Loss) / gain on | - | - | - | - | 202 | 202 |
| | the percentage | | | | | | |
| | change in | | | | | | |
| | investments | | | | | | |
| 5.05.02.11 | (Loss) gain on | - | - | - | - | (1,399,680) | (1,399,680) |
| | hedge | | | | | | |
| | accounting, net | | | | | | |
| | of taxes | | | | | | |
| 5.05.02.12 | (Loss) / gain on | - | - | - | - | (42,288) | (42,288) |
| | net investment | | | | | | |
| | hedge | | | | | | |
| 5.06 | Internal changes | - | - | - | - | - | - |
| | in shareholders' | | | | | | |
| | equity | | | | | | |
| 5.06.04 | Non-controlling | - | - | - | - | - | - |
| | interests in | | | | | | |
| | subsidiaries | | | | | | |
| 5.07 | Closing balances | 4,540,000 | 30 | 846,908 | (754,725) | (1,015,756) | 3,616,457 |

CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE

ITR — Quarterly Financial Information - September 30, 2016 – CIA SIDERURGICA NACIONAL **Version: 1**

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

| Code | Description | Year to date 01/01/2016 to 09/30/2016 | Previous year 01/01/2015 to 09/30/2015 |
|---------------|--|--|---|
| 7.01 | Revenues | 14,377,707 | 13,543,497 |
| 7.01.01 | Sales of products and rendering of services | 14,404,107 | 13,470,385 |
| 7.01.02 | Other revenues | (13,914) | 94,272 |
| 7.01.04 | Allowance for (reversal of) doubtful debts | (12,486) | (21,160) |
| 7.02 | Raw materials acquired from third parties | (9,917,875) | (9,564,670) |
| 7.02.01 | Cost of sales and services | (8,108,324) | (7,489,862) |
| 7.02.02 | Materials, electric power, outsourcing and other | (1,766,300) | (1,899,244) |
| 7.02.03 | Impairment/recovery of assets | (43,251) | 3,303 |
| 7.02.04 | Others | - | (178,867) |
| 7.02.04.01 | Impairment of available-for-sale assets | - | (178,867) |
| 7.03 | Gross value added | 4,459,832 | 3,978,827 |
| 7.04 | Retentions | (956,715) | (853,477) |
| 7.04.01 | Depreciation, amortization and depletion | (956,715) | (853,477) |
| 7.05 | Wealth created | 3,503,117 | 3,125,350 |
| 7.06 | Value added received | (527,636) | 4,681,917 |
| 7.06.01 | Equity in income of affiliates | 88,473 | 1,214,840 |
| 7.06.02 | Finance income | 522,995 | 202,296 |
| 7.06.03 | Others | (1,139,104) | 3,264,781 |
| 7.06.03.01 | Others and exchange gains | (1,139,104) | 3,264,781 |
| 7.07 | Wealth for distribution | 2,975,481 | 7,807,267 |
| 7.08 | Wealth distributed | 2,975,481 | 7,807,267 |
| 7.08.01 | Personnel | 1,521,714 | 1,530,257 |
| 7.08.01.01 | Salaries and wages | 1,218,725 | 1,214,437 |
| 7.08.01.02 | Benefits | 232,519 | 249,484 |
| 7.08.01.03 | Severance payment (FGTS) | 70,470 | 66,336 |
| 7.08.02 | Taxes, fees and contributions | 1,007,978 | 375,547 |
| 7.08.02.01 | Federal | 839,706 | 150,673 |
| 7.08.02.02 | State | 153,521 | 208,565 |
| 7.08.02.03 | Municipal | 14,751 | 16,309 |
| 7.08.03 | Remuneration on third-party capital | 1,236,328 | 6,662,914 |
| 7.08.03.01 | Interest | 2,470,533 | 2,677,387 |
| 7.08.03.02 | Leases | 17,214 | 11,226 |
| 7.08.03.03 | Others | (1,251,419) | 3,974,301 |
| 7.08.03.03.01 | Others and exchange losses | (1,251,419) | 3,974,301 |
| 7.08.04 | Remuneration on Shareholders' capital | (797,325) | (755,442) |

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| | | | |
|------------|--|-----------|-----------|
| 7.08.04.03 | Retained earnings (accumulated losses) | (852,583) | (754,725) |
| 7.08.04.04 | Non-controlling interests in retained earnings | 55,258 | (717) |
| 7.08.05 | Others | 6,786 | (6,009) |
| 7.08.05.01 | Gain (loss) on discontinued operations | 6,786 | (6,009) |

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Comments on the Company's Consolidated Statement

Restatements of Results for the Third Quarter of 2016

Company Siderúrgica Nacional (CSN) (BM&FBOVESPA: CSNA3) (NYSE: SID) announces today its consolidated results for the third quarter of 2016 (3Q16), which are presented in Brazilian Reais and in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), and with Brazilian accounting practices, which are fully convergent with international accounting norms, issued by the Accounting Pronouncements Committee (CPC) and approved by the Brazilian Securities and Exchange Commission (CVM), pursuant to CVM Instruction 485 of September 1, 2010. All comments presented herein refer to the Company's 3Q16 consolidated results and comparisons refer to the second quarter of 2016 (2Q16) and the third quarter of 2015 (3Q15), unless otherwise stated. The Real/U.S. Dollar exchange rate was R\$3.2456 on September 30, 2016 and R\$3.2092 on June 30, 2016.

Operational and Financial Highlights during 3Q16

- **R\$1,239 million EBITDA generated**, a 45% increase over 2Q16, with 26.2% EBITDA Margin.
- The **Gross Profit registered RS1,312 million** during 3Q16, 42% higher than 2Q16. The **gross margin reached 29%**, 7p.p. above 2Q16.
- **Steel EBITDA of R\$552 million**, with 19% EBITDA margin, 49% higher than 2Q16, showing the recovery of the steel sector in the domestic market.
- Increase in **steel sales in the domestic market**. 62% participation vs. 53% during 2Q16.
- **8% steel price increase in the domestic market.**
- **Iron Ore Sales of 10.2Mt**, 10% higher than 2Q16.
- **Iron ore FOB price reached US\$39/t**, 28% higher than 2Q16.
- **Mining EBITDA of R\$599 million**, with 46% EBITDA Margin, 64% higher than 2Q16.
- **The leverage fell by 0.9x**, closing the quarter at 7.4x, versus 8.3x in 2Q16, thanks to increased EBITDA generation in the last 12 months.

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| | | | | | |
|--|--------------|--------------|---------------|-------------|-------------|
| Steel Sales (thousand t) | 1,191 | 1,253 | 1,172 | (6%) | (2%) |
| - Domestic Market | 58% | 53% | 62% | 9% | 4% |
| - Overseas Subsidiaries | 39% | 40% | 34% | (6%) | (5%) |
| - Exports | 3% | 7% | 4% | (3%) | 1% |
| Iron Ore Sales (Thousand t)¹ | 7,585 | 9,267 | 10,230 | 10% | 35% |
| - Domestic Market | 0% | 7% | 11% | 4% | 11% |
| - Exports | 100% | 93% | 89% | (4%) | (11%) |
| Consolidated Results (R\$ million) | | | | | |
| Net Revenue | 3,934 | 4,164 | 4,469 | 7% | 14% |
| COGS | (2,994) | (3,240) | (3,157) | (3%) | 5% |
| Gross Profit | 940 | 924 | 1,312 | 42% | 39% |
| Selling, General and Administrative Expenses | (529) | (497) | (523) | 5% | (1%) |
| Adjusted EBITDA ² | 853 | 855 | 1,239 | 45% | 45% |
| Adjusted Net Debt ³ | 23,417 | 25,873 | 25,842 | - | 10% |
| Adjusted Cash Position | 12,236 | 5,678 | 5,663 | - | (54%) |
| Net Debt / Adjusted EBITDA | 6.5x | 8.3x | 7.4x | (0.9x) | 0.8x |

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

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

³ Adjusted Net Debt and Adjusted Cash and Cash Equivalents included 33.27% of the stake in MRS, 60% of the interest in Namisa and 50% of the stake in CBSI until November 2015. As of

December 2015, they included 100% of Congonhas Minérios, 37.27% of MRS and 50% of CBSI, excluding Forfaiting and drawee risk operations.

CSN's Consolidated Results

- **Net revenue** totaled R\$4,469 million in 3Q16, 7% up on 2Q16, thanks to higher revenue from the mining segment.
- **COGS** amounted to R\$3,157 million, 3% down on the previous three months. The quarter-over-quarter reduction was chiefly due to the greater dilution of fixed costs in steel production.
- Third-quarter **gross profit** came to R\$1,312 million, 42% higher than in 2Q16. The gross margin stood at 29%, up by 8 p.p. compared to 2Q16.
- **Selling, general and administrative expenses** totaled R\$523 million, 5% more than in 2Q16, mainly due to the 10% upturn in distribution costs.
- **Other operating income (expenses)** was a negative R\$1.8 million in 3Q16, versus a negative R\$171 million negative in 2Q16.
- **The proportional net financial result** was negative by R\$770 million, due to: i) financial expenses (excluding the exchange variation) of R\$847 million; ii) the negative exchange variation result of R\$74 million; and (iii) the result was partially offset by the financial revenue of R\$151 million.

| | | | |
|--|----------------|--------------|--------------|
| Financial Result - IFRS | (1,549) | (198) | (750) |
| (+) Financial Result of Joint-Venture | 770 | (23) | (20) |
| (+) Namisa | 800 | - | - |
| (+) MRS | (29) | (24) | (20) |
| (+) Metalic | - | 1 | 1 |
| (=) Proporcional Financial Result¹ | (779) | (221) | (770) |
| Financial Revenues | 123 | 150 | 151 |
| Financial Expenses | (901) | (371) | (921) |

| | | | |
|---|---------|-------|-------|
| Financial Expenses (ex-exchange rates variation) | (1,034) | (849) | (847) |
| Result with Exchange Rate Variation | 134 | 478 | (74) |
| Monetary and Exchange Rate Variation | (1,751) | 1,220 | (136) |
| Hedge Accounting | 1,214 | (595) | 61 |
| Notional Amount of Derivatives Contracted | 671 | (146) | 2 |

¹ The proportional financial result considered stakes of 60% in Namisa, 37.27% in MRS and 50% in CBSI until November 2015 and stakes of

100% in Congonhas Minérios, 34.94% in MRS and 50% in CBSI as of December 2015.

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- CSN's **equity result** was a positive R\$26 million in 3Q16, versus a positive R\$17 million in 2Q16, chiefly due to MRS's equity result, as shown below:

| | | | |
|---|------------|-----------|-----------|
| Namisa | 867 | - | - |
| MRS Logística | 17 | 32 | 42 |
| CBSI | - | - | 1 |
| TLSA | (9) | (4) | (6) |
| Arvedi Metalfer BR | (5) | - | 2 |
| Eliminações | (8) | (9) | (13) |
| Unrealized Profit | | (2) | (1) |
| Share of profits (losses) of investees | 861 | 17 | 26 |

- CSN recorded a third-quarter **net loss** of R\$67 million, versus net profit of R\$46 million in 2Q16.

| | | | | | |
|-------------------------------------|--------------|-----------|-------------|----------|--------------|
| Profit (loss) for the Period | (533) | 46 | (67) | - | (84%) |
| Discontinued operations, net | - | - | 7 | - | - |
| Depreciation | 285 | 303 | 311 | 2% | 9% |
| Income Tax and Social Contribution | 169 | 28 | 123 | 332% | (17%) |
| Finance Income | 1,549 | 198 | 750 | 280% | (52%) |

| | | | | | |
|--|--------------|------------|--------------|------------|--------------|
| EBITDA (ICVM 527) | 1,470 | 575 | 1,125 | 95% | (23%) |
| Other Operating Income (Expenses) | 85 | 171 | 2 | (99%) | (98%) |
| Share of Profit (Loss) of Investees | (861) | (17) | (26) | 56% | (97%) |
| Proportionate EBITDA of Joint Ventures | 159 | 125 | 138 | 11% | (13%) |
| Adjusted EBITDA¹ | 853 | 855 | 1,239 | 45% | 45% |

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

- **Adjusted EBITDA** amounted to R\$1,239 million in 3Q16, 45% up on both the quarter before, accompanied by an adjusted EBITDA margin of 26.2%, 6,8p.p. higher than in 2Q16.

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Adjusted EBITDA (R\$ million) and Adjusted EBITDA Margin (%)

¹ The adjusted EBITDA margin is calculated as the ratio between Adjusted EBITDA and Adjusted Net Income, which considers stakes of 60% in Namisa, 33.27% in MRS and 50% in CBSI until November 2015 and stakes of 100% in Congonhas Minérios, 37.27% in MRS and 50% in CBSI as of December 2015.

Debt

The adjusted amounts of EBITDA, Debt and Cash included the stakes of 60% in Namisa, 33.27% in MRS and 50% in CBSI until November 2015 and the stakes of 100% in Congonhas Minérios, 37.27% in MRS and 50% in CBSI, as of December 2015. On June 30, 2016, consolidated net debt totaled R\$25,842 million, while the net debt/EBITDA ratio stood at 7.36x, based on LTM adjusted EBITDA.

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Foreign Exchange Exposure

The FX exposure of our consolidated balance sheet on September 30, 2016 was US\$1,826 million, as shown in the table below. It is important to mention that the net FX exposure includes a liability totaling US\$1.0 billion in the Loans and Financing line related to the Perpetual Bonds, which, due to its nature, will not require disbursements for the settlement of the principal amount in the foreseeable future.

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

| | | |
|------------------------------------|--------------|--------------|
| Cash and cash equivalents overseas | 802 | 851 |
| Accounts Receivable | 307 | 298 |
| Others | 10 | 14 |
| Total Assets | 1,119 | 1,163 |
| Borrowings and Financing | (4,437) | (4,393) |
| Accounts Payable | (6) | (18) |
| Other Liabilities | (7) | (12) |
| Total Liabilities | | |

| | | |
|--|----------------|----------------|
| | (4,450) | (4,423) |
| Foreign Exchange Exposure | (3,332) | (3,261) |
| Notional Amount of Derivatives Contracted, Net | - | (98) |
| Cash Flow Hedge Accounting | 1,541 | 1,533 |
| Net Foreign Exchange Exposure | (1,791) | (1,826) |
| Perpetual Bonds | 1,000 | 1,000 |
| Net Foreign Exchange Exposure Perpetual Bonds | (791) | (826) |

Capex

CSN invested R\$467 million in 2Q16 and R\$1,180 million in 9M16, led by:

- Investments in the new clinker kiln in Arcos-MG, allowing the cement segment to generate competitive margins and scale gains in the Southeast region due to self-sufficiency in clinker production.

| | | | |
|------------------------------|------------|------------|------------|
| Steel | 173 | 136 | 133 |
| Mining | 473 | 61 | 56 |
| Cement | 139 | 261 | 157 |
| Logistics | 19 | 13 | 36 |
| Others | 0 | 3 | 13 |
| Total Investment IFRS | 804 | 467 | 383 |

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Working Capital

The working capital applied to the Company's business totaled R\$2,666 million in 3Q16, R\$133 million less than in 2Q16, chiefly due the declined of R\$106 million in the inventory turnover and the R\$210 million upturn in accounts receivable. On a same comparison basis, the average receivable period increased by 3 days, and the payment periods increased 10 days respectively, while inventory turnover down on 3 days.

| | | | | | |
|----------------------------------|--------------|--------------|--------------|--------------|----------------|
| Assets | 6,371 | 4,874 | 4,953 | 8 | (1,418) |
| Accounts Receivable | 2,302 | 1,579 | 1,789 | 210 | (513) |
| Inventory Turnover | 3,838 | 3,108 | 3,002 | (106) | (836) |
| Advances to Taxes: | 231 | 186 | 162 | (24) | (69) |
| Liabilities | 2,392 | 2,074 | 2,287 | 213 | (105) |
| Suppliers: | 1,724 | 1,345 | 1,690 | 344 | (34) |
| Salaries and Social Contribution | 282 | 260 | 287 | 27 | 5 |
| Taxes Payable | 328 | 418 | 248 | (170) | (80) |
| Advances from Clients | 59 | 51 | 63 | 12 | 4 |
| Working Capital | 3,979 | 2,799 | 2,666 | (133) | (1,313) |
| Receivables | 46 | 31 | 34 | 3 | (12) |
| Supplier Payment | 53 | 39 | 49 | 10 | (4) |
| Inventory Turnover | 118 | 90 | 87 | (3) | (31) |
| Cash Conversion Cycle | 111 | 82 | 72 | (10) | (39) |

Results by Segment

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

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

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

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| | | | | | | | | |
|---|--------------|--------------|-----------|------------|------------|-----------|--------------|--------------|
| Net Revenue | 2,867 | 1,307 | 50 | 355 | 140 | 68 | (318) | 4,469 |
| Domestic Market | 1,893 | 145 | 50 | 355 | 140 | 68 | (551) | 2,100 |
| Foreign Market | 974 | 1,162 | - | - | - | - | 233 | 2,369 |
| Cost of Goods Sold | (2,300) | (811) | (37) | (237) | (131) | (49) | 407 | (3,157) |
| Gross Profit | 567 | 497 | 13 | 119 | 9 | 19 | 89 | 1,312 |
| Selling, General and Administrative Expenses | (183) | (15) | (8) | (24) | (20) | (7) | (267) | (523) |
| Depreciation | 169 | 118 | 3 | 57 | 15 | 4 | (56) | 311 |
| Proportional EBITDA of Jointly Controlled Companies | - | - | - | - | - | - | 138 | 138 |
| Adjusted EBITDA | 552 | 599 | 9 | 152 | 4 | 17 | (95) | 1,239 |

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|---|--------------|--------------|-----------|------------|------------|-----------|--------------|--------------|
| Net Revenue | 2,878 | 1,016 | 45 | 337 | 109 | 66 | (287) | 4,164 |
| Domestic Market | 1,607 | 77 | 45 | 337 | 109 | 66 | (472) | 1,769 |
| Foreign Market | 1,271 | 939 | - | - | - | - | 185 | 2,395 |
| Cost of Goods Sold | (2,459) | (743) | (34) | (227) | (102) | (48) | 373 | (3,239) |
| Gross Profit | 419 | 273 | 11 | 111 | 7 | 18 | 86 | 924 |
| Selling, General and Administrative Expenses | (214) | (13) | (3) | (27) | (17) | (6) | (218) | (497) |
| Depreciation | 164 | 105 | 3 | 56 | 17 | 4 | (48) | 303 |
| Proportional EBITDA of Jointly Controlled Companies | - | - | - | - | - | - | 125 | 125 |
| Adjusted EBITDA | 369 | 365 | 11 | 141 | 7 | 16 | (54) | 855 |

Steel

According to preliminary figures from the World Steel Association (WSA), global crude steel production totaled 1,197 million tonnes in 9M16, 0.5% down on the same period last year.

According to the Brazilian Steel Institute – IABr (also preliminary figures), domestic production came to 8.0 million tonnes, 8% up on the previous three months, giving a year-to date total of 22.9 million tonnes, 9% less than in the first nine months of 2015. Domestic production of rolled products stood at 5.6 million tonnes in the third quarter, 8% more than in 2Q16, giving

15.8 million tonnes in the first nine months, a 9.3% year-on-year reduction. Apparent consumption through September totaled 13.7 million tonnes, 19.1% less than in 9M15, with domestic sales of 12.6 million tonnes, down by 11.7%. In the same period, imports declined by 57.8% to 1.2 million tonnes, while exports edged up by 0.2% to 10.1 million tonnes.

According to INDA (the Brazilian Steel Distributors' Association), 3Q16 steel purchases sales by distributors increased by 12.8% year-on-year, while sales fell by 3.2%, totaling 751.4 million and 755.3 million tonnes, respectively. Inventories closed the quarter at 895,300 tonnes, 3.4% up on the previous month, representing 3.6 months of sales.

Automotive

According to ANFAVEA (the Auto Manufacturers' Association), vehicle production totaled 1.6 million units in the first nine months of 2016, 18% down on 9M15. In the same period, new car, light commercial vehicle, truck and bus licensing fell by 23% to 1.5 million units. The association estimates a reduction in annual vehicle sales of up to 19% over 2015.

Construction

According to SECOVI-SP (the São Paulo Residential Builders' Association), residential real estate launches in the city of São Paulo totaled 8,007 units in 2016 through August, 37.5% down on the 12,802 units launched in the same period last year.

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According to ABRAMAT (the Construction Material Manufacturers' Association), sales of building materials in the first nine months fell by 11.8% YoY.

Home Appliances

According to the Brazilian Institute of Geography and Statistics (IBGE), home appliance production in the year through September fell by 7.2% over the same period last year and by 11.6% in the last 12 months, reflecting the low level of business and consumer confidence.

Results from CSN's Steel Operation

- **Total steel product sales** came to 1,172,000 tonnes in 3Q16, 6% down on 2Q16. Of this total, 62% went to the domestic market, 34% were sold by our subsidiaries abroad and 4% went to exports.

- Third-quarter **domestic steel sales** totaled 730,000 tonnes 9% up on 2Q16, 682,000 tonnes of which flat steel and 49,000 tonnes long steel.

- Third-quarter **foreign sales** amounted to 441,000 tonnes, 24% down on 2Q16. Of this total, the oversea subsidiaries sold 398,000 tonnes, 159,000 of which by LLC, 159,000 by SWT and 80,000 by Lusosider, while direct exports came to 44,000 tonnes.

- In 3Q16, CSN maintained its high **share of coated products** as a percentage of total sales volume, in line with its strategy of adding more value to the product mix. Total sales of coated products such as galvanized items and tin plate accounted for 59% of flat steel sales, in line with 2Q16, considering all the markets in which the Company operates. In the **foreign market**, the share of coated products moved up from 85% to 88% in 3Q16.

- **Net revenue** totaled R\$2,867 million in 3Q16, in line with the previous quarter, primarily due to the upturn in domestic sales volume and higher prices for the

period. Net average revenue per tonne stood at R\$2,382, 7% higher than 2Q16.

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- The parent company's **production cost** reached R\$1,446 million in 3Q16, 33% up on 2Q16, mainly due to increased output of slabs and rolled products, which moved up by 48% and 25%, respectively.
- The **slab production cost** came to R\$1,114/t, 13% down on 2Q16.
- **Adjusted EBITDA** amounted to R\$552 million in 3Q16, 49% up on the R\$369 million recorded in 2Q16, accompanied by a 6p.p. increase in the adjusted EBITDA margin from 13% to 19%.
- The **parent company's slab** production totaled 738,000 tonnes in 3Q16, 48% up on 2Q16, while flat rolled steel output came to 835,000 tonnes, 25% up on 2Q16.

| | | | | | |
|--|--------------|------------|------------|------------|--------------|
| Total Slabs (UPV + Third Parties) | 1,084 | 510 | 857 | 68% | (21%) |
| Crude Steel Production | 1,023 | 500 | 738 | 48% | (28%) |
| Third Parties Slabs | 61 | 10 | 119 | - | 95% |
| Total Rolled Products | 989 | 668 | 835 | 25% | (16%) |

Mining

In 3Q16, the seaborne iron ore market continued to be influenced by the healthy fundamentals of the Chinese steel segment. The policies to stimulate the economy introduced at the beginning of the year continued to fuel the real estate market and investments in infrastructure, which are the main drivers of the country's steel consumption. At the same time, the decommissioning of obsolete blast furnaces reduced the supply base, increasing the pricing power of the remaining plants. As a result, prices and margins remained healthy, encouraging steel production and the use of iron ore. Given this scenario, the commodity's price averaged US\$58.60/dmt (Platts, Fe62%, N. China) in 3Q16, 5.4% up on the previous quarter.

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Maritime freight costs on Route CI-C3 (Tubarão-Qingdao) averaged US\$10.02/t in 3Q16, 18.9% up on 2Q16. The combination of scrapped ships and increased seaborne volume of iron ore resulted in higher fleet utilization and more chartering of capsized vessels. The route price was also influenced by the upturn in oil prices.

Results from CSN's Mining Operations

- In 3Q16, **iron ore production** totaled 8.6 million tonnes, in line with 2Q16.
- Third-quarter **iron ore purchases** came to 797,000 tonnes, 42% down on 2Q16.
- **Iron ore sales** came to 10.2 million tonnes in 3Q16, 10% up on 2Q16. Shipped iron ore volume totaled 8.7 million tonnes, 5% down on 2Q16. During 3Q16, 1.1 million tonnes from Congonhas Minérios were sold to CSN's Presidente Vargas Plant.

| | | | | | |
|------------------------------------|--------------|--------------|---------------|-------------|-------------|
| Iron Ore Production ¹ | 7,941 | 8,537 | 8,553 | 0% | 8% |
| Third Parties Purchase | 1,587 | 1,376 | 797 | (42%) | (50%) |
| Total Production + Purchase | 9,528 | 9,913 | 9,350 | (6%) | (2%) |
| UPV Sale | 1,412 | 695 | 1,114 | 60% | (21%) |
| Third Parties Sales Volume | 7,585 | 8,572 | 9,116 | 6% | 20% |
| Total Sales | 8,997 | 9,267 | 10,230 | 10% | 14% |

¹ Production and sales volumes include 100% of the stake in NAMISA until November/15 and 100% of the interest in Congonhas in December/15.

- **Net revenue** from mining operations totaled R\$1.3 billion, 29% up on 2Q16. The upturns were due to a combination of increased total iron ore sales volume, which came to 10.2 million tonnes this quarter, and higher average prices.
- Mining segment **COGS** came to R\$811 million in 3Q16, 9% up to 2Q16. Congonhas Minérios recorded a Chinese delivery cost excluding depreciation of US\$32.4/wmt, 15% increase on the previous quarter, mainly due to higher seaborne freight charges, which register an average of US\$12.88/t during 3Q16, against US\$10.86 during 2Q16.
- **Adjusted EBITDA** stood at R\$599 million in 3Q16, 64% up on 2Q16, with an adjusted EBITDA margin of 46%, 10p.p. more than in 2Q16, chiefly due to the increase in FOB export prices and higher total sales volume.

Congonhas Minérios Iron Ore Cost Excluding Depreciation

(US\$/wmt delivered to China)

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Logistics

Railway Logistics: In 3Q16, **net revenue** came to R\$355 million, generating **EBITDA** of R\$152 million and **an EBITDA margin** of 43%.

Port Logistics: In the third quarter, Sepetiba Tecon handled 34,000 containers, in addition to 127,000 tonnes of steel products and 5,000 tonnes of general cargo. **Net revenue** totaled R\$50 million, generating **EBITDA** of R\$9 million, accompanied by an **EBITDA margin** of 18%.

| | | | | | |
|------------------------------------|-----|-----|-----|-------|-------|
| Containers Volume (thousand units) | 44 | 32 | 34 | 9% | (22%) |
| Steel Products Volume (thousand t) | 304 | 197 | 127 | (36%) | (58%) |
| General Cargo Volume (thousand t) | 87 | 1 | 5 | - | - |

Cement

According to the IBGE's Monthly Industrial Survey (PIM-PF), Brazil's cement production fell by 15.8% year-on-year in September, in line with the performance of the construction industry.

Preliminary figures from SNIC (the Cement Industry Association) indicate domestic cement sales of 43 million tonnes in 9M16, 13% less than in the same period the year before. For 2016 as a whole, SNIC estimates a sales decline of between 12% and 13%.

Results of CSN's Cement Operations

In 3Q16, **cement sales** amounted to 850,000 tonnes, 43% up on 2Q16, while **net revenue** came to R\$140 million. **EBITDA** totaled R\$4 million, accompanied by an **EBITDA margin** of 3%.

| | | | | | |
|------------------|-----|-----|-----|-----|-----|
| Total Production | 627 | 606 | 860 | 42% | 37% |
| Total Sales | 582 | 594 | 850 | 43% | 46% |

Energy

According to the Energy Research Company (EPE), Brazilian electricity consumption totaled 344TWh in 2016 through September, 0.9% less than in the same period of 2015. Consumption in the industrial and commercial segments fell by 3.7% and 1.6%, respectively, while residential consumption climbed by 1.8%.

Results from CSN's Energy Operations

In 3Q16, **net revenue** from energy operations totaled R\$68 million, **EBITDA** stood at R\$17 million and the **EBITDA margin** came to 25%.

Capital Market

CSN's shares appreciated by 16% in 3Q16, while the Ibovespa increased by 13% in the same period. Daily traded volume on the BM&FBovespa averaged R\$76.2 million. On the New York Stock Exchange (NYSE), CSN's American Depositary Receipts (ADRs) moved up by 13%, versus the Dow Jones' 1% appreciation. On the NYSE, daily traded volume of CSN's ADRs averaged US\$6.0 million.

| | |
|--|------------------|
| Number of shares in thousand | 1,387,524 |
| Market Capitalization | |
| Closing price (R\$/share) | 9.09 |
| Closing price (US\$/ADR) | 2.76 |
| Market Capitalization (R\$ million) | 12,613 |
| Market Capitalization (US\$ million) | 3,886 |
| Total return including dividends and interest on equity | |
| CSNA3 | 16% |
| SID | 13% |
| Ibovespa | 13% |
| Dow Jones | 1% |
| Volume | |
| Average daily (thousand shares) | 7,943 |
| Average daily (R\$ thousand) | 76,184 |
| Average daily (thousand ADRs) | 2,039 |
| Average daily (US\$ thousand) | 6,019 |
| Source: <i>Bloomberg</i> | |

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| | 3Q15 | 2Q16 | 3Q16 | Change 3Q16 x 2Q16 | Change 3Q16 x 3Q15 |
|------------------------|------------|------------|------------|-----------------------|-----------------------|
| Flat Steel | 645 | 626 | 682 | 56 | 37 |
| Slabs | - | 0 | - | (0) | - |
| Hot Rolled | 233 | 225 | 233 | 8 | (0) |
| Cold Rolled | 128 | 117 | 129 | 12 | 1 |
| Galvanized | 195 | 203 | 218 | 15 | 23 |
| Tin Plates | 88 | 81 | 102 | 21 | 14 |
| Long Steel UPV | 41 | 43 | 49 | 6 | 8 |
| DOMESTIC MARKET | 686 | 669 | 730 | 62 | 44 |

| | 3Q15 | 2Q16 | 3Q16 | 3Q16 x 2Q16 | 3Q16 x 3Q15 |
|------------------------------|------------|------------|------------|--------------|-------------|
| Flat Steel | 351 | 365 | 282 | (83) | (69) |
| Hot Rolled | 68 | 29 | 16 | (13) | (52) |
| Cold Rolled | 47 | 25 | 19 | (6) | (28) |
| Galvanized | 198 | 259 | 212 | (46) | 14 |
| Tin Plates | 38 | 52 | 35 | (17) | (3) |
| Long Steel (profiles) | 154 | 219 | 159 | (60) | 5 |
| FOREIGN MARKET | 505 | 584 | 441 | (143) | (64) |

| | 3Q15 | 2Q16 | 3Q16 | 3Q16 x 2Q16 | 3Q16 x 3Q15 |
|-------------------|------------|------------|------------|-------------|-------------|
| Flat Steel | 996 | 991 | 964 | (27) | (32) |
| Slabs | - | 0 | - | (0) | - |
| Hot Rolled | 301 | 254 | 249 | (5) | (52) |
| Cold Rolled | 175 | 143 | 148 | 5 | (27) |
| Galvanized | 393 | 462 | 431 | (31) | 38 |
| Tin Plates | 126 | 133 | 136 | 4 | 10 |

| | | | | | |
|------------------------------|--------------|--------------|--------------|-------------|-------------|
| Long Steel UPV | 41 | 43 | 49 | 6 | 8 |
| Long Steel (profiles) | 154 | 219 | 159 | (60) | 5 |
| TOTAL MARKET | 1,191 | 1,253 | 1,172 | (81) | (19) |

SALES VOLUME PARENT COMPANY (thousand tonnes)

| | 3Q15 | 2Q16 | 3Q16 | 3Q16 x 2Q16 | Change 3Q16 x 3Q15 |
|------------------------------|--------------|------------|------------|--------------|-----------------------|
| Flat Steel | 721 | 627 | 693 | 66 | (28) |
| Slabs | - | 0 | - | (0) | - |
| Hot Rolled | 270 | 223 | 240 | 17 | (30) |
| Cold Rolled | 139 | 114 | 129 | 15 | (10) |
| Galvanized | 223 | 209 | 229 | 20 | 6 |
| Tin Plates | 89 | 81 | 95 | 14 | 6 |
| Long Steel UPV | 41 | 43 | 49 | 6 | 8 |
| DOMESTIC MARKET | 762 | 670 | 742 | 72 | (20) |
| | 3Q15 | 2Q16 | 3Q16 | 3Q16 x 2Q16 | 3Q16 x 3Q15 |
| Flat Steel | 378 | 252 | 119 | (133) | (259) |
| Hot Rolled | 177 | 69 | - | (69) | (177) |
| Cold Rolled | 63 | 3 | - | (3) | (63) |
| Galvanized | 101 | 125 | 83 | (42) | (18) |
| Tin Plates | 38 | 55 | 36 | (19) | (2) |
| Long Steel (profiles) | - | - | - | - | - |
| FOREIGN MARKET | 378 | 252 | 119 | (133) | (259) |
| | 3Q15 | 2Q16 | 3Q16 | 3Q16 x 2Q16 | 3Q16 x 3Q15 |
| Flat Steel | 1,099 | 879 | 813 | (67) | (287) |
| Slabs | - | 0 | - | (0) | - |
| Hot Rolled | 447 | 292 | 240 | (52) | (207) |
| Cold Rolled | 202 | 117 | 129 | 12 | (73) |
| Galvanized | 324 | 334 | 312 | (22) | (12) |
| Tin Plates | 126 | 136 | 131 | (5) | 5 |
| Long Steel UPV | 41 | 43 | 49 | 6 | 8 |
| Long Steel (profiles) | - | - | - | - | - |
| TOTAL MARKET | 1,140 | 922 | 861 | (61) | (279) |

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

1. DESCRIPTION OF BUSINESS

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

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

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

- **Steel:**

The Company’s main industrial facility is the Presidente Vargas steelworks (“UPV”), located in the city of Volta Redonda, State of Rio de Janeiro. This segment consolidates production, distribution and sale of flat

steel, long steel, metallic containers and galvanized steel. In addition to the facilities in Brazil, CSN has operations in the United States, Portugal and Germany, all of them are in line with the plan to achieve new markets and perform excellent services for final consumers. Its steel has been used in home appliances, civil construction and automobile industries.

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- **Mining:**

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

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

From November 30, 2015 the Company has transferred its mining assets, together with its logistical infrastructure, which includes the mine Casa de Pedra and the right to operate the terminal TECAR, to its subsidiary CSN Mineração S.A ("CSN Mineração") (former Congonhas Minérios S.A). On the same date, the Company acquired from the Asian Consortium 40% stake in Namisa. In other hand, the Asian Consortium taken a 12.48% stake in CSN Mineração S.A.

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

- **Cement:**

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

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- **Logistics**

Railroads:

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

Ports:

In the State of Rio de Janeiro, by means of its subsidiaries Sepetiba Tecon S.A. and CSN Mineração S.A., the Company operates the Container Terminal (Tecon) and the solid bulk terminal (Tecar), respectively, both located at the Itaguaí Port. Established in the harbor of Sepetiba, the mentioned port has a privileged highway, railroad and maritime access.

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

- **Energy:**

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

The note 26 - "Segment Information" details the financial information per each of CSN's business segment.

- **Going Concern**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.a) Basis of preparation

The consolidated condensed quarterly interim financial statements have been prepared and are being presented in accordance with the International Accounting Standards (IAS 34 – Interim Financial Reporting) issued by the International Accounting Standards Board (IASB), which correlate in Brazil is the CPC 21 (R1) (Interim Financial Statements and Consolidated Interim Financial Statements) issued by the CPC (Accounting Pronouncements Committee) and approved by CVM (Brazilian Securities Commission). All the relevant information required in the financial statements and only these information, are being highlighted and correspond to those used for the Company's management.

The significant accounting policies applied in these condensed interim financial statements are consistent with the policies described in Note 2 to the Company's financial statements for the year ended December 31, 2015, filed with the CVM.

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These condensed interim financial statements do not include all requirements of annual or full financial statements and, accordingly, should be read together with the Company's financial statements for the year ended December 31, 2016, which restated the year ended December 31, 2015 as comparative information in the financial statements.

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

Note 2 - Summary of significant accounting policies

Note 3 – Business Combination

Note 10 – Investments

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

Note 28 - Employee benefits

Note 30 – Commitments

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

2.b) Basis of presentation

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

Transactions in foreign currencies are translated into the functional currency using the exchange rates in effect at the dates of the transactions or valuation on which items are remeasured. The asset and liability balances are translated at the exchange rate in effect at the end of the reporting period. As of September 30, 2016, US\$1 is equivalent to R\$3.2462 (R\$3.9048 as of December 31, 2015), €1 is equivalent to R\$3.6484 (R\$4.2504 as of December 31, 2015), according to the rates obtained from Central Bank of Brazil website.

2.c) Basis of consolidation

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

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• **Companies**

| Companies | Equity interests (%) | | Core business |
|--|----------------------|------------|-----------------------|
| | 09/30/2016 | 12/31/2015 | |
| Direct interest in subsidiaries: full consolidation | | | |
| CSN Islands VII Corp. | 100.00 | 100.00 | Financial transaction |
| CSN Islands IX Corp. | 100.00 | 100.00 | Financial transaction |
| CSN Islands XI Corp. | 100.00 | 100.00 | Financial transaction |
| CSN Islands XII Corp. | 100.00 | 100.00 | Financial transaction |
| CSN Minerals S.L.U. | 100.00 | 100.00 | Equity interests |
| CSN Export Europe, S.L.U. | 100.00 | 100.00 | Financial transaction |
| CSN Metals S.L.U. | 100.00 | 100.00 | Equity interests and |
| CSN Americas S.L.U. | 100.00 | 100.00 | Equity interests and |
| CSN Steel S.L.U. | 100.00 | 100.00 | Equity interests and |
| TdBB S.A (*) | 100.00 | 100.00 | Equity interests |
| Sepetiba Tecon S.A. | 99.99 | 99.99 | Port services |
| Minérios Nacional S.A. (1) | 99.99 | 99.99 | Mining and Equity |
| Companhia Florestal do Brasil | 99.99 | 99.99 | Reforestation |
| Estanho de Rondônia S.A. | 99.99 | 99.99 | Tin Mining |
| Cia Metalic Nordeste (2) | | 99.99 | Manufacture of cor |
| Companhia Metalúrgica Prada | 99.99 | 99.99 | Manufacture of cor |
| CSN Gestão de Recursos Financeiros Ltda. (*) | 99.99 | 99.99 | Management of fur |
| Congonhas Minérios S.A. | 87.52 | 87.52 | Mining and Equity |
| CSN Energia S.A. | 100.00 | 99.99 | Sale of electric pow |
| FTL - Ferrovia Transnordestina Logística S.A. | 89.79 | 89.79 | Railroad logistics |
| Nordeste Logística S.A. | 99.99 | 99.99 | Port services |
| CGPAR - Construção Pesada S.A. (3) | 100.00 | | Mining support ser |
| Indirect interest in subsidiaries: full consolidation | | | |
| Companhia Siderúrgica Nacional LLC | 100.00 | 100.00 | Steel |
| CSN Europe Lda. | 100.00 | 100.00 | Financial transaction |

| | | | |
|---|--------|--------|-----------------------|
| CSN Ibéria Lda. | 100.00 | 100.00 | Financial transaction |
| Lusosider Projectos Siderúrgicos S.A. | 99.94 | 99.94 | Equity interests and |
| Lusosider Aços Planos, S. A. | 99.99 | 99.99 | Steel and Equity in |
| CSN Acquisitions, Ltd. (4) | | 100.00 | Financial transaction |
| CSN Resources S.A. | 100.00 | 100.00 | Financial transaction |
| CSN Holdings (UK) Ltd (4) | | 100.00 | Financial transaction |
| CSN Handel GmbH (5) | | 87.52 | Financial transaction |
| Companhia Brasileira de Latas | 100.00 | 100.00 | Sale of cans and co |
| Companhia de Embalagens Metálicas MMSA | 99.67 | 99.67 | Production and sal |
| Companhia de Embalagens Metálicas - MTM | 99.67 | 99.67 | Production and sal |
| CSN Steel Holdings 1, S.L.U. | 100.00 | 100.00 | Financial transaction |
| CSN Productos Siderúrgicos S.L. | 100.00 | 100.00 | Financial transaction |
| Stalwerk Thüringen GmbH | 100.00 | 100.00 | Production and sal |
| CSN Steel Sections UK Limited (*) | 100.00 | 100.00 | Sale of long steel |
| CSN Steel Sections Polska Sp.Z.o.o | 100.00 | 100.00 | Financial transaction |
| CSN Asia Limited | 100.00 | 100.00 | Commercial repres |
| Namisa International Minérios SLU | 87.52 | 87.52 | Financial transaction |
| Namisa Europe, Unipessoal Lda. | 87.52 | 87.52 | Equity interests, pr |
| CSN Mining GmbH (6) | 87.52 | 87.52 | Financial transaction |
| CSN Mining Asia Limited (7) | 87.52 | 87.52 | Commercial repres |
| Direct interest in joint operations: proportionate consolidation | | | |
| Itá Energética S.A. | 48.75 | 48.75 | Electric power gen |
| CGPAR - Construção Pesada S.A. (3) | | 50.00 | Mining support ser |
| Consórcio da Usina Hidrelétrica de Igarapava | 17.92 | 17.92 | Electric power cons |
| Direct interest in joint ventures: equity method | | | |
| MRS Logística S.A. | 18.64 | 18.64 | Railroad transporta |
| Aceros Del Orinoco S.A. | 31.82 | 31.82 | Dormant company |
| CBSI - Companhia Brasileira de Serviços de Infraestrutura | 50.00 | 50.00 | Equity interests and |
| Transnordestina Logística S.A. | 49.02 | 56.92 | Railroad logistics |
| Indirect interest in joint ventures: equity method | | | |
| MRS Logística S.A. | 16.30 | 16.30 | Railroad transporta |
| Direct interest in associates: equity method | | | |
| Arvedi Metalfer do Brasil S.A. | 20.00 | 20.00 | Metallurgy and Equ |
| Cia Metalic Nordeste (2) | 100.00 | | Manufacture of cor |

(*) They are dormant (or not active) Companies. Consequently, they are not presented in note 10.a, where is disclosed the information about companies evaluated by the equity method and classified as available-for-sale.

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

(2) Company considered as available for sale on September, 2016 as disclosed in note 4;

(3) Control acquired as of September, 2016 as disclose in note 3;

(4) Company liquidated in January 2016;

- (5) Company incorporated by CSN Mining GmbH (subsidiary with indirect interest) on January 2016;
- (6) New corporate name of Namisa Handel GmbH, amended in February 2016;
- (7) New corporate name of Namisa Asia Limited amended in August 2016.

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• **Exclusive funds**

| Exclusive funds | Equity interests (%) | | Core business |
|---|-----------------------------|-------------------|----------------------|
| | 09/30/2016 | 12/31/2015 | |
| Direct interest: full consolidation | | | |
| Diplic II - Private credit balanced mutual fund | 100.00 | | Investment fund |
| Caixa Vértice - Private credit balanced mutual fund | 100.00 | 100.00 | Investment fund |
| VR1 - Private credit balanced mutual fund | 100.00 | 100.00 | Investment fund |
| Diplic - Private credit balanced mutual fund (1) | | 100.00 | Investment fund |
| BB Steel - Private credit balanced mutual fund (1) | | 100.00 | Investment fund |

(1) Multimarket investment fund fully redeemed.

2.d) Restatement of accounting balances

• **Forfaiting**

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

• **Drawee risk**

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

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

a) Statements of cash flows at September 30, 2015

| | As Originally Reported | Reclassifications | Consolidated 09/30/2015 Statement of Cash Flow adjusted | As Originally Reported | Reclassifications | Par St C |
|--|-------------------------------|--------------------------|--|-------------------------------|--------------------------|-------------------------|
| Cash generated by operating activities | | | | | | |
| Loss(Profit) for the year attributed to controlling shareholders | (754,725) | | (754,725) | (754,725) | | |
| Trade payables | 100,868 | 241,900 | 342,768 | (21,665) | 241,900 | |
| Interests paid | (2,466,731) | (5,400) | (2,472,131) | (2,074,153) | (5,400) | |
| Others | 4,301,539 | | 4,301,539 | 2,896,076 | | |
| Net cash generated by operating activities | 1,180,951 | 236,500 | 1,417,451 | 45,533 | 236,500 | |
| Net cash used in investing activities | (213,236) | | (213,236) | (1,453,885) | | |
| Cash generated by financing activities | | | | | | |
| Funding Forfaiting / | | 625,117 | 625,117 | | 625,117 | |

| | | | | | |
|--|--------------------|------------------|--------------------|------------------|------------------|
| Drawee risk Payment Forfeiting / Drawee risk Others | (2,049,702) | (861,617) | (861,617) | 615,101 | (861,617) |
| Net cash used in financing activities | (2,049,702) | (236,500) | (2,286,202) | 615,101 | (236,500) |
| Exchange differences on cash and cash equivalents | (4,672) | | (4,672) | | |
| Increase (decrease) in cash and cash equivalents | (1,086,659) | | (1,086,659) | (793,251) | |

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

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

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2.e) Restatement of the quarterly financial information for the nine-month period ended September 30, 2016, previously restated on November 14, 2016.

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

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

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

a. Business Combination

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

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

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

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

The Company is restating the balances of deferred income tax and social contribution credits of its financial statements for the year ended December 31, 2015 after the technical review, during 2016, of the negative and positive aspects that supported their maintenance. The main change in the decision for this restatement is the exclusion of the sale of certain non-core assets from the studies of recovery of credits, reducing the future taxable base of projections, and the higher weight attributed to the observable evidence of tax losses existing in the last years, according to the interpretation given by accounting standard IAS 12 / CPC 32. As established in the standard, in the case of existence of recent history of successive losses or losses alternated in several years, this becomes the primary evidence for assessing the maintenance or

recording of tax credits to offset against future taxable profits, with the study of projections of these profits remaining as a source of secondary evidences and with lower weight in the assessment.

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

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

- **Balance Sheet**

- **September 2016**

Consolidated
09/30/3016

| | As Originally Reported | Reclassifications | Restated | As Original Reported |
|---|---------------------------|--------------------|-------------------|-------------------------|
| ASSETS | | | | |
| Current | 12,127,269 | | 12,127,269 | 7,686,02 |
| Non- current | 33,134,046 | (1,108,692) | 32,025,354 | 34,839,07 |
| Long term receivables | 4,652,525 | (3,027,088) | 1,625,437 | 4,310,56 |
| Investments | 5,078,276 | 12 | 5,078,288 | 21,058,57 |
| Property, Plant and Equipment | 18,058,891 | (45,373) | 18,013,518 | 9,411,39 |
| Intangible | 5,344,354 | 1,963,757 | 7,308,111 | 58,53 |
| TOTAL ASSETS | 45,261,315 | (1,108,692) | 44,152,623 | 42,525,09 |
| LIABILITIES | | | | |
| Current | 5,406,604 | (372,585) | 5,034,019 | 3,605,01 |
| Non- current | 30,671,949 | 661,738 | 31,333,687 | 30,858,10 |
| Shareholders' Equity | 9,182,762 | (1,397,845) | 7,784,917 | 8,061,98 |
| Common stock | 4,540,000 | | 4,540,000 | 4,540,00 |
| Capital reserves | 30 | | 30 | 3 |
| Earnings reserves | 2,464,701 | (2,464,701) | | 2,464,70 |
| Comprehensive Income | 2,088,372 | 1,193,881 | 3,282,253 | 2,088,37 |
| Accumulated losses | (1,031,122) | (188,675) | (1,219,797) | (1,031,122) |
| Non- controlling interest | 1,120,781 | 61,650 | 1,182,431 | |
| Total Liabilities + Shareholders' Equity | 45,261,315 | (1,108,692) | 44,152,623 | 42,525,09 |

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• **December 2015**

| | As Originally Reported | Reclassifications | Consolidated 12/31/2015 Restated | As Originally Reported | Reclassifications | Pa Comp 12/31/ Restate |
|----------------------------------|---------------------------------------|--------------------------|---|-----------------------------------|--------------------------|---|
| <u>ASSETS</u> | | | | | | |
| Current | 16,430,691 | | 16,430,691 | 8,842,440 | | 8,842,440 |
| Non-Current | 32,219,283 | (1,310,565) | 30,908,718 | 36,763,086 | (1,035,157) | 35,727,929 |
| Long - term receivables | 4,890,948 | (3,228,961) | 1,661,987 | 4,510,431 | (3,228,961) | 1,281,470 |
| Investments | 3,998,227 | 12 | 3,998,239 | 23,323,565 | 2,193,804 | 25,517,006 |
| Property, Plant and Equipment | 17,871,599 | (45,373) | 17,826,226 | 8,866,348 | | 8,866,348 |
| Intangible | 5,458,509 | 1,963,757 | 7,422,266 | 62,742 | | 62,742 |
| Total Assets | 48,649,974 | (1,310,565) | 47,339,409 | 45,605,526 | (1,035,157) | 44,570,369 |
| <u>LIABILITIES</u> | | | | | | |
| Current | 5,325,571 | (243,372) | 5,082,199 | 4,272,372 | | 4,272,372 |
| Non-current | 34,588,740 | 577,182 | 35,165,922 | 33,668,407 | 666,081 | 34,334,510 |
| Shareholders ' equity | 8,735,663 | (1,644,375) | 7,091,288 | 7,664,747 | (1,701,238) | 5,963,797 |
| Commom stock | 4,540,000 | | 4,540,000 | 4,540,000 | | 4,540,000 |
| Capital reserves | 30 | | 30 | 30 | | 30 |

| | | | | | | |
|--|-------------------|--------------------|-------------------|-------------------|--------------------|-------------------|
| Earnings reserves | 2,464,701 | (2,464,701) | | 2,464,701 | (2,464,701) | |
| Comprehensive income | 660,016 | 1,130,677 | 1,790,693 | 660,016 | 1,130,677 | 1,790,693 |
| Accumulated Losses | | (367,214) | (367,214) | | (367,214) | (367,214) |
| Non- controlling Interest | 1,070,916 | 56,863 | 1,127,779 | | | |
| Total Liabilities + Shareholders ' Equity | 48,649,974 | (1,310,565) | 47,339,409 | 45,605,526 | (1,035,157) | 44,570,372 |

- **Statement of Income**

| | As originally reported | Reclassifications | Consolidated 09/30/ Restated |
|---|------------------------|-------------------|------------------------------------|
| Net Revenue | 12,630,353 | | 12,630,353 |
| Cost of goods sold | (9,470,412) | | (9,470,412) |
| Operating Income (expenses) | (1,840,607) | | (1,840,607) |
| Selling Expenses | (1,247,971) | | (1,247,971) |
| General and administrative expenses | (382,114) | | (382,114) |
| Equity Results | 88,473 | | 88,473 |
| Other Operating income (expenses), net | (298,995) | | (298,995) |
| Income before financial results | 1,319,334 | | 1,319,334 |
| Financial results, net | (1,908,517) | 63,261 | (1,845,256) |
| Income before income tax and social contribution | (589,183) | 63,261 | (525,922) |
| Income tax and social contribution | (384,682) | 120,065 | (264,617) |
| Profit (loss) from continued operations | (973,865) | 183,326 | (790,539) |
| Profit (loss) from discontinued operations | (6,786) | | (6,786) |
| Net income (loss) for the year | (980,651) | 183,326 | (797,325) |
| Attributable to: | | | |
| Participation of controlling interest | (1,031,122) | 178,539 | (852,583) |
| Participation of non-controlling interest | 50,471 | 4,787 | 55,258 |
| | (980,651) | 183,326 | (797,325) |

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• **Statement of Value Added**

| | As originally reported | Reclassifications | Consolidated 09/30/2016 Restated |
|---|-------------------------------|--------------------------|---|
| Revenues | 14,377,707 | | 14,377,707 |
| Inputs acquired from third parties | (9,917,875) | | (9,917,875) |
| Gross added value | 4,459,832 | | 4,459,832 |
| Withholdings | (956,715) | | (956,715) |
| Net added value | 3,503,117 | | 3,503,117 |
| Added value received on transfer | (527,636) | | (527,636) |
| Equity in earnings of subsidiaries | 88,473 | | 88,473 |
| Others | (616,109) | | (616,109) |
| VALUE ADDED TOTAL TO BE DISTRIBUTED | 2,975,481 | | 2,975,481 |
| Staff and Charges | 1,521,714 | | 1,521,714 |
| Taxes, Fees and Contributions | 1,128,044 | (120,066) | 1,007,978 |
| Remuneration of third-party capital | 1,299,588 | (63,260) | 1,236,328 |
| Remuneration of shareholders' equity | (980,651) | 183,326 | (797,325) |
| Profit (Loss) for the year | (1,031,122) | 178,539 | (852,583) |
| Non-controlling interest | 50,471 | 4,787 | 55,258 |
| Others | 6,786 | | 6,786 |
| Profit (loss) from discontinued operation | 6,786 | | 6,786 |
| DISTRIBUTION OF VALUE ADDED | 2,975,481 | | 2,975,481 |

• **Statement of Changes in Equity**

| | Paid in Capital | Capital reserve, granted options and treasure shares | Earnings reserve | Retained earnings (accumulated losses) | Other comprehe incom |
|--|--------------------|---|---------------------|---|----------------------------|
| As Originally Reported 09/30/2016 | 4,540,000 | 30 | 2,464,701 | (1,031,122) | 2,08 |
| Reclassifications | | | (2,464,701) | (188,675) | 1,19 |
| Restated 09/30/2016 | 4,540,000 | 30 | | (1,219,797) | 3,28 |

- **Statement of Cash Flows**

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

3. BUSINESS COMBINATION – CONTROL AQUISITION OF CGPAR CONSTRUÇÃO PESADA S.A. (“CGPAR”)

On September 30, 2016, CSN acquired 50% shares of CGPAR previously held by GPA Construção Pesada e Mineração Ltda., increasing its participation to 100% of the shares representative of the company’s capital stock. The total amount paid was R\$ 1.00 (One Real).

The consideration paid reflects an agreement to solve a legal dispute involving contractual and commercial issues, as well as to release dividends declared in the previous fiscal years.

In this operation, the amounts were preliminary recognized in the financial statements as of September 30, 2016 and reviewed according the final report issued by independent appraisers as of December 31, 2016. The final impacts resulting from the preliminary valuation were evaluated by Management as immaterial, being recognized only in the financial statement as of December 31, 2016, which resulted in a gain from a bargain purchase of R\$ 25,379, compared to a preliminary goodwill of R\$ 1,784, according note (b), below:

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a) Determination of the purchase price

| Description | 09/30/2016 | Updated Report | Ref. |
|---|-------------------|-----------------------|-------------|
| Fair value of the equity interest held by the acquiring company in CGPAR immediately prior to the combination | 36,621 | 49,726 | (i) |
| Consideration paid in CGPAR acquisition | - | | (ii) |
| Purchase price considered for the business combination | 36,621 | 49,726 | |

(i) Fair value of 50% stake in CGPAR held immediately before the acquisition.

(ii) Amount related to the consideration paid for the acquiring company was R\$ 1.00 (One real).

CSN held 50% of CGPAR' shares immediately before the conclusion of the control acquisition. These shares were accounted for using the equity method.

According to the item 41 of the CPC15/IFRS 3, these shares became part of the consideration paid and must be measured by their fair value on the acquisition date. A gain or loss resulting from the difference between the fair value and the book value, immediately before the acquisition, must be recognized in profit or loss. Thus, the CGPAR's fair value evaluation was prepared using the discounted cash flow method, considering a current business plan before the transaction.

The results are presented in the following table:

| Premises | 09/30/2016 | Updated Report |
|--|-------------------|-----------------------|
| Fair value as of September 30, 2016 (equity value) | 73,242 | 99,452 |
| Fair value attributed to 50% equity interest prior acquisition (a) | 36,621 | 49,726 |
| <u>Accounting Balances</u> | | |
| On September 30, 2016 - the equity interest prior acquisition (b) | 8,608 | 8,608 |
| Gain in the valuation of the 50% interest by the fair value of the equity interest prior to the acquisition (a)-(b) (Note 24) | 28,013 | 41,118 |

b) Gain from a bargain purchase generated from the control acquisition of CGPAR

According to the item 32 of the IFRS 3, the acquirer must recognize the goodwill resulted from the future economic benefits or a gain from a bargain purchase at the acquisition date. The fair value of assets acquired and liabilities assumed (Purchase Price Allocation – PPA) was calculated as follows:

| Item | 09/30/2016 | R\$ (Million) Updated Report Shareholders' Equity Acquired |
|--|-------------------|---|
| Purchase price | 36,621 | 49,726 |
| Fair value of assets and liabilities acquired | 34,837 | 75,105 |
| Goodwill / (Gain from a bargain purchase) | 1,784 | (25,379) |

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In the following table, is presented the allocation of fair value for 100% of the assets acquired and liabilities assumed on September 30, 2016, by its preliminary values, and on December 31, 2016 after the issuance of the independent appraisers' report.

| | 09/30/2016 | | | | Updated Report Total Fair Value |
|---|-----------------|------------------------|------------------|-----------------|---------------------------------|
| | Carrying amount | Fair Value Adjustments | Total Fair Value | Carrying amount | |
| Assets | | | | | |
| Cash | 1,881 | | 1,881 | 1,881 | 1,881 |
| Trade receivables | 27,101 | | 27,101 | 27,101 | 27,101 |
| Other Assets | 3,608 | | 3,608 | 3,608 | 3,608 |
| property, plant and equipment | 16,281 | 21,231 | 37,512 | 16,281 | 57,889 |
| Intangible | 93 | | 93 | 93 | 93 |
| Total assets acquired | 48,964 | 21,231 | 70,195 | 48,964 | 106,853 |
| Borrowings | 15,089 | | 15,089 | 15,089 | 15,089 |
| Accounts payable | 12,123 | | 12,123 | 12,123 | 12,123 |
| Deferred income tax and social contribution | | 3,609 | 3,609 | | 22,609 |
| Other Liabilities | 4,537 | | 4,537 | 4,537 | 4,537 |
| Total liabilities acquired | 31,749 | 3,609 | 35,358 | 31,749 | 54,358 |
| Shareholders' Equity Acquired | 17,215 | 17,622 | 34,837 | 17,215 | 52,495 |

The initial accounting for CGPAR's acquisition was provisionally recorded at the end of the period of these financial statements. At the date of the conclusion of these financial statements, the necessary market

assessments, the contractual obligations and other calculations had not been finalized and, as a consequence, had only been elaborated based on the management's best estimate of probable values.

4. NON CURRENT ASSETS HELD FOR SALE AND RESULTS FROM DISCONTINUED OPERATIONS

On August 23, 2016 the Company concluded a negotiation and signed a contract with Can-Pack S.A. to sell its 100% shares of the subsidiary Cia. Metalic do Nordeste, which is a player in the metallic packaging business. The agreement has been previously disclosed in the statement of material fact. The transaction's base value was US\$ 98 million, subject to adjustments provided for in the contract.

The closing of the transaction is subject to the fulfillment of certain contractual conditions previously established and considered common in this type of transaction.

In this context, on September 30, 2016, after meeting the requirements from CPC 31/IFRS 5 (Non-Current Assets Held for Sale and Discontinued Operations), the Company reclassified the carrying amounts from "investments" to "assets held for sale" and the results generated in 2016 and 2015 to "discontinued operations".

The main assets and liabilities, as well as the results and cash flows from the discontinuing operations, are summarized as follows:

4.a) Assets and liabilities:

| | | 09/30/2016 |
|---------------------------|---------------------------------------|---------------|
| Assets | Liabilities | |
| | Current | |
| Current assets | 111,720 liabilities | 14,622 |
| Cash and cash equivalents | 40,702 Payroll and related taxes | 1,887 |
| Trade receivables | 39,927 Trade payables | 3,530 |
| Inventories | 29,430 Taxes payable | 6,425 |
| Other current assets | 1,661 Other payables | 2,780 |
| Non-current assets | 46,072 Non-current liabilities | 19,880 |

| | | | |
|-------------------------------|----------------|------------------------------|---------------|
| Judicial deposits | 819 | Taxes payable | 12,950 |
| Other non-current assets | 4 | Provision for tax | 6,711 |
| Property, plant and equipment | 45,017 | Other payables | 219 |
| Intangible assets | 232 | | |
| TOTAL ASSESTS | 157,792 | TOTAL LIABILITIES | 34,502 |

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4.b) Results from discontinued operations

| | 09/30/2016 | 09/30/2015 |
|---|-------------------|-------------------|
| Net revenue | 74,786 | 85,050 |
| Cost of sales | (72,084) | (71,814) |
| Gross profit | 2,702 | 13,236 |
| Selling expenses | (3,109) | (4,529) |
| General and administrative expenses | (4,972) | (4,643) |
| Other operating expenses, net | (3,142) | (343) |
| Profit/ (Loss) before financial result | (8,521) | 3,721 |
| Finance income (costs), net | 1,735 | 3,010 |
| Profit/(Loss) before taxes on income | (6,786) | 6,731 |
| Income tax and social contribution | | (722) |
| Profit / (loss) for the period | (6,786) | 6,009 |

4.c) Cash flow from discontinued operations

| | 09/30/2016 | 09/30/2015 |
|--|-------------------|-------------------|
| Net cash generated/(used) by operating activities | 22,659 | (25,668) |
| Net cash generated/(used) by investments activities | (234) | (1,622) |
| Net cash generated/(used) by financing activities | | (20,000) |
| Increase (decrease) in cash and cash equivalents of the year | 22,425 | (47,290) |
| Cash and cash equivalents at the beginning of the year | 18,277 | 65,567 |
| Cash and cash equivalents at the end of the year | 40,702 | 18,277 |

5. CASH AND CASH EQUIVALENTS

| | Consolidated | | Parent Company | |
|-------------------------------------|---------------------|-------------------|-----------------------|-------------------|
| | 09/30/2016 | 12/31/2015 | 09/30/2016 | 12/31/2015 |
| Current | | | | |
| Cash and cash equivalents | | | | |
| Cash and banks | 561,641 | 434,014 | 93,247 | 37,003 |
| Short-term investments | | | | |
| In Brazil: | | | | |
| Government securities | 15,476 | 165,520 | 15,236 | 164,311 |
| Private securities | 2,009,524 | 945,420 | 1,832,228 | 570,284 |
| | 2,025,000 | 1,110,940 | 1,847,464 | 734,595 |
| Abroad: | | | | |
| <i>Time deposits</i> | 2,504,731 | 6,316,098 | 459,602 | 1,113,601 |
| Total short-term investments | 4,529,731 | 7,427,038 | 2,307,066 | 1,848,196 |
| Cash and cash equivalents | 5,091,372 | 7,861,052 | 2,400,313 | 1,885,199 |

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The funds available in the Group and parent company set up in Brazil are basically invested in investment funds, classified as exclusive and its financial statements were consolidated within CSN the financial statements, consolidated and parent company. The funds include repurchase agreements backed by private and public securities, with pre-fixed income, with immediate liquidity.

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

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

6. FINANCIAL INVESTMENTS

| | 09/30/2016 | 12/31/2015 | 09/30/2016 | 12/31/2015 |
|--|----------------|----------------|----------------|----------------|
| CDB - Letter of guarantee from Caixa Economica Federal (FINEP) (1) | 24,932 | | 24,932 | |
| Gouvernement securities (2) | 101,529 | 763,599 | 100,446 | 763,599 |
| Time Deposit (3) | 215,223 | | | |
| | 341,684 | 763,599 | 125,378 | 763,599 |

1. Financial investments linked to Bank Certificates of Deposit (CDBs), issued by Caixa Econômica Federal, to be used as a collateral to a bank guarantee letter (FINEP).

2. Investment in Treasury Financial Letters (LFT) managed by its exclusive funds that have been qualified as a margin deposits for future contracts traded at BM&F Bovespa and detailed in note 13(b) and LFT's for investments.

3. Financial investments used as collateral to letters of credit issued by Banco do Brasil. The credit was directed to acquire cement manufacturing plants located in northeast and south regions.

7. TRADE RECEIVABLES

| | Consolidated | | Parent Company | |
|------------------------------|------------------|------------------|------------------|------------------|
| | 09/30/2016 | 12/31/2015 | 09/30/2016 | 12/31/2015 |
| Trade receivables | | | | |
| Third parties | | | | |
| Domestic market | 979,728 | 772,617 | 623,053 | 425,108 |
| Foreign market | 876,906 | 818,562 | 109,629 | 250,588 |
| | 1,856,634 | 1,591,179 | 732,682 | 675,696 |
| Allowance for doubtful debts | (170,067) | (151,733) | (121,262) | (112,502) |
| | 1,686,567 | 1,439,446 | 611,420 | 563,194 |
| Related parties (Note 19 b) | 103,693 | 61,366 | 791,263 | 1,140,172 |
| | 1,790,260 | 1,500,812 | 1,402,683 | 1,703,366 |
| Other receivables | | | | |

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| | | | | |
|--------------------------------------|------------------|------------------|------------------|------------------|
| Dividends receivable (Note 19 b) (*) | 26,902 | 27,817 | 721,145 | 737,668 |
| Advances to employees | 30,402 | 40,190 | 18,933 | 24,465 |
| Other receivables | 12,066 | 9,458 | 4,860 | 2,024 |
| | 69,370 | 77,465 | 744,938 | 764,157 |
| | 1,859,630 | 1,578,277 | 2,147,621 | 2,467,523 |

(*) Refers mainly to dividends receivable from CSN Mineração S.A. totaling R\$694,080 to be paid on November 30, 2016.

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In accordance with Group' internal sales policy the Group performs operations relating to assignment of receivables without co-obligation in which, after assigning the customer's trade notes/bills and receiving the amounts from each transaction closed, CSN settles the trade receivables and becomes entirely free of the credit risk on the transaction. This transaction totals R\$238,903 as of September 30, 2016 (R\$232,275 as of December 31, 2015), less the trade receivables.

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

| | Consolidated | | Parent Company | |
|-------------------------|---------------------|-------------------|-----------------------|-------------------|
| | 09/30/2016 | 12/31/2015 | 09/30/2016 | 12/31/2015 |
| Current | 1,343,867 | 1,049,033 | 388,460 | 423,801 |
| Past-due up to 180 days | 240,647 | 353,443 | 136,807 | 118,488 |
| Past-due over 180 days | 272,120 | 188,703 | 207,415 | 133,407 |
| | 1,856,634 | 1,591,179 | 732,682 | 675,696 |

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

| | Consolidated | | Parent Company | |
|-------------------------|---------------------|-------------------|-----------------------|-------------------|
| | 09/30/2016 | 12/31/2015 | 09/30/2016 | 12/31/2015 |
| Opening balance | (151,733) | (127,223) | (112,502) | (93,536) |
| Estimated losses | (21,641) | (35,631) | (13,513) | (26,288) |
| Recovery of receivables | | 11,121 | | |

| | | | | |
|--|------------------|------------------|------------------|------------------|
| | 3,307 | | 4,753 | 4,504 |
| Incorporation of CSN Cimentos and Spin-off assets to Congonhas | | | | 2,818 |
| Closing balance | (170,067) | (151,733) | (121,262) | (112,502) |

8. INVENTORIES

| | Consolidated | | Parent Company | |
|--------------------------|---------------------|-------------------|-----------------------|-------------------|
| | 09/30/2016 | 12/31/2015 | 09/30/2016 | 12/31/2015 |
| Finished goods | 1,093,532 | 1,912,868 | 752,056 | 1,078,554 |
| Work in progress | 702,244 | 1,007,630 | 482,337 | 746,614 |
| Raw materials | 824,945 | 1,062,557 | 486,293 | 563,119 |
| Spare Parts | 881,658 | 962,078 | 470,844 | 489,816 |
| Iron ore | 279,075 | 95,461 | 28,905 | 6,912 |
| Advances to suppliers | 102,178 | 12,147 | 100,566 | 6,191 |
| (-) Provision for losses | (84,326) | (111,427) | (50,842) | (40,462) |
| | 3,799,306 | 4,941,314 | 2,270,159 | 2,850,744 |

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

| | Consolidated | | Parent Company | |
|--|---------------------|-------------------|-----------------------|-------------------|
| | 09/30/2016 | 12/31/2015 | 09/30/2016 | 12/31/2015 |
| Opening balance | (111,427) | (112,581) | (40,462) | (88,056) |
| Reversal / (losses) for slow-moving and obsolescence (note 24) | 27,101 | 1,154 | (10,380) | 15,835 |
| Drop down of assets to Congonhas | | | | 31,759 |
| Closing balance | (84,326) | (111,427) | (50,842) | (40,462) |

9. OTHER CURRENT AND NON-CURRENT ASSETS

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

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| | Current | | Consolidated Non-current | | Current |
|--|------------------|------------------|--------------------------|------------------|----------------|
| | 09/30/2016 | 12/31/2015 | 09/30/2016 | 12/31/2015 | |
| Judicial deposits (note 17) | | | 345,351 | 328,542 | |
| Credits with the PGFN (1) | | | 46,007 | 87,761 | |
| Recoverable taxes (2) | 746,422 | 996,679 | 366,154 | 445,926 | 542,268 |
| Prepaid expenses | 70,822 | 119,456 | 21,253 | 28,119 | 16,080 |
| Actuarial asset - related party (note 19 b) | | | 93,066 | 114,433 | |
| Derivative financial instruments (note 14 I) | 558 | 118,592 | | | |
| Exclusive funds (note 19b) | | | | | |
| Securities held for trading (note 14 I) | 13,037 | 10,778 | | | 12,883 |
| Iron ore inventory (3) | | | 144,499 | 144,499 | |
| Northeast Investment Fund – FINOR | | | 10,888 | 10,888 | |
| Asset held for sale - Metalic (note 4) | 157,792 | | | | 157,792 |
| Other receivables (note 14 I) | | | 15,825 | 6,877 | |
| Loans with related parties (note 19 b and 14 I) | | | 447,689 | 373,214 | |
| Other receivables from related parties (note 19 b) | 6,677 | 9,420 | 32,395 | 29,020 | 13,530 |
| Others | 39,969 | 31,524 | 31,660 | 14,642 | |
| | 1,035,277 | 1,286,449 | 1,554,787 | 1,583,921 | 742,553 |

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

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

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

10. INVESTMENTS

The information related to the description of activities of subsidiaries, jointly controlled entities, associates and other investments did not have changes in relation to that disclosed in the Company's financial statements as of December 31, 2015 and, accordingly, the Company decided not to repeat it in the condensed interim financial statements as of September 30, 2016.

- **Transnordestina**

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

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

| Companies | Number of shares held by CSN (In units) | | | % Direct equity Interest |
|-------------------------------------|---|-------------|--|--------------------------|
| | Common | Preferred | | |
| Investments under the equity | | | | |
| Subsidiaries | | | | |
| CSN Islands VII Corp. | 20,001,000 | | | 100.00 |
| CSN Islands IX Corp. | 3,000,000 | | | 100.00 |
| CSN Islands X Corp. | (1) | | | |
| CSN Islands XI Corp. | 50,000 | | | 100.00 |
| CSN Islands XII Corp. | 1,540 | | | 100.00 |
| CSN Minerals S.L.U. | 3,500 | | | 100.00 |
| CSN Export Europe, S.L.U. | 3,500 | | | 100.00 |
| CSN Metals S.L.U. | 16,504,020 | | | 100.00 |
| CSN Americas S.L.U. | 3,500 | | | 100.00 |
| CSN Steel S.L.U. | 22,042,688 | | | 100.00 |
| Sepetiba Tecon S.A. | 254,015,052 | | | 99.99 |
| Mineração Nacional S.A. | 66,393,587 | | | 99.99 |
| Fair value - Mineração | (2) | | | |
| Estanho de Rondônia S.A. | 121,861,697 | | | 99.99 |
| Cia Metalic Nordeste | (3) | | | |
| Companhia Metalúrgica Prada | 313,651,399 | | | 99.99 |
| CSN Cimentos S.A. | (4) | | | |
| CSN Mineração S.A. | (5) | 158,419,480 | | 87.52 |
| CSN Energia S.A. | | 43,150 | | 100.00 |
| | | 353,190,644 | | 89.79 |

| | | | |
|---|------------|--|--------|
| FTL - Ferrovia Transnordestina Logística S.A. | | | |
| Companhia Florestal do Brasil | 38,364,462 | | 99.99 |
| Nordeste Logística | 99,999 | | 99.99 |
| CGPAR - Construção Pesada S.A. (6) | 100,000 | | 100.00 |
| Fair Value + Goodwill CGPAR (6) | | | |

Joint-venture and Joint-operation

| | | | |
|---|-------------|-----------|-------|
| Nacional Minérios S.A. (4) | | | |
| Itá Energética S.A. | 253,606,846 | | 48.75 |
| MRS Logística S.A. | 26,611,282 | 2,673,312 | 18.64 |
| CBSI - Companhia Brasileira de Serviços de Infraestrutura | 1,876,146 | | 50.00 |
| Transnordestina Logística S.A. | 22,761,085 | 1,397,545 | 49.02 |
| Fair Value allocated to TLSA on loss of control | | | |

Associates

| | | | |
|---------------------------|------------|--|-------|
| Arvedi Metalfer do Brasil | 27,239,971 | | 20.00 |
|---------------------------|------------|--|-------|

Classified as available for sale (note 14 I)

Usiminas
Panatlântica

Other investments

Profit on subsidiaries inventories
Others

Total investments**Classification of investments in the balance sheet**

Investments assets
Investments whith negative equity

(1) Company extinguished in 2015;

(2) Fair Value of mining rights and property, plant and equipment arising from the business combination;

(3) Investment reclassified to non-current assets held for sale as detailed in note 4.

(4) Company incorporated in 2015

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

(6) Control acquisition as described in note 3, measured by the fair value at the acquisition date and generating i) goodwill of R\$ 1,784 arising from the expected future economic benefits; ii) property, plant and equipment amounting to R\$ 21,231.

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

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10.b) Changes of investments balances in subsidiaries, joint ventures, joint operations, associates and other investments

| | Consolidated | | Parent Company | |
|--|---------------------|-------------------|-----------------------|--------------------|
| | 09/30/2016 | 12/31/2015 | 09/30/2016 | 12/31/2015 |
| | Restated | Restated | Restated | Restated |
| Opening balance of investments | 3,998,239 | 13,665,453 | 25,517,369 | 24,199,129 |
| Opening balance of loss provisions | | | (1,095,086) | (1,088,559) |
| Investment balance of Namisa 11.30.15 | | (10,160,981) | | |
| Capital increase/acquisition of shares | 190,435 | 3,575 | 203,297 | 490,842 |
| Acquisition of 4,16% shares of Congonhas Minérios | | | | 2,732,605 |
| Capital reduction | | (466,758) | | (546,796) |
| Dividends (1) | | (54,464) | (2,296,553) | (3,985,128) |
| Comprehensive income (2) | 776,881 | (967,447) | 448,527 | (426,622) |
| Comprehensive income - Business Combination | | | | 2,943,638 |
| Capital Contribution - transfer of excluded assets | | | | (547,494) |
| Equity pickup (3) | 122,822 | 1,192,034 | (493,617) | 5,604,950 |
| Incorporation of subsidiary - CSN Cimentos | | | | (1,061,005) |
| Transfer of shares – Namisa and MRS | | 786,812 | | (6,173,113) |
| Transfer of assets - Casa de Pedra and Tecar | | | | 156,723 |
| Fair Value of assets – Mineração Nacional | | | | 2,123,507 |
| Reclassification from Metalic's investments on September 30, 2016 to held for sale | | | (123,290) | |
| Reclassification of Metalic's result for the year to discontinued operations | | | (6,786) | |
| Acquisition of a 50% stake in CGPAR (note 3) | | | 8,608 | |
| | | | 23,015 | |

| | | | | |
|--|------------------|------------------|--------------------|--------------------|
| Fair value + goodwill - control acquisition - CGPAR (note 3) | | | | |
| Fair value amortization - Investment in MRS | (8,810) | | | |
| Others | (1,279) | 15 | (1,479) | |
| Closing balance of investments | 5,078,288 | 3,998,239 | 23,292,619 | 25,517,369 |
| Balance of provision for investments with negative equity | | | (1,108,614) | (1,095,086) |
| Total | 5,078,288 | 3,998,239 | 22,184,005 | 24,422,283 |

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

(2) Refers to the mark-to-market of investments classified as available for sale and translation to the reporting currency of the foreign investments (the functional currency of which is not the Brazilian Reais, actuarial gain/loss and gain/loss on net investment hedge from investments measured by equity method.

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

| | 09/30/2016 | Consolidated 09/30/2015 |
|---|----------------|----------------------------|
| Equity in results of affiliated companies and joint -venture | | |
| Nacional Minérios S.A. | | 1,214,794 |
| MRS Logística S.A. | 135,480 | 55,544 |
| CBSI - Companhia Brasileira de Serviços de Infraestrutura | 1,942 | (1,973) |
| Transnordestina | (17,122) | (23,158) |
| Arvedi Metalfer do Brasil | 1,795 | (7,582) |
| Others | 727 | 652 |
| | 122,822 | 1,238,277 |
| Eliminations | | |
| To cost of sales | (33,712) | (29,678) |
| To net revenues | | (4,403) |
| To taxes | 11,462 | |
| Others | | |
| Fair value amortization - Investment in MRS | (8,810) | |
| Others | (3,289) | 10,644 |
| Equity in results adjusted | 88,473 | 1,214,840 |

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10.c) Joint ventures and joint operations financial information

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

| Equity interest (%) | <i>Joint-Venture</i> | | | <i>Joint-Operation</i> |
|---|--------------------------------|-----------------------|--|---------------------------------|
| | MRS Logística 34.94% | CBSI 50.00% | Transnordestina Logística 49.02% | Itá Energética 48.75% |
| Balance sheet | | | | |
| Current assets | | | | |
| Cash and cash equivalents | 504,463 | 1,346 | 2,164 | 11,2 |
| Advance to suppliers | 14,020 | 787 | 47,675 | 3 |
| Other current assets | 604,622 | 21,274 | 87,580 | 16,9 |
| Total current assets | 1,123,105 | 23,407 | 137,419 | 28,5 |
| Non-current assets | | | | |
| Other non-current assets | 695,592 | 488 | 257,885 | 45,1 |
| Investments, PP&E and intangible assets | 6,161,674 | 3,731 | 7,342,795 | 508,8 |
| Total non-current assets | 6,857,266 | 4,219 | 7,600,680 | 554,0 |
| Total Assets | 7,980,371 | 27,626 | 7,738,099 | 582,5 |
| Current liabilities | | | | |
| Borrowings and financing | 780,904 | | 42,573 | |
| Other current liabilities | 861,229 | 23,847 | 182,647 | 56,1 |
| Total current liabilities | 1,642,133 | 23,847 | 225,220 | 56,1 |
| Non-current liabilities | | | | |
| Borrowings and financing | 2,397,192 | | 4,952,025 | |

| | | | | |
|---|------------------|---------------|------------------|--------------|
| Other non-current liabilities | 593,155 | 667 | - | 2,3 |
| Total non-current liabilities | 2,990,347 | 667 | 4,952,025 | 2,3 |
| Shareholders' equity | 3,347,891 | 3,112 | 2,560,854 | 523,9 |
| Total liabilities and shareholders' equity | 7,980,371 | 27,626 | 7,738,099 | 582,5 |

| | <i>Joint-Venture</i> | | | <i>01/01/2016 to 09/30/20</i> |
|---|----------------------|---------------|----------------------------------|---------------------------------------|
| Equity interest (%) | MRS Logística | CBSI | Transnordestina Logística | Joint-Operation Itá Energética |
| | 34.94% | 50.00% | 49.02% | 48.75% |
| Statements of Income | | | | |
| Net revenue | 2,469,568 | 90,745 | | 130,8 |
| Cost of sales and services | (1,635,014) | (78,333) | | (68,28 |
| Gross profit | 834,554 | 12,412 | - | 62,5 |
| (Expenses) and operating revenues | (92,797) | (6,399) | (19,083) | (40,15 |
| Finance income (costs), net | (183,580) | (1,339) | (13,131) | 4 |
| Income before income tax and social contribution | 558,177 | 4,674 | (32,214) | 22,7 |
| Current and deferred income tax and social contribution | (194,663) | (790) | | (7,73 |
| Profit / (loss) for the period | 363,514 | 3,884 | (32,214) | 15,0 |

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11. PROPERTY, PLANT AND EQUIPMENT

| | Land | Buildings and Infrastructure | Machinery, equipment and facilities | Furniture and fixtures |
|---|----------------|------------------------------|-------------------------------------|------------------------|
| Balance at December 31, 2014 | 216,458 | 2,432,450 | 10,499,676 | 36,633 |
| Cost | 216,458 | 3,021,437 | 16,791,750 | 167,410 |
| Accumulated depreciation | | (588,987) | (6,292,074) | (130,777) |
| Balance at December 31, 2014 | 216,458 | 2,432,450 | 10,499,676 | 36,633 |
| Effect of foreign exchange differences | 16,418 | 51,910 | 230,588 | 1,453 |
| Acquisitions | 1,841 | 9,710 | 242,656 | 3,292 |
| Capitalized interest | | | | |
| Write - offs | | | (2,507) | (49) |
| Depreciation | | (103,387) | (1,005,848) | (6,214) |
| Transfers to other asset categories | 22,623 | 95,524 | 880,652 | 81 |
| Transfers to intangible assets | | | | |
| Business combination, fair value of the acquires assets | 6,199 | 208,757 | 229,906 | 3,534 |
| Update of the ARO estimation | | | | |
| Others | | (5,723) | (2,879) | |
| Balance at December 31, 2015 (restated) | 263,539 | 2,689,241 | 11,072,244 | 38,730 |
| Cost | 263,539 | 3,429,573 | 18,601,088 | 182,830 |
| Accumulated depreciation | | (740,332) | (7,528,844) | (144,100) |
| Balance at December 31, 2015 (restated) | 263,539 | 2,689,241 | 11,072,244 | 38,730 |
| Effect of foreign exchange differences | (9,907) | (29,608) | (119,769) | (679) |
| Acquisitions | 4 | 100 | 119,039 | 461 |
| Capitalized interest (notes 25 and 29) | | | | |
| Write - offs (note 24) | (129) | (2,346) | (7,383) | (7) |
| Depreciation | | (86,346) | (805,110) | (4,364) |
| Transfer to other asset categories | 14,951 | 112,781 | 896,118 | 92 |
| Transfer to intangible assets | | | | |
| Acquisition of control - (CGPAR)(note 3) | | | 7,377 | 189 |
| Added value - Acquisition of control of CGPAR (note 3) | | | 21,231 | |
| Transfer of Metallic - held for sale (note 4) | (373) | (13,466) | (30,440) | (208) |
| Others | | (294) | (3,819) | (45) |
| Balance at September 30, 2016 (restated) | 268,085 | 2,670,062 | 11,149,488 | 34,169 |

| | | | | |
|--|----------------|------------------|-------------------|---------------|
| Cost | 268,085 | 3,469,184 | 19,268,157 | 178,267 |
| Accumulated depreciation | | (799,122) | (8,118,669) | (144,098) |
| Balance at September 30,2016 (restated) | 268,085 | 2,670,062 | 11,149,488 | 34,169 |

| | Land | Buildings and Infrastructure | Machinery, equipment and facilities | Furniture and fixtures |
|--|----------------|---------------------------------|---|------------------------------|
| Balance at December 31, 2014 | 110,181 | 1,786,572 | 8,882,070 | 29,000 |
| Cost | 110,181 | 2,003,303 | 13,877,027 | 136,000 |
| Accumulated depreciation | | (216,731) | (4,994,957) | (107,000) |
| Balance at December 31, 2014 | 110,181 | 1,786,572 | 8,882,070 | 29,000 |
| Acquisitions | | | 203,870 | 2,000 |
| Incorporation of subsidiaries | 1,400 | 214,879 | 175,298 | 5,000 |
| Transfers of the assets related to Casa de Pedra and Tecar | (50,854) | (1,287,945) | (3,332,850) | (9,200) |
| Capitalized interest | | | | |
| Write - offs | | | (91) | (1,000) |
| Depreciation | | (57,055) | (782,928) | (4,600) |
| Transfers to other asset categories | 22,623 | 218,343 | 959,632 | |
| Transfers to intangible assets | | | | |
| Others | | (5,723) | (1,281) | |
| Balance at December 31, 2015 | 83,350 | 869,071 | 6,103,720 | 17,000 |
| Cost | 83,350 | 1,025,848 | 10,677,122 | 118,000 |
| Accumulated depreciation | | (156,777) | (4,573,402) | (100,600) |
| Balance at December 31, 2015 | 83,350 | 869,071 | 6,103,720 | 17,000 |
| Acquisitions | | | 82,129 | |
| Capitalized interest (note 25 and 29) | | | | |
| Write - offs (note 24) | | (34) | (17) | |
| Depreciation | | (19,029) | (389,006) | (2,100) |
| Transfers to other asset categories | | 81,990 | 461,339 | |
| Transfers to intangible assets | | | | |
| Others | | | (33) | |
| Balance at September 30, 2016 | 83,350 | 931,998 | 6,258,132 | 15,000 |
| Cost | 83,350 | 1,107,970 | 11,219,656 | 118,000 |
| Accumulated depreciation | | (175,972) | (4,961,524) | (102,300) |
| Balance at September 30, 2016 | 83,350 | 931,998 | 6,258,132 | 15,000 |

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

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

| | Project description | Start date | Completion date | 09/30/2016 | Consolidated 12/31/2015 |
|------------------|--|-------------------|--------------------------|------------------------|------------------------------------|
| Logistics | Current investments for maintenance of current operations. | | | 89,094 | 35,457 |
| | | | | 89,094 | 35,457 |
| Mining | Expansion of Casa de Pedra mine capacity production. | 2007 | 2016/2017 ⁽¹⁾ | 699,684 | 709,945 |
| | Expansion of TECAR export capacity. | 2009 | 2020 ⁽²⁾ | 242,710 | 390,920 |
| | Current investments for maintenance of current operations. | | | 313,447 | 302,764 |
| | | | | 1,255,841 | 1,403,629 |
| Steel | Equipment supply for use in the steel operation. | 2008 | 2016 | 91,660 | 105,697 |
| | Expansion of the service center/Mogi. | 2013 | 2015/2016 ⁽³⁾ | 258 | 14,950 |
| | Current investments for maintenance of current operations. | | | ⁽⁴⁾ 316,839 | 375,579 |
| | | | | 408,757 | 496,226 |
| Cement | Construction of cement plants. | 2011 | 2020 ⁽⁵⁾ | 1,664,846 | 1,254,897 |

| | | |
|--|------------------|------------------|
| Current investments for maintenance of current operations. | 64,478 | 9,177 |
| | 1,729,324 | 1,264,074 |
| Construction in progress | 3,483,016 | 3,199,386 |

- (1) Estimated completion date of the Central Plant Step 1;
- (2) Estimated completion date of phase 60 Mtpa;
- (3) Estimated completion date of Mogi Service Center;
- (4) Refers substantially to the reforming of batteries for coke ovens;
- (5) Estimated completion date of the unit Arcos / Minas Gerais.

The estimated useful lives are as follows, in years:

| | Consolidated | | Parent Company | |
|-------------------------------------|---------------------|-------------------|-----------------------|-------------------|
| | 09/30/2016 | 12/31/2015 | 09/30/2016 | 12/31/2015 |
| Buildings | 43 | 43 | 43 | 43 |
| Machinery, equipment and facilities | 18 | 18 | 18 | 18 |
| Furniture and fixtures | 11 | 11 | 11 | 11 |
| Others | 14 | 14 | 11 | 11 |

11.a) Depreciation, amortization and depletion expenses:

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

| | Nine months ended | | Consolidated Three months ended | |
|------------------|--------------------------|-------------------|--|-------------------|
| | 09/30/2016 | 09/30/2015 | 09/30/2016 | 09/30/2015 |
| Production costs | 905,767 | 807,217 | 305,689 | 277,612 |
| Sales expenses | 6,708 | 6,826 | 2,299 | 2,317 |

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| | | | | |
|-------------------------------------|----------------|----------------|----------------|----------------|
| General and Administrative Expenses | 10,510 | 10,008 | 3,363 | 3,369 |
| | 922,985 | 824,051 | 311,351 | 283,298 |
| Other operating expenses (*) | 33,730 | 29,426 | 10,426 | 10,949 |
| | 956,715 | 853,477 | 321,777 | 294,247 |

| | Nine months ended | | Three months ended | |
|-------------------------------------|--------------------------|-------------------|---------------------------|-------------------|
| | 09/30/2016 | 09/30/2015 | 09/30/2016 | 09/30/2015 |
| Production costs | 406,700 | 640,172 | 139,532 | 223,487 |
| Sales expenses | 5,522 | 5,577 | 1,914 | 1,919 |
| General and Administrative Expenses | 6,606 | 6,203 | 2,160 | 1,990 |
| | 418,828 | 651,952 | 143,606 | 227,396 |

(*) Refers to the amortization of intangible assets as described in note 24.

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12. INTANGIBLE ASSETS

| | Goodwill | Customer relationships | Software | Trademarks and patents |
|--|------------------|-------------------------------|-----------------|-------------------------------|
| Balance at December 31, 2014 | 407,434 | 347,115 | 79,867 | 109,330 |
| Cost | 666,768 | 415,964 | 153,080 | 109,330 |
| Accumulated amortization | (150,004) | (68,849) | (73,213) | |
| Adjustment for accumulated recoverable value | (109,330) | | | |
| Balance at December 31, 2014 | 407,434 | 347,115 | 79,867 | 109,330 |
| Effect of foreign exchange differences | | 104,136 | 192 | 34,136 |
| Acquisitions and expenditures | | | 1,234 | |
| Incorporation of subsidiary - CSN Cimentos | | | | |
| Transfers of the assets related to Casa de Pedra and Tecar | | | | |
| Business combination, fair value of assets e goodwill | 3,196,588 | 1,420 | 3,437 | |
| Transfer of property, plant and equipment | | | 930 | |
| Amortization | | (39,395) | (10,423) | |
| Balance at December 31, 2015 (restated) | 3,604,022 | 413,276 | 75,237 | 143,466 |
| Cost | 3,974,128 | 549,302 | 173,154 | 143,466 |
| Accumulated amortization | (260,776) | (136,026) | (97,917) | |
| Adjustment for accumulated recoverable value | (109,330) | | | |
| Balance at December 31, 2015 (restated) | 3,604,022 | 413,276 | 75,237 | 143,466 |
| Effect of foreign exchange differences | | (55,791) | (174) | (20,000) |
| Acquisitions and expenditures | | | 7 | |
| Transfer of property, plant and equipment | | | 14,822 | |
| Write- offs (note 24) | (13,091) | | (3) | |
| Amortization | | (31,923) | (8,696) | |
| Acquisition of control - CGPAR (note 3) | | | 47 | |
| Goodwill- Acquisition of control of CGPAR (Note 3) | 1,784 | | | |

| | | | | |
|--|------------------|----------------|---------------|------------|
| Transfer of Metallic - held for sale (note 4) | | | (232) | |
| Balance at September 30,2016 (restated) | 3,592,715 | 325,562 | 81,008 | 123 |
| Cost | 3,836,018 | 471,703 | 180,850 | 123 |
| Accumulated amortization | (133,973) | (146,141) | (99,842) | |
| Adjustment for accumulated recoverable value | (109,330) | | | |
| Balance at September 30,2016 (restated) | 3,592,715 | 325,562 | 81,008 | 123 |

(*) Composed mainly by mineral rights with estimated resources of 1,101 million tons (not audited by independent auditors). Corresponding amortization is recorded based on production volumes.

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

| | Consolidated | | Parent Company | |
|------------------------|--------------|------------|----------------|------------|
| | 09/30/2016 | 12/31/2015 | 09/30/2016 | 12/31/2015 |
| Software | 5 | 5 | 5 | 5 |
| Customer relationships | 13 | 13 | | |

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13. BORROWINGS, FINANCING AND DEBENTURES

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

| | Rates p.a. (%) | Consolidated | | | | Cu |
|---|---|---------------------|------------------|-------------------------|-------------------|-------------|
| | | Current liabilities | | Non-current liabilities | | |
| | | 09/30/2016 | 12/31/2015 | 09/30/2016 | 12/31/2015 | 09/30 |
| FOREIGN CURRENCY | | | | | | |
| Prepayment (*) | 1% to 3.5% | 110,463 | 207,657 | 507,489 | 2,633,137 | 11 |
| Prepayment (*) | 3.51% to 8% | 457,016 | 286,487 | 4,273,082 | 3,429,716 | 50 |
| Perpetual bonds | 7% | 4,418 | 5,315 | 3,246,200 | 3,904,800 | |
| Fixed rate notes (*) | 4.14% to 10% | 45,028 | 175,768 | 5,507,493 | 6,910,992 | 7 |
| Intercompany Bonds (*) | Libor 6M to 3% | | | | | 14 |
| Forfeiting (**) | Libor + Spread | 109,364 | 288,772 | | | 10 |
| Others | 1.2% até 8% | 97,842 | 115,594 | 275,344 | 425,635 | |
| | | 824,131 | 1,079,593 | 13,809,608 | 17,304,280 | 93 |
| LOCAL CURRENCY | | | | | | |
| BNDES/FINAME | 1.3% + TJLP and Fixed rate of 2.5% to 6% + 1.5% | 74,327 | 55,435 | 1,002,775 | 1,018,189 | 4 |
| Debentures | 110.8% to 113.7% CDI | 518,195 | 60,670 | 1,270,383 | 1,750,000 | 51 |
| Prepayment (*) | 109.5% to 116.5% CDI and fixed rate of 8% | 360,908 | 522,418 | 5,280,000 | 5,200,000 | 28 |
| CCB | 112.5% and 113% CDI | 90,793 | 92,976 | 7,200,000 | 7,200,000 | 9 |
| Drawee Risk (**) | | | 84,063 | | | |
| Others | | | 6,229 | | 12,107 | |
| | | 1,044,223 | 821,791 | 14,753,158 | 15,180,296 | 94 |
| Total Borrowings and Financing (note 14 I) | | 1,868,354 | 1,901,384 | 28,562,766 | 32,484,576 | 1,87 |
| Transaction Costs and Issue Premiums | | (37,144) | (26,703) | (64,969) | (76,742) | (32) |
| Total Borrowings and Financing + Transaction Costs | | 1,831,210 | 1,874,681 | 28,497,797 | 32,407,834 | 1,84 |

(*) The balances of Prepayments, Fixed Rate Notes and Intercompany Bonds with related parties of Parent company totaled R\$11,197,675 on September 30, 2016 (R\$13,416,687 on December 31, 2015), see note 19b.

(**) The balances of forfaiting and drawee risk operations totals R\$ 109,364 on September 30, 2016 (R\$372,835 on December 31, 2015).

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13.a) Maturities of borrowings, financing and debentures presented in non-current liabilities

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

| | | Consolidated | | Parent Company |
|-----------------|-------------------|---------------------|-------------------|-----------------------|
| 2017 | 442,042 | 2% | 2,023,229 | 7% |
| 2018 | 5,630,660 | 20% | 5,711,883 | 20% |
| 2019 | 6,929,305 | 24% | 5,301,403 | 19% |
| 2020 | 7,459,546 | 26% | 4,649,265 | 16% |
| 2021 | 2,214,288 | 8% | 2,803,442 | 10% |
| After 2021 | 2,640,725 | 9% | 7,908,335 | 28% |
| Perpetual bonds | 3,246,200 | 11% | | |
| | 28,562,766 | 100% | 28,397,557 | 100% |

13.b) Amortization and new borrowings, financing and debentures

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

| | Consolidated | | Parent Company | |
|---|---------------------|-------------------|-----------------------|-------------------|
| | 09/30/2016 | 12/31/2015 | 09/30/2016 | 12/31/2015 |
| Opening balance | 34,282,515 | 30,354,058 | 33,988,090 | 29,560,826 |
| Funding transactions | 7,437 | 978,206 | 40,239 | 2,694,533 |
| Forfeiting funding / Drawee Risk | 78,240 | 924,706 | 78,240 | 924,706 |
| Repayment | (664,043) | (2,850,077) | (261,932) | (1,542,921) |
| Payments - Forfeiting / Drawee Risk | (300,321) | (1,146,306) | (300,321) | (1,146,306) |
| Payment of charges | (2,492,040) | (2,957,762) | (2,021,307) | (2,656,208) |
| Payment of charges – Forfeiting / Drawee | (2,368) | (7,064) | (2,368) | (7,064) |
| Provision of charges | 2,391,019 | 3,052,164 | 2,002,054 | 2,996,662 |
| Provision of charges - Forfeiting / Drawee Risk | 3,924 | 2,032 | 3,924 | 2,032 |
| Others (1) | (2,975,356) | 5,932,558 | (3,344,708) | 3,161,830 |
| Closing balance | 30,329,007 | 34,282,515 | 30,181,911 | 33,988,090 |

(1) Includes interests and unrealized foreign exchange variances.

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

- Capitalization**

| Transaction | Financial institution | Date | Amount | Consolidated Maturity |
|---------------------------------------|------------------------------------|-------------|---------------|------------------------------|
| Financing - Acquisitions assets - SWT | Kreissparkasse Saalfeld-Rudolstadt | June/16 | 7,437 | January/18 |
| Total | | | 7,437 | |

- Amortization**

| Transaction | Principal | Charges | Consolidated |
|----------------------|------------------|----------------|---------------------|
| Fixed Rate Notes | 107,048 | | 643,748 |
| Debentures | | | 220,175 |
| Bank Credit Bill | | | 821,637 |
| Export Credit Note | 65,000 | | 629,074 |
| Pre - Export Payment | 144,218 | | 136,522 |
| BNDES/FINAME | 33,146 | | 39,556 |
| Pre - Debt Payment | 309,707 | | |
| Others | 4,924 | | 1,328 |
| Total | 664,043 | | 2,492,040 |

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- **Covenants**

The Company's loan agreements establish the fulfillment of certain non-financial obligations, as well as maintenance of certain parameters and performance indicators, such as disclosure of its audited financial statements according to regulatory deadlines or payment of commission on risk assumption, if the net debt-EBITDA ratio reaches the levels in those agreements.

On December 31, 2016, the Company has provisioned, due to commission over risk assumption, R\$25,311 in consolidated and R\$10,060 in the parent Company financial statements,

14. FINANCIAL INSTRUMENTS

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

I - Identification and measurement of financial instruments

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

- Classification of financial instruments**

| Consolidated | Notes | Available for sale | Fair value through profit or loss | Loans and receivables | Other liabilities - amortized cost method | 09/30/2017 Balance |
|---|--------------|---------------------------|--|------------------------------|--|-------------------------------|
| Assets | | | | | | |
| Current | | | | | | |
| Cash and cash equivalents | 5 | | | 5,091,372 | | 5,091,372 |
| Short-term investments - margin deposit | 6 | | | 341,684 | | 341,684 |
| Trade receivables | 7 | | | 1,790,260 | | 1,790,260 |
| Derivative financial instruments | 9 | | 558 | | | 558 |
| Trading securities | 9 | | 13,037 | | | 13,037 |
| Dividends receivable | | | | | 26,902 | 26,902 |
| Total | | | 13,595 | 7,223,316 | 26,902 | 7,263,810 |
| Non-current | | | | | | |
| Other trade receivables | 9 | | | 15,825 | | 15,825 |
| Investments | 10 | 1,437,512 | | | | 1,437,512 |
| Loans - related parties | 9 | | | 447,689 | | 447,689 |
| Total | | 1,437,512 | | 463,514 | | 1,901,126 |
| Total Assets | | 1,437,512 | 13,595 | 7,686,830 | 26,902 | 9,164,844 |
| Liabilities | | | | | | |
| Current | | | | | | |
| Borrowings and financing | 13 | | | | 1,868,354 | 1,868,354 |
| Derivative financial instruments | 14 | | 50 | | | 50 |
| Trade payables | - | | | | 1,580,180 | 1,580,180 |
| Dividends and interest on capital | 14 | | | | 464,929 | 464,929 |
| Total | | | 50 | | 3,913,463 | 3,913,463 |
| Non-current | | | | | | |
| Borrowings and financing | 13 | | | | 28,562,766 | 28,562,766 |
| Total | | | | | 28,562,766 | 28,562,766 |
| Total Liabilities | | | 50 | | 32,476,229 | 32,476,229 |

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- **Fair value measurement**

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

| Consolidated | Level 1 | Level 2 | 09/30/2016 Balances | Level 1 | Level 2 | 12/31/2015 Balances |
|---|------------------|----------------|--------------------------------|----------------|----------------|--------------------------------|
| Assets | | | | | | |
| Current | | | | | | |
| Financial assets at fair value through profit or loss | | | | | | |
| Derivative financial instruments | | 558 | 558 | | 118,592 | 118,592 |
| Trading securities | 13,037 | | 13,037 | 10,778 | | 10,778 |
| Non-current | | | | | | |
| Available-for-sale financial assets | | | | | | |
| Investments | 1,437,512 | | 1,437,512 | 471,674 | | 471,674 |
| Total Assets | 1,450,549 | 558 | 1,451,107 | 482,452 | 118,592 | 601,044 |
| Liabilities | | | | | | |
| Current | | | | | | |
| Financial liabilities at fair value through profit or loss | | | | | | |
| Derivative financial instruments | | 50 | 50 | | 26,257 | 26,257 |
| Total Liabilities | | 50 | 50 | | | 26,257 |

26,257

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

The Company has investments in common (USIM3) and preferred (USIM5) shares of Usiminas (“Usiminas Shares”), designated as available-for-sale financial assets. The Company adopts this designation because the nature of the investment is not comprised in any other categories of financial instruments (loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss). The asset is classified as a non-current asset in line item “investments” and is carried at fair value based on the quoted price on the stock exchange (BM&FBOVESPA). According to the Company’s policy, the gains and losses arising from changes in the price of shares are recorded directly in equity, as other comprehensive income.

During March 2016, the Usiminas’ Board of Directors authorized a capital increase amounting to R\$64,882, through the issuance of up to 50,689,310 preferred shares. On April 22, 2016, CSN fully exercised its right of subscription, paying R\$11,603 by 9,064,856 preferred shares. The capital increase has been approved by the Usiminas’ Board of Directors on June 03, 2016.

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

As of September 30, 2016, there was no impairment recorded and the gain from the change in share price in the period was recorded in other comprehensive income (the impairment recorded as of 30 September, 2015 amounted to R\$ 81,016):

| Class of shares | Quantity | 09/30/2016 | | 12/31/2015 | | | Variation in the period | |
|-----------------|--------------------|-------------|------------------|-------------|-------------|-----------------|-------------------------|----------------------------------|
| | | Share price | Carrying amount | Quantity | Share price | Carrying amount | Share price | Variation in the carrying amount |
| Common | 107,156,651 | 9.45 | 1,012,630 | 71,390,300 | 4.02 | 286,989 | 5.43 | 725,641 |
| Preferred | 114,280,556 | 3.53 | 403,411 | 105,215,700 | 1.55 | 163,084 | 1.98 | 240,327 |
| | 221,437,207 | | 1,416,041 | | | 450,073 | | 965,968 |

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On September 30, 2016, the Company's stake in USIMINAS was 15.19% in the common shares and 20.86% in the preferred shares.

On September 30, 2016 the carrying amounts recorded in other comprehensive income for investments available for sale is R\$732,596 (R\$ (73) as of December 31, 2015).

III - Financial risk management

As of September 30, 2016, there were no changes in the financial risk management policies in relation to those disclosed in the Company's financial statements for the year ended December 31, 2015.

14.a) Foreign exchange and interest rate risks

- **Exchange rate risk**

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

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

| Foreign Exchange Exposure | (Amounts in US\$'000) | 09/30/2016 (Amounts in €'000) |
|---|----------------------------------|--|
| Cash and cash equivalents overseas | 850,704 | 29,999 |
| Trade receivables | 297,880 | 10,591 |
| Other assets | 14,055 | 37,786 |
| Total Assets | 1,162,639 | 78,376 |
| | | |
| Borrowings and financing | (4,392,998) | (96,651) |
| Trade payables | (17,990) | (36,378) |
| Other liabilities | (12,266) | (35,326) |
| Total Liabilities | (4,423,254) | (168,355) |
| Foreign exchange exposure | (3,260,615) | (89,979) |
| | | |
| Future dollar | (98,000) | |
| Cash flow hedge accounting | 1,532,667 | |
| Foreign investment hedge | | 96,000 |
| Net foreign exchange exposure | (1,825,948) | 6,021 |
| | | |
| Perpetual Bonds | 1,000,000 | |
| Net currency exposure of the Perpetual Notes | (825,948) | 6,021 |

- Interest rate risk**

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

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14.b) Hedging instruments: Derivative and hedge accounting

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

- Portfolio of derivative financial instruments**

| Counterparties | Maturity date | Functional Currency | Notional amount | Appreciation (R\$) | | Fair value (market) Amounts receivable / (payable) | Notional amount |
|----------------------------------|---------------------------|---------------------|-----------------|--------------------|--------------------|--|------------------|
| | | | | Asset position | Liability position | | |
| BM&FBovespa | 10/03/2016 | Dollar | (98,000) | | | (50) | 1,435,000 |
| Total forward dollar | | | (98,000) | | | (50) | 1,435,000 |
| BBVA | | Dollar | | | | | 39,450 |
| BNPP | 10/07/2016 and 03/09/2017 | Dollar | 12,334 | 40,318 | (39,760) | 558 | 18,700 |
| Total dollar-to-euro swap | | | 12,334 | 40,318 | (39,760) | 558 | 58,150 |
| Itaú BBA | | Real | | | | | 150,000 |
| HSBC | | Real | | | | | |

| | | | |
|---|------|--------|----------------|
| | | | 185,000 |
| <i>Deutsche Bank</i> | Real | | 10,000 |
| Total Fixed rate-to-CDI interest rate swap | | | 345,000 |
| <i>Itaú BBA</i> | Real | | 30,000 |
| <i>HSBC</i> | Real | | 120,000 |
| Total interest rate- to-CDI swap | | | 150,000 |
| | | 40,318 | (39,760) |
| | | | 508 |

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

| Instruments | Assets | | Liabilities | | 09/30/2016 Finance Income (expenses), net (note 25) |
|-----------------------------------|---------|-------|-------------|-------|---|
| | Current | Total | Current | Total | |
| <i>Future Dollar BM&F</i> | | | 50 | 50 | (798,364) |
| <i>Dollar - to - euro swap</i> | 558 | 558 | | | (6,332) |
| <i>Fixed rate - to - CDI swap</i> | | | | | (299) |
| <i>CDI - to - fixed rate swap</i> | | | | | (63) |
| | 558 | 558 | 50 | 50 | (805,058) |

| Instruments | Assets | | Liabilities | | 09/30/2015 Finance Income (expenses), net (note 25) |
|-------------------------------|---------|-------|-------------|-------|---|
| | Current | Total | Current | Total | |
| <i>Dollar - to - CDI swap</i> | | | | | |

| | | | | | |
|-----------------------------------|----------------|----------------|---------------|---------------|----------------|
| | | | | | (18) |
| <i>Dollar - to - real NDF</i> | | | | | 786,511 |
| <i>Future Dollar BM&F</i> | 110,075 | 110,075 | | | 177,788 |
| <i>Dollar - to - euro NDF</i> | | | | | 39,668 |
| <i>Dollar - to - euro swap</i> | 7,647 | 7,647 | | | (6,439) |
| <i>Fixed rate - to - CDI swap</i> | | | 26,257 | 26,257 | (4,977) |
| <i>CDI - to - fixed rate swap</i> | 870 | 870 | | | 1,202 |
| | 118,592 | 118,592 | 26,257 | 26,257 | 993,735 |

- Hedge accounting – cash flow**

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

In order to better reflect the accounting impacts of this foreign exchange hedging strategy on its profit, CSN designated part of its US dollar-denominated liabilities as a hedging instrument of its future exports. As a result, foreign exchange differences arising on translating the designated liabilities shall be temporarily recognized in shareholders' equity and

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allocated to profit or loss when such exports are carried out, which will allow recognizing the US dollar impact on liabilities and exports concurrently.

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

| Designation Date | Hedging Instrument | Hedged item | Type of hedged risk | Hedged period | Exchange rate on designation | Designated amounts (US\$'000) | Amortized part (USD'000) | Im fi r |
|------------------|---|---|---|-------------------------------|------------------------------|-------------------------------|--------------------------|---------|
| 3/11/2014 | Export prepayments in US\$ to third parties | Part of the highly probable future monthly iron ore exports | Foreign exchange - R\$ vs. US\$ spot rate | October 2016 - September 2019 | 2.4442 | 500,000 | | |
| 1/12/2014 | Export prepayments in US\$ to third parties | Part of the highly probable future monthly iron ore exports | Foreign exchange - R\$ vs. US\$ spot rate | October 2015 - February 2019 | 2.5601 | 175,000 | (33,333) | |
| 12/18/2014 | Export prepayments in US\$ to | Part of the highly | Foreign exchange - R\$ vs. | May 2020 | 2.6781 | 100,000 | | |

| | | | | | | |
|------------|---|--|---|-----------------------------|--------|---------|
| | third parties | probable future monthly iron ore exports Part of the highly probable future monthly iron ore exports | US\$ spot rate | | | |
| 07/21/2015 | Export prepayments in US\$ to third parties | Part of the highly probable future monthly iron ore exports | Foreign exchange - R\$ vs. US\$ spot rate | July 2019 - March 2021 | 3.1813 | 60,000 |
| 07/23/2015 | Export prepayments in US\$ to third parties | Part of the highly probable future monthly iron ore exports | Foreign exchange - R\$ vs. US\$ spot rate | July 2019 - March 2021 | 3.2850 | 100,000 |
| 07/23/2015 | Export prepayments in US\$ to third parties | Part of the highly probable future monthly iron ore exports | Foreign exchange - R\$ vs. US\$ spot rate | October 2018 - October 2022 | 3.2850 | 30,000 |
| 07/24/2015 | Export prepayments in US\$ to third parties | Part of the highly probable future monthly iron ore exports | Foreign exchange - R\$ vs. US\$ spot rate | October 2018 - October 2022 | 3.3254 | 100,000 |
| 07/27/2015 | Export prepayments in US\$ to third parties | Part of the highly probable future monthly iron ore exports | Foreign exchange - R\$ vs. US\$ spot rate | October 2018 - October 2022 | 3.3557 | 25,000 |
| 07/27/2015 | Export prepayments in US\$ to third parties | Part of the highly probable future monthly iron ore exports | Foreign exchange - R\$ vs. US\$ spot rate | October 2018 - October 2022 | 3.3557 | 70,000 |

| | | | | | | | |
|--------------|---|---|---|-----------------------------|--------|------------------|-----------------|
| 07/27/2015 | Export prepayments in US\$ to third parties | iron ore exports Part of the highly probable future monthly iron ore exports | Foreign exchange - R\$ vs. US\$ spot rate | October 2018 - October 2022 | 3.3557 | 30,000 | |
| 07/28/2015 | Export prepayments in US\$ to third parties | iron ore exports Part of the highly probable future monthly iron ore exports | Foreign exchange - R\$ vs. US\$ spot rate | October 2018 - October 2022 | 3.3815 | 30,000 | |
| 1/8/2015 | Export prepayments in US\$ to third parties | iron ore exports Part of the highly probable future monthly iron ore exports | Foreign exchange - R\$ vs. US\$ spot rate | (1) | 3.3940 | (9,000) | |
| 3/8/2015 | Export prepayments in US\$ to third parties | iron ore exports Part of the highly probable future monthly iron ore exports | Foreign exchange - R\$ vs. US\$ spot rate | October 2018 - October 2022 | 3.3940 | 355,000 | |
| Total | | | | | | 1,566,000 | (33,333) |

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

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

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

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

| | 12/31/2015 | Movement | Realization | 09/30/2016 |
|---|-------------------|--------------------|--------------------|-------------------|
| Cash flow hedge accounting | 1,520,089 | (1,016,560) | (26,472) | 477,057 |
| Income tax and social contribution on cash flow hedge accounting | (516,831) | 345,630 | 9,000 | (162,201) |
| Not recorded Income tax and social contribution on cash flow hedge accounting | 516,831 | (354,630) | | 162,201 |
| Cash flow hedge accounting, net of taxes | 1,520,089 | (1,025,560) | (17,472) | 477,057 |

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

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- Net investment hedge in foreign subsidiaries**

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

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

| Designation Date | Hedging Instrument | Hedged item | Type of hedged risk | Exchange rate on designation | Designated amounts (EUR'000) | 09/30/2016 Impact on shareholders' equity |
|-------------------------|---|--|--|-------------------------------------|-------------------------------------|--|
| 9/1/2015 | Non-derivative financial liabilities in EUR Debt contract | Investments in subsidiaries which EUR is the functional currency | Foreign exchange - R\$ vs. EUR spot rate | 4.0825 | 120,000 | 37,644 |
| 01/31/2016 | Non-derivative financial liabilities in EUR Debt contract | Investments in subsidiaries which EUR is the functional currency | Foreign exchange - R\$ vs. EUR spot rate | (1) | (24,000) | |

| | | | |
|--------------|--|---------------|---------------|
| Total | | 96,000 | 37,644 |
|--------------|--|---------------|---------------|

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

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

| | 12/31/2015 | Movement | Realization | 09/30/2016 |
|---|-------------------|-----------------|--------------------|-------------------|
| Net Investment hedge accounting | 20,148 | (57,792) | | (37,644) |
| Fair value of net investment hedge in foreign operations | 20,148 | (57,792) | | (37,644) |

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

14.c) Sensitivity analysis

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

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

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

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

| Currency | Exchange rate | Probable scenario | Scenario 1 | 09/30/2016 | |
|-----------|---------------|-------------------|------------|------------|------------|
| | | | | Scenario 1 | Scenario 2 |
| USD | 3.2462 | 3.1412 | 4.0578 | 4.8693 | 4.8693 |
| EUR | 3.6484 | 3.7230 | 4.5605 | 5.4726 | 5.4726 |
| USD x EUR | 1.1161 | 1.1867 | 1.3951 | 1.6742 | 1.6742 |

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The effects on income statement, considering the scenarios 1 and 2 are shown below:

| Instruments | Notional | Risk | Probable scenario (*) | 09/30/2016 | |
|---|------------------|---------------|-----------------------|--------------------|--------------------|
| | | | | Scenario 1 | Scenario 2 |
| Future dollar | (98,000) | Dollar | 10,290 | (79,532) | (159,064) |
| Hedge accounting of exports | 1,532,667 | Dollar | (160,930) | 1,243,836 | 2,487,672 |
| Currency position (not including exchange derivatives above) | (2,260,615) | Dollar | 342,365 | (2,646,152) | (5,292,304) |
| Consolidated exchange position (including exchange derivatives above) | (825,948) | Dollar | 191,725 | (1,481,848) | (2,963,696) |
| Net Investment hedge accounting | 96,000 | Euro | 7,162 | 87,562 | 175,124 |
| Currency position | (89,979) | Euro | (6,712) | (82,070) | (164,140) |
| Consolidated exchange position (including exchange derivatives above) | 6,021 | Euro | 450 | 5,492 | 10,984 |
| Dollar-to-euro swap | 12,334 | Dollar | (3,483) | (9,078) | (14,454) |

(*) The probable sceneries were calculated considering the following variations to the specified risks: Real x Dollar – appreciation of Real in 2.43% / Real x Euro – depreciation of real in 2.04% / Dollar x Euro – depreciation of dollar in 6.33%. Source: Quotation from Central Bank of Brazil and Central Bank of Europe on 09/29/2017.

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

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

| Changes in interest rates | % p.a | Assets | Liabilities | Probable scenario (*) | Consolidated Impact on profit or loss | |
|---------------------------|-------|-----------|--------------|-----------------------------|--|------------|
| | | | | | Scenario 1 | Scenario 2 |
| TJLP | 7.50 | | (1,058,908) | (3,105) | (19,855) | (39,710) |
| Libor | 1.24 | | (5,283,732) | (64,318) | (16,376) | (32,752) |
| CDI | 14.13 | 2,020,686 | (14,445,089) | (255,670) | (438,892) | (877,784) |

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

14.d) Liquidity risk

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

| At September 30, 2016 | Less than one year | From one to two years | From two to five years | Over five years | Total |
|--------------------------------------|-----------------------|--------------------------|---------------------------|--------------------|------------|
| Borrowings, financing and debentures | 1,868,354 | 6,072,702 | 16,603,139 | 5,886,925 | 30,431,120 |
| Derivative financial instruments | 50 | | | | 50 |
| Trade payables | 1,580,180 | | | | 1,580,180 |
| Dividends and interest on capital | 464,929 | | | | 464,929 |

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

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

| | 09/30/2016 | | 12/31/2015 | |
|------------------|-----------------|------------|-----------------|------------|
| | Carrying amount | Fair value | Carrying amount | Fair value |
| Perpetual bonds | 3,250,618 | 1,622,289 | 3,910,115 | 1,330,685 |
| Fixed Rate Notes | 5,552,521 | 4,269,328 | 7,086,760 | 3,915,310 |

15. OTHER PAYABLES

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

| Current | | Consolidated Non-current | | Current | |
|------------|------------|--------------------------|------------|------------|------------|
| 09/30/2016 | 12/31/2015 | 09/30/2016 | 12/31/2015 | 09/30/2016 | 12/31/2015 |

| | | | | | | |
|--|----------------|------------------|----------------|----------------|----------------|------------|
| Payables to related parties (note 19 b) | 7,816 | 6,798 | | | 152,815 | 110 |
| Derivative financial instruments (note 14 I) | 50 | 26,257 | | | | |
| Exclusive funds (1) (note 19b) | | | | | 50 | 25 |
| Dividends and interest on capital payable to non- controlling shareholders (note 15 I) (2) | 464,929 | 464,982 | | | 2,209 | 2 |
| Advances from customers | 63,071 | 49,505 | | | 52,444 | 40 |
| Taxes in installments | 25,347 | 24,237 | 84,007 | 87,890 | 9,393 | 9 |
| Profit sharing - employees | 136,958 | 171,695 | | | 90,916 | 121 |
| Freight provision | 36,406 | 105,104 | | | 6,442 | 10 |
| Provision for industrial restructuring | 96,390 | 122,854 | | | 56,402 | 74 |
| Taxes payable | | | 8,661 | 7,805 | | |
| Other provisions | 39,150 | 30,784 | | | 17,990 | 10 |
| Other payables | 100,269 | 70,801 | 38,871 | 35,589 | 25,151 | 7 |
| | 970,386 | 1,073,017 | 131,539 | 131,284 | 413,812 | 411 |

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

(2) Dividends payable by the subsidiary CSN Mineração.

16. INCOME TAX AND SOCIAL CONTRIBUTION

16.a) Income tax and social contribution recognized in profit or loss:

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

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| | Nine months ended | | Three m |
|--|--------------------------|-------------------|------------------|
| | 09/30/2016 | 09/30/2015 | 09/30/201 |
| Income tax and social contribution income (expense) | | | |
| Current | (131,201) | (204,117) | (77,11 |
| Deferred | (133,416) | 543,095 | (45,68 |
| | (264,617) | 338,978 | (122,79 |

| | Nine months ended | | Three m |
|--|--------------------------|-------------------|------------------|
| | 09/30/2016 | 09/30/2015 | 09/30/201 |
| Income tax and social contribution income (expense) | | | |
| Current | (51) | (80,307) | |
| Deferred | 5,820 | 593,287 | 3,32 |
| | 5,769 | 512,980 | 3,32 |

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

| | Nine months ended | |
|--|--------------------------|--------------------|
| | 09/30/2016 | 09/30/2015 |
| (Loss)/Profit before income tax and social contribution | (525,922) | (1,100,429) |
| Tax rate | 34% | 34% |
| Income tax and social contribution at combined statutory rate | 178,813 | 374,146 |
| Adjustment to reflect the effective rate: | | |
| Equity pickup | 33,076 | 413,046 |
| Profit with differentiated rates or untaxed | (310,782) | 766,352 |
| Transfer pricing adjustment | (25,569) | (40,189) |

| | | |
|--|------------------|----------------|
| Tax loss carryforwards without recognizing deferred taxes | (907,806) | (42,735) |
| Limit of Indebtdness | (27,391) | (34,274) |
| Deferred taxes on temporary differences - non computed (1) | 647,432 | (1,107,385) |
| Estimated reversal for deferred IR and CS credits | 141,348 | |
| Other permanent deductions (additions) | 6,262 | 10,017 |
| Income tax and social contribution in profit for the period | (264,617) | 338,978 |
| Effective tax rate | -50% | 31% |

| | Nine months ended | |
|--|--------------------------|--------------------|
| | 09/30/2016 | 09/30/2015 |
| | Restated | |
| (Loss)/Profit before income tax and social contribution | (851,566) | (1,273,714) |
| Tax rate | 34% | 34% |
| Income tax and social contribution at combined statutory rate | 289,532 | 433,063 |
| Adjustment to reflect the effective rate: | | |
| Equity pickup | (167,830) | 1,262,078 |
| Transfer pricing adjustment | | (40,189) |
| Limit of Indebtdness | (27,391) | (34,274) |
| Tax loss carryforwards without recognizing deferred taxes | (883,415) | |
| Deferred taxes on temporary differences - non computed (1) | 637,152 | (1,111,850) |
| Estimated reversal for deferred IR and CS credits | 141,348 | |
| Other permanent deductions (additions) | 16,373 | 4,152 |
| Income tax and social contribution in profit for the period | 5,769 | 512,980 |
| Effective tax rate | 1% | 40% |

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

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16.b) Deferred income tax and social contribution:

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

| | Opening Balnce 12/31/2015 Restated | Comprehensive Income Move |
|--|---|--------------------------------------|
| Deferred | | |
| Income tax losses | 417,256 | |
| Social contribution tax losses | 161,769 | |
| Temporary Differences | (1,572,992) | 42,029 |
| - Provision for tax. social security, labor, civil and environmental risks | 245,923 | |
| - Provision for environmental liabilities | 89,290 | |
| - Asset impairment losses | 87,152 | |
| - Inventory impairment losses | 29,048 | |
| - (Gains)/losses on financial instruments | (5,454) | |
| - (Gains)/losses on available-for-sale financial assets | 947,989 | (198,267) |
| - Actuarial liability (pension and healthcare plan) | 164,167 | |
| - Accrued supplies and services | 92,401 | |
| - Allowance for doubtful debts | 38,614 | |
| - Goodwill on merger | 9,211 | |
| - Unrealized exchange differences (2) | 2,427,926 | |
| - (Gain) on loss of control over Transnordestina | (224,096) | |
| - Cash flow hedge accounting | 516,831 | (354,631) |
| -Aqisition Fair values SWT/CBL | (299,574) | 39,802 |

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| | | |
|---|------------------|---------------|
| - Defferred income tax and social contribution not constituted | (1,673,904) | 496,356 |
| -Estimated loss to deferred tax credits | (3,173,048) | 56,542 |
| - Business combination | (1,058,088) | |
| - Deferred income tax and social contribution on CGPAR business combination (note3) | | |
| - Other | 212,620 | 2,227 |
| Total | (993,967) | 42,025 |
| | | |
| Total Deferred Assets | 78,066 | |
| Total Deferred Liabilities | (1,072,033) | |
| Total Deferred | (993,967) | |

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| | Opening balance 12/31/2015 Restated | Co |
|--|--|-----------|
| Deferred tax assets | | |
| Income tax losses | 226,246 | |
| Social contribution tax losses | 93,031 | |
| Temporary differences | (985,358) | |
| - Provision for tax. social security, labor, civil and environmental risks | 216,862 | |
| - Provision for environmental liabilities | 88,501 | |
| - Asset impairment losses | 67,483 | |
| - Inventory impairment losses | 13,757 | |
| (Gain)/loss in financial instruments | (5,454) | |
| - (Gains)/losses on available for sale financial assets | 947,989 | |
| - Actuarial liability (pension and healthcare plan) | 163,560 | |
| - Accrued supplies and services | 49,040 | |
| - Allowance for doubtful debts | 28,087 | |
| - Unrealized exchange differences (*) | 2,427,926 | |
| (Gain) in control loss on Transnorderstina | (224,096) | |
| - Cash flow hedge accounting | 516,831 | |
| -Deferred taxes non computed | (1,491,042) | |
| - Estimated loss to deferred tax credits | (3,173,048) | |
| - Business Combination | (721,993) | |
| - Deferred income tax and social contribution on CGPAR business combination (note 3) | | |
| - Other | 110,239 | |
| Total | (666,081) | |
| Total Deferred Liabilities | (666,081) | |
| Total Deferred | (666,081) | |

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

(**) Deferred taxes over control acquisition – CGPAR as described in note 3.

The Company has foreign subsidiaries in its corporate structure, for which profits are taxed at income tax in the countries where they are domiciled by lower rates than those prevailing in Brazil. From 2012 up to the 3rd quarter of 2016 such foreign subsidiaries generated profits amounting to R\$ 2,036,438. If for some reason tax authorities understand that these profits are subject to additional taxation in Brazil in respect of income tax and social contribution, which if due, would total R\$ 571,680.

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

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

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

| | 09/30/2016 | Consolidated 12/31/2015 |
|--|-------------------|------------------------------------|
| Income tax and social contribution | | |
| Actuarial gains on defined benefit pension plan | 64,632 | 64,489 |
| Losses estimated for deferred income and social contribution tax credits - actuarial | (65,128) | (65,128) |
| Changes in the fair value on available-for-sale financial assets | (42,696) | 38 |
| Actuarial gains and assets available for sale by incorporation | 42,696 | |
| Losses estimated for deferred income tax and deferred tax assets available Sale | | (38) |
| Exchange differences on translating foreign operations | (425,510) | (425,510) |
| Cash flow hedge accounting | 145,072 | 158,880 |
| Losses estimated for deferred IR and CS credits - cash flow hedge | (145,072) | (158,880) |
| | (426,006) | (426,149) |

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

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

| | Consolidated | | | | | | Parent | |
|-------------------|---------------------|----------------|-------------------|----------------|---------------------|----------------|-------------------|------------|
| | Accrued liabilities | | Judicial deposits | | Accrued liabilities | | Judicial deposits | |
| | 09/30/2016 | 12/31/2015 | 09/30/2016 | 12/31/2015 | 09/30/2016 | 12/31/2015 | 09/30/2016 | 12/31/2015 |
| Tax | 114,512 | 143,852 | 80,726 | 82,472 | 67,660 | 82,619 | 65,320 | |
| Social security | 61,713 | 70,174 | 46,193 | 46,193 | 60,758 | 69,293 | 46,193 | |
| Labor | 491,168 | 478,611 | 191,287 | 165,027 | 397,405 | 388,763 | 154,960 | |
| Civil | 138,413 | 128,451 | 17,197 | 24,634 | 113,107 | 103,087 | 9,461 | |
| Environmental | 8,929 | 17,646 | 1,190 | 1,697 | 2,341 | 12,536 | 1,121 | |
| Judicial deposits | | | 8,758 | 8,519 | | | | |
| | 814,735 | 838,734 | 345,351 | 328,542 | 641,271 | 656,298 | 277,055 | |

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

| Nature | 12/31/2015 | Additions | Accrued charges | Net utilization of reversal | Consolidated |
|--------|------------|-----------|-----------------|-----------------------------|-----------------------|
| | | | | | Current + Non-current |
| | | | | | 09/30/2016 |
| | | | | | |

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| | | | | | |
|-----------------|----------------|---------------|---------------|------------------|----------------|
| Tax | 143,852 | | 7,873 | (37,213) | 114,512 |
| Social security | 70,174 | | 1,028 | (9,489) | 61,713 |
| Labor | 478,611 | 47,218 | 49,083 | (83,744) | 491,168 |
| Civil | 128,451 | 3,544 | 13,877 | (7,459) | 138,413 |
| Environmental | 17,646 | 2,416 | 573 | (11,706) | 8,929 |
| | 838,734 | 53,178 | 72,434 | (149,611) | 814,735 |

| | | | | | Parent Company Current + Non-current 09/30/2016 |
|-----------------|----------------|---------------|--------------------|--------------------------------|--|
| Nature | 12/31/2015 | Additions | Accrued charges | Net utilization of reversal | |
| Tax | 82,619 | | 4,201 | (19,160) | 67,660 |
| Social security | 69,293 | | 955 | (9,490) | 60,758 |
| Labor | 388,763 | 30,813 | 44,409 | (66,580) | 397,405 |
| Civil | 103,087 | 3,327 | 11,721 | (5,028) | 113,107 |
| Environmental | 12,536 | 82 | 250 | (10,527) | 2,341 |
| | 656,298 | 34,222 | 61,536 | (110,785) | 641,271 |

The provision for tax, social security, labor, civil and environmental liabilities was estimated by management and is mainly based on the legal counsel's assessment. Only proceedings for which the risk is classified as probable loss are accrued. This provision includes tax liabilities resulting from lawsuits filed by the Company, subject to SELIC (Special System for Settlement and Custody) interest rates.

- Other administrative and judicial proceedings

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

| | |
|--|---------------|
| Assesment and imposition of fine (AIIM) - Income tax and social contribution - Capital gain on sale of Namisa's shares. (note 31) | 09/30 8,24 |
| Income tax / Social contribution - Assesment and Imposition of Fine (AIIM) - Disallowance of deductions of goodwill generated in the reverse incorporation of Big Jump by Namisa. (note 31) | 2,40 |
| Assessment Notice and Imposition of Fine (AIIM) - Income tax / Social contribution - gloss of interest on prepayment arising from supply contracts of iron ore and port services | 1,18 |
| Tax foreclosures - ICMS - Electricity credits | 81 |
| Installments MP 470 - alleged insufficiency of tax losses | 63 |
| Offset of taxes that were not approved by the Federal Revenue Service - IRPJ/CSLL, PIS/COFINS e IPI | 1,46 |
| Notices of violation and imposition of fine - Income taxes and socialm contribution due to profits from foreign subsidiaries years 2008,2010 and 2011 (1) | 1,60 |
| Disallowance of the ICMS credits - Transfer of iron ore | 55 |
| Disallowance of the ICMS credits - ICMS - acquisition of subsidiary (*) | |
| ICMS - Refers to the transfer of imported raw material at an amount lower than the price disclosed in the import documentation | 27 |
| Disallowance of the tax losses arising on adjustments to the SAPLI | 44 |
| Assessment Notice - ICMS - shipping and return merchandise for Industrialization | 58 |
| Assessment Notice- Income tax- Capital Gain of CFM vendors located outside | 17 |
| CFEM- Divergence on the understanding between CSN and DNPM and DNPM on the calculation basis | 34 |
| Other tax (federal, state, and municipal) lawsuits. | 2,47 |
| Social security lawsuits | 28 |
| Law suit applied by Brazilian antitrust authorities (CADE) | 9 |
| Other civil lawsuits | 79 |
| Labor and social security lawsuits | 1,13 |
| Environmental lawsuits | 35 |
| | 23,88 |

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

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

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

- **Environmental lawsuits**

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

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

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18. PROVISION FOR ENVIRONMENTAL LIABILITIES AND ASSET RETIREMENT OBLIGATIONS

On September 30, 2016, the information related to environmental liabilities and asset retirement obligation has not changed significantly compared to the disclosed in the Company's financial statements as of December 31, 2015.

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

| | Consolidated | | Parent Company | |
|------------------------------|---------------------|-------------------|-----------------------|-------------------|
| | 09/30/2016 | 12/31/2015 | 09/30/2016 | 12/31/2015 |
| Environmental liabilities | 256,935 | 262,290 | 252,355 | 259,115 |
| Asset retirement obligations | 71,858 | 66,641 | | |
| | 328,793 | 328,931 | 252,355 | 259,115 |

19. RELATED-PARTY BALANCES AND TRANSACTIONS

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

19.a) Transactions with holding companies

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

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

- **By transaction**

| | Current | | Non-current | | Consolidated Total | |
|------------------------------------|-------------------|-------------------|----------------------------|----------------------------|---------------------------|-------------------|
| | 09/30/2016 | 12/31/2015 | 09/30/2016 Restated | 12/31/2015 Restated | 09/30/2016 | 12/31/2015 |
| Assets | | | | | | |
| Trade receivables (note 7) | 103,693 | 61,366 | | | 103,693 | 61,366 |
| Dividends receivable (note 7) | 26,902 | 27,817 | | | 26,902 | 27,817 |
| Actuarial assets (note 9) | | | 93,066 | 114,433 | 93,066 | 114,433 |
| Financial investments/ investments | 54,504 | | | | 54,504 | |
| Loans (note 9) | | | 447,689 | 373,214 | 447,689 | 373,214 |
| Other receivables (note 9) | 6,677 | 9,420 | 32,395 | 29,020 | 39,072 | 38,440 |
| | 191,776 | 98,603 | 573,150 | 516,667 | 764,926 | 615,270 |
| Liabilities | | | | | | |
| Other payables (Note 15) | | | | | | |
| Accounts payable | 7,816 | 6,798 | | | 7,816 | 6,798 |
| Trade payables | 91,747 | 67,443 | | | 91,747 | 67,443 |
| Actuarial liabilities | | | 25,294 | 25,294 | 25,294 | 25,294 |
| | 99,563 | 74,241 | 25,294 | 25,294 | 124,857 | 99,535 |

| | 09/30/2016 | 09/30/2015 |
|---|-------------------|-------------------|
| P&L | | |
| Revenues | | |
| Sales | 610,287 | 564,794 |
| Interest (Note 25) | 43,700 | 52,587 |
| Expenses | | |
| Purchases | (748,007) | (896,414) |
| Interest (Note 25) | (130) | (375,316) |
| Foreign exchange and monetary variations, net | (19,043) | |
| | (113,193) | (654,349) |

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• **By company**

| | Assets | | | Liabilities | | |
|--|----------------|--------------------|----------------|--------------------|--------------------|----------------|
| | Current | Non-current | Total | Current | Non-current | Total |
| Subsidiaries | | | | | | |
| Ferrovias Transnordestina Logística S.A | | | | 28,054 | | 28,054 |
| | | | | 28,054 | | 28,054 |
| Joint-venture and Joint-operation | | | | | | |
| Itá Energética S.A. | | | | 2,653 | | 2,653 |
| MRS Logística S.A. | 26,183 | | 26,183 | 45,200 | | 45,200 |
| CBSI - Companhia Brasileira de Serviços e Infraestrutura | 4,071 | | 4,071 | 15,396 | | 15,396 |
| Transnordestina Logística S.A (1) | | 428,267 | 428,267 | 7,440 | | 7,440 |
| | 30,254 | 428,267 | 458,521 | 70,689 | | 70,689 |
| Other related parties | | | | | | |
| CBS Previdência | | 93,066 | 93,066 | | 25,294 | 25,294 |
| Fundação CSN | 1,829 | | 1,829 | 249 | | 2,078 |
| Banco Fibra | 54,504 | | 54,504 | | | 54,504 |
| Usiminas | | | | 124 | | 124 |
| Panatlântica | 99,623 | 3,375 | 102,998 | R\$ 71.00 | | R\$ 71.00 |
| Ibis Participações e Serviços | | | | | | |
| Partifib Projetos Imobiliários | 236 | | 236 | | | 236 |
| | 156,192 | 96,441 | 252,633 | 444 | 25,294 | 257,127 |
| Associates | | | | | | |
| Arvedi Metalfer do Brasil S.A. | 5,330 | 48,442 | 53,772 | 376 | | 54,148 |
| Discounted Operations | | | | | | |
| Cia Metalic Nordeste | | | | | | |

| | | | | | | |
|---------------------------------------|----------------|----------------|----------------|---------------|---------------|--------------|
| Total at 09/30/2016 | 191,776 | 573,150 | 764,926 | 99,563 | 25,294 | 124,8 |
| Total at 12/31/2015 (Restated) | 98,603 | 516,667 | 615,270 | 74,241 | 25,294 | 99,5 |
| Total at 09/30/2015 | | | | | | |

(1) Transnordestina Logística S.A: Refers mainly to contracts in R\$: interest equivalent to 108.0% and 102.0% of CDI. On September 30, 2016, the borrowings carrying amounts totaled to R\$428,267 (R\$222,727 as of December 31, 2015).

- By transaction**

| | Current | | Non-current | | Parent Company Total | |
|---|-------------------|-------------------|--------------------|-------------------|-----------------------------|-------------------|
| | 09/30/2016 | 12/31/2015 | 09/30/2016 | 12/31/2015 | 09/30/2016 | 12/31/2015 |
| | | | Restated | Restated | | |
| Assets | | | | | | |
| Trade receivables (1) (note 7) | 791,263 | 1,140,172 | | | 791,263 | 1,140,172 |
| Dividends receivable (note 7) | 721,145 | 737,668 | | | 721,145 | 737,668 |
| Actuarial asset (note 9) | | | 96,276 | 112,660 | 96,276 | 112,660 |
| Loans (note 9) | | | 324,397 | 239,930 | 324,397 | 239,930 |
| Short-term investments / Investments (2) | 1,108,688 | 1,412,428 | 86,604 | 28,078 | 1,195,292 | 1,440,506 |
| Exclusive funds (note 9) | | 110,075 | | | | 110,075 |
| Other receivables (3) (note 9) | 13,530 | 32,479 | 338,284 | 303,441 | 351,814 | 335,920 |
| | 2,634,626 | 3,432,822 | 845,561 | 684,109 | 3,480,187 | 4,116,931 |
| Liabilities | | | | | | |
| Borrowings and financing | | | | | | |
| Prepayment (note 13) | 46,845 | 85,987 | 4,857,536 | 5,843,050 | 4,904,381 | 5,929,037 |
| Fixed Rate Notes and Intercompany Bonds (note 13) | 71,369 | 32,402 | 3,372,186 | 4,056,347 | 3,443,555 | 4,088,749 |
| Intercompany Loans (note 13) | 141,747 | 1,261,861 | 2,707,992 | 2,137,040 | 2,849,739 | 3,398,901 |
| | 259,961 | 1,380,250 | 10,937,714 | 12,036,437 | 11,197,675 | 13,416,687 |
| Other payables (note 15) | | | | | | |

| | | | | | | |
|----------------------------------|----------------|----------------|---------------|----------------|----------------|----------------|
| Trade payables (4) | 152,815 | 110,106 | 73,982 | 118,653 | 226,797 | 228,759 |
| Exclusive funds (2) (note 15) | 50 | 25,387 | | | 50 | 25,387 |
| Trade payables | 141,820 | 153,559 | | | 141,820 | 153,559 |
| Actuarial liabilities | | | 25,293 | 25,293 | 25,293 | 25,293 |
| | 294,685 | 289,052 | 99,275 | 143,946 | 393,960 | 432,998 |

09/30/2016 09/30/2015

P&L**Revenues**

| | | |
|------------------------------|-----------|-----------|
| Sales | 2,075,902 | 4,508,821 |
| Interest (Note 25) | 27,989 | 18,002 |
| Exclusive funds (Note 25) | | 1,064,805 |

Expenses

| | | |
|---|--------------------|------------------|
| Purchases | (1,021,215) | (1,373,312) |
| Interest | (387,998) | (1,137,175) |
| Foreing exchange and monetary variations, net | (2,070,443) | (3,989,244) |
| Exclusive funds | (687,971) | |
| | (2,063,736) | (908,103) |

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

(2) Assets: Financial investments classified as current totaled to R\$ 1,108,688 as of September 30, 2016 (R\$1,412,428 at December 31, 2015) and the interests in Usiminas, recorded in the exclusive funds and classified as investments available for sale, located in non-current assets, amounted to R\$86,604 (R\$28,078 as of December 31, 2015).

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

(4) Current: Refers mainly to commission and logistics expenses related to sale of steel to be resale by CSN LLC.

Non-current: Refers mainly to assignment of tax loss credits of income tax and social contribution related to FTL (Ferrovia Transnordestina Logistica)

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• **By company**

| | Assets | | | Liabilities | |
|--|------------------|----------------|------------------|----------------|------------------|
| | Current | Non-current | Total | Current | Non-current |
| Subsidiaries | | | | | |
| Companhia Metalúrgica Prada (1) | 266,075 | 121,336 | 387,411 | 11,650 | 1 |
| Estanho de Rondônia S.A. | 1,061 | 4,775 | 5,836 | 2,215 | |
| Sepetiba Tecon S.A. | 10,589 | 106,079 | 116,668 | 22,962 | |
| Minérios Nacional S.A. | | 9,146 | 9,146 | | |
| CSN Mineração S.A. (2) | 698,959 | | 698,959 | 39,911 | |
| CSN Energia S.A. | | | | 16,206 | |
| Ferrovias Transnordestina Logística S.A. | 8 | 39,340 | 39,348 | | 73,7 |
| Companhia Siderúrgica Nacional, LLC (3) | 341,310 | | 341,310 | 149,595 | |
| CSN Europe Lda. | | | | 12,334 | 99,7 |
| CSN Resources S.A. (4) | | | | 227,475 | 8,237,3 |
| Lusosider Aços Planos, S.A. | 74,652 | | 74,652 | 168 | |
| CSN Islands XI Corp. (5) | | | | | 1,038,7 |
| CSN Islands XII Corp. (6) | | | | 20,150 | 1,473,7 |
| CSN Ibéria Lda. | | | | | 88,0 |
| Companhia de Embalagens Metálicas MMSA | 5,404 | 44,859 | 50,263 | | |
| Companhia Florestal do Brasil | | 5,179 | 5,179 | | |
| Stahlwerk Thüringen GmbH | | | | 4,525 | |
| | 1,398,058 | 330,714 | 1,728,772 | 507,191 | 11,011,69 |
| Joint-venture e Joint-operation | | | | | |

| | | | | | |
|--|------------------|----------------|------------------|------------------|------------------|
| ITA Energética S.A | 12,188 | | 12,188 | | |
| MRS Logística S.A. | 13,096 | | 13,096 | 36,364 | |
| CBSI - Companhia Brasileira de Serviços e Infraestrutura | 906 | | 906 | 10,666 | |
| Transnordestina Logística S.A. | | 280,150 | 280,150 | | |
| | 26,190 | 280,150 | 306,340 | 47,030 | |
| Other related parties | | | | | |
| CBS Previdência | | 96,276 | 96,276 | | 25,2 |
| Fundação CSN | 1,829 | | 1,829 | 180 | |
| Banco Fibra | | | | | |
| Usiminas | | | | 124 | |
| Panatlântica | 99,623 | 3,375 | 102,998 | 71 | |
| Ibis Participações e Serviços | | | | | |
| Partifib Projetos Imobiliários | 238 | | 238 | | |
| | 101,690 | 99,651 | 201,341 | 375 | 25,29 |
| Associates | | | | | |
| Arvedi Metalfer do Brasil S.A. | | 48,442 | 48,442 | | |
| Exclusive Funds | | | | | |
| Diplic, Caixa Vertice, VR1, BB Steel | 1,108,688 | 86,604 | 1,195,292 | 50 | |
| Discounted Operations | | | | | |
| Cia Metalic Nordeste | | | | | |
| Total at 09/30/2016 | 2,634,626 | 845,561 | 3,480,187 | 554,646 | 11,036,98 |
| Total at 12/31/2015 (Restated) | 3,432,822 | 684,109 | 4,116,931 | 1,669,302 | 12,180,3 |
| Total at 09/30/2015 | | | | | |

(1) Companhia Metalurgica Prada refers mainly to accounts receivable and debentures from CBL amounting to R\$266,060 and 121,336, respectively, as of September 30, 2016.

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

(3) Companhia Siderurgica Nacional, LLC: On September 30, 2016 the carrying amounts of trade accounts receivable totaled R\$ 341,294 (R\$682,875 December 31, 2015), they are related to sale of steel to resellers.

(4) CSN Resources SA: Contracts in US dollars of Prepayment Fixed Rate Notes and Intercompany Bonds, the interest rate under this transaction is 9.13% and its maturity date is June 2047. On September 30, 2016, the loans amounted to R\$8,464,815 (R\$10,146,701 on December 31, 2015).

(5) CSN Islands XI Corp.: Contracts in US dollars, without interest, maturing on August 2017. On September 30 2016, the loans amounted to R\$1,038,784 (R\$1,249,536 as of December 31, 2015).

(6) CSN Islands XII Corp.: Contracts in US dollars, interest rate of 7.64% and maturing on February 2025. On September 30, 2016, the loans amounted to R\$1,493,925 (R\$1,784,417 on December 31, 2015).

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19.c) Key management personnel

The key management personnel with authority and responsibility for planning, directing and controlling the Company's activities, include the members of the Board of Directors and statutory directors. The following is information on the compensation of such personnel and the related balances as of September 30, 2016.

| | Nine months ended | | Three months ended | |
|--|----------------------------|-------------------|----------------------------|-------------------|
| | 09/30/2016 | 09/30/2015 | 09/30/2016 | 09/30/2015 |
| | Statement of income | | Statement of income | |
| Short-term benefits for employees and officers | 67,797 | 30,091 | 4,661 | 3,794 |
| Post-employment benefits | 256 | 197 | 53 | 80 |
| | 68,053 | 30,288 | 4,714 | 3,874 |

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

20. SHAREHOLDERS' EQUITY**20.a) Paid-in capital**

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

holder to one vote in Shareholders' Meetings.

20.b) Authorized capital

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

20.c) Legal reserve

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

20.d) Ownership structure

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

| | 09/30/2016 | | | 12/31/2015 | | |
|---|-------------------------------|-------------------------|---------------------------|-------------------------------|-------------------------|---------------------------|
| | Number of common shares | % of total shares | % of voting capital | Number of common shares | % of total shares | % of voting capital |
| Vicunha Aços S.A. | 697,719,990 | 50.29% | 51.41% | 697,719,990 | 50.29% | 51.41% |
| Rio Iaco Participações S.A. | 58,193,503 | 4.19% | 4.29% | 58,193,503 | 4.19% | 4.29% |
| Caixa Beneficente dos Empregados da CSN - CBS | 20,143,031 | 1.45% | 1.48% | 20,143,031 | 1.45% | 1.48% |
| BNDES Participações S.A. – BNDESPAR | 8,794,890 | 0.63% | 0.65% | 8,794,890 | 0.63% | 0.65% |
| NYSE (ADRs) | 323,994,764 | 23.35% | 23.87% | 336,435,464 | 24.25% | 24.79% |
| BM&FBovespa | 248,286,869 | 17.89% | 18.30% | 235,846,169 | 17.00% | 17.38% |
| Total shares outstanding | 1,357,133,047 | 97.81% | 100.00% | 1,357,133,047 | 97.81% | 100.00% |
| Treasury shares | 30,391,000 | 2.19% | | 30,391,000 | 2.19% | |
| Total shares | 1,387,524,047 | 100.00% | | 1,387,524,047 | 100.00% | |

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20.e) Treasury shares

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

| Program | Board's Authorization | Authorized quantity | Program period | Average buyback price | Minimum and maximum buyback price |
|---------|-----------------------|---------------------|------------------------------|-----------------------|-----------------------------------|
| 1º | 3/13/2014 | 70,205,661 | From 3/14/2014 to 4/14/2014 | R\$ 9.34 | R\$ 9.22 and R\$ 9.45 |
| 2º | 4/15/2014 | 67,855,661 | From 4/16/2014 to 5/23/2014 | R\$ 8.97 | R\$ 8.70 and R\$ 9.48 |
| 3º | 5/23/2014 | 58,326,161 | From 5/26/2014 to 6/25/2014 | R\$ 9.21 | R\$ 8.61 and R\$ 9.72 |
| 4º | 6/26/2014 | 26,781,661 | From 6/26/2014 to 7/17/2014 | R\$ 10.42 | R\$ 9.33 and R\$ 11.54 |
| | 7/18/2014 | | | Not applicable | Not applicable |
| 5º | 7/18/2014 | 64,205,661 | From 7/18/2014 to 8/18/2014 | R\$ 11.40 | R\$ 11.40 |
| | 8/19/2014 | | | Not applicable | Not applicable |
| 6º | 8/19/2014 | 63,161,055 | From 8/19/2014 to 9/25/2014 | R\$ 9.82 | R\$ 9.47 and R\$ 10.07 |
| 7º | 9/29/2014 | 56,369,755 | From 9/29/2014 to 2/29/2014 | R\$ 7.49 | R\$ 4.48 and R\$ 9.16 |
| 8º | 12/30/2014 | 34,611,155 | From 12/31/2014 to 3/31/2015 | R\$ 5.10 | R\$ 4.90 and R\$ 5.39 |
| 9º (*) | 03/31/2015 | 32,770,055 | From 4/01/2015 to 6/30/2015 | | |

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

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

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

| Quantity purchased (Units) | Amount paid for the shares | Minimum | Share price Maximum | Average | Market price of the shares on 09/30/2016 |
|----------------------------|----------------------------|---------|---------------------|---------|--|
|----------------------------|----------------------------|---------|---------------------|---------|--|

| | | | | | | |
|------------|-------------|----------|-----------|----------|-------------|-----|
| | | | | | | (*) |
| 30,391,000 | R\$ 238,976 | R\$ 4.48 | R\$ 10.07 | R\$ 7.86 | R\$ 276,254 | |

(*) Using the last share quotation on BM&F Bovespa as of September 30, 2016 of R\$ 9.09 per share.

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

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

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20.g) Earnings/(loss) per share:

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

| | Nine months ended | | Three months ended | |
|-----------------------------------|---------------------------|------------------|---------------------------|-------------------|
| | 09/30/2016 | 09/30/2015 | 09/30/2016 | 09/30/2015 |
| | Restated Common Shares | | Restated Common Shares | Parent Company |
| Loss for the period | | | | |
| Continuing operations | (845,797) | (760,734) | (91,261) | (531,785) |
| Discontinued operations | (6,786) | 6,009 | (6,984) | (728) |
| | (852,583) | (754,725) | (98,245) | (532,513) |
| Weighted average number of shares | 1,357,133,047 | 1,357,155,727 | 1,357,133,047 | 1,357,133,047 |
| Basic and diluted EPS | | | | |
| Continuing operations | (0.62322) | (0.56054) | (0.06725) | (0.39184) |
| Discontinued operations | (0.00500) | 0.00443 | (0.00515) | (0.00054) |
| | (0.62822) | (0.55611) | (0.07240) | (0.39238) |

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

21. PAYMENT TO SHAREHOLDERS

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

| Year | Approval Year | Dividends | Total | Year | Payment Year | Dividends | Total |
|-------------|-----------------------|------------------|----------------|-------------------|---------------------|------------------|----------------|
| 2015 | 2015 | 275,000 | 275,000 | | 2015 | 274,917 | 274,917 |
| | | | | 2015 | 2015 | 274,918 | 274,918 |
| | | | | | 2016 | 53 | - |
| | Total approved | 975,000 | 975,000 | Total paid | | 974,827 | 974,774 |

22. NET SALES REVENUE

Net sales revenue is comprised as follows:

| | Nine months ended | | Consolidated Three months ended | |
|-------------------------------|--------------------------|--------------------|--|-------------------|
| | 09/30/2016 | 09/30/2015 | 09/30/2016 | 09/30/2015 |
| Gross revenue | | | | |
| Domestic market | 7,371,413 | 7,984,752 | 2,759,992 | 2,374,081 |
| Foreign market | 7,178,900 | 5,703,114 | 2,407,216 | 2,169,442 |
| | 14,550,313 | 13,687,866 | 5,167,208 | 4,543,523 |
| Deductions | | | | |
| Cancelled sales and discounts | (146,206) | (217,481) | (43,733) | (69,244) |
| Taxes on sales | (1,773,754) | (1,861,162) | (654,235) | (540,675) |
| | (1,919,960) | (2,078,643) | (697,968) | (609,919) |
| Net revenue | 12,630,353 | 11,609,223 | 4,469,240 | 3,933,604 |

| | Nine months ended | | Three months ended | |
|-------------------------------|--------------------------|--------------------|---------------------------|--------------------------------------|
| | 09/30/2016 | 09/30/2015 | 09/30/2016 | Parent Company 09/30/2015 |
| Gross revenue | | | | |
| Domestic market | 6,945,805 | 7,463,589 | 2,653,390 | 2,192,096 |
| Foreign market | 1,247,918 | 3,483,905 | 287,914 | 1,493,635 |
| | 8,193,723 | 10,947,494 | 2,941,304 | 3,685,731 |
| Deductions | | | | |
| Cancelled sales and discounts | (131,468) | (217,676) | (40,483) | (84,736) |
| Taxes on sales | (1,604,820) | (1,682,231) | (612,700) | (482,287) |
| | (1,736,288) | (1,899,907) | (653,183) | (567,023) |
| Net revenue | 6,457,435 | 9,047,587 | 2,288,121 | 3,118,708 |

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23. EXPENSES BY NATURE

| | Nine months ended | | Consolidated Three months ended | |
|--|--------------------------|---------------------|--|--------------------|
| | 09/30/2016 | 09/30/2015 | 09/30/2016 | 09/30/2015 |
| Raw materials and inputs | (3,292,835) | (3,781,011) | (1,170,470) | (1,144,473) |
| Labor cost | (1,861,056) | (1,378,334) | (576,707) | (506,876) |
| Supplies | (1,047,124) | (816,927) | (314,546) | (293,720) |
| Maintenance cost (services and materials) | (935,975) | (769,140) | (287,218) | (281,791) |
| Outsourcing services | (2,643,093) | (2,392,306) | (889,847) | (895,103) |
| Depreciation, amortization and depletion (note 11 a) | (922,985) | (824,051) | (311,351) | (283,298) |
| Others | (397,429) | (247,999) | (130,121) | (118,111) |
| | (11,100,497) | (10,209,768) | (3,680,260) | (3,523,372) |
| Classified as: | | | | |
| Cost of sales | (9,470,412) | (8,851,521) | (3,157,057) | (2,993,905) |
| Selling expenses | (1,247,971) | (1,018,483) | (405,411) | (409,430) |
| General and administrative expenses | (382,114) | (339,764) | (117,792) | (120,037) |
| | (11,100,497) | (10,209,768) | (3,680,260) | (3,523,372) |

| | Nine months ended | | Three months ended | |
|--|--------------------------|--------------------|---------------------------|---------------------------|
| | 09/30/2016 | 09/30/2015 | 09/30/2016 | 09/30/2015 |
| | | | | Parent Company |
| Raw materials and inputs | (2,468,848) | (2,537,506) | (935,172) | (852,537) |
| Labor cost | (1,041,077) | (1,168,079) | (316,876) | (436,796) |
| Supplies | (746,352) | (803,940) | (227,480) | (290,705) |
| Maintenance cost (services and materials) | (542,163) | (759,403) | (151,814) | (278,899) |
| Outsourcing services | (772,395) | (1,551,830) | (249,105) | (570,909) |
| Depreciation, amortization and depletion (note 11 a) | (418,828) | (651,952) | (143,606) | (227,396) |
| Others | (112,689) | (208,895) | (31,381) | (97,562) |
| | (6,102,352) | (7,681,605) | (2,055,434) | (2,754,804) |
| Classified as: | | | | |
| Cost of sales | (5,370,811) | (6,929,971) | (1,825,749) | (2,472,690) |
| Selling expenses | (448,060) | (479,481) | (141,831) | (185,331) |
| General and administrative expenses | (283,481) | (272,153) | (87,854) | (96,783) |
| | (6,102,352) | (7,681,605) | (2,055,434) | (2,754,804) |

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24. OTHER OPERATING INCOME (EXPENSES)

| | Nine months ended | | Three m |
|---|--------------------------|-------------------|-------------------|
| | 09/30/2016 | 09/30/2015 | 09/30/2015 |
| Other operating income | | | |
| Indemnities/gains on lawsuits | 26,137 | 4,402 | 1,1 |
| Rentals and leases | 1,059 | 858 | 4 |
| Dividends received | | 5,268 | |
| Untimely PIS/COFINS/ICMS credits | 128,083 | 12,067 | 128,0 |
| Contractual fines | | 1,622 | |
| Gain on business combination (note 3) | 28,013 | | 28,0 |
| Other revenues | 19,325 | 23,908 | 10,8 |
| | 202,617 | 48,125 | 168,6 |
| | - | - | |
| Other operating expenses | | | |
| Taxes and fees | (94,803) | (8,858) | (4,63 |
| Write-off/(Provision) of judicial deposits | (20,711) | (3,011) | (3,54 |
| Expenses from environmental liabilities, net | (2,065) | (1,863) | (1,52 |
| Provision for tax, social security, labor, civil and environmental risks, net | (115,428) | (189,308) | (43,05 |
| Depreciation of unused equipment and amortization of intangible assets (note 11a) | (33,730) | (29,426) | (10,42 |
| Write-off of PPE and intangible assets (note 11 and 12) | (61,791) | (4,773) | (34,80 |
| Inventory impairment losses/reversals(note8) | (27,101) | 6,418 | (39,61 |
| Losses on spare parts | (8,760) | (35,019) | (1,28 |
| Studies and project engineering expenses | (21,539) | (30,241) | (8,29 |
| Research and development expenses | (1,690) | (2,477) | (52 |
| Healthcare plan expenses | (59,497) | (41,396) | (25,58 |
| Impairment of available-for-sale financial assets | - | (178,867) | |
| Other expenses | (54,497) | (50,733) | 2,9 |
| | (501,612) | (569,554) | (170,37 |
| Other net operating income (expenses) | (298,995) | (521,429) | (1,77 |

| | Nine months ended | | Three m |
|--|--------------------------|-------------------|-------------------|
| | 09/30/2016 | 09/30/2015 | 09/30/2014 |
| Other operating income | | | |
| Indemnities/gains on lawsuits | 3,530 | 4,110 | 9,375 |
| Rentals and leases | 992 | 858 | 4,000 |
| Dividends received | | 5,268 | |
| Untimely PIS/COFINS/ICMS credits | 121,090 | 12,067 | 121,090 |
| Contractual fines | 731 | 2,124 | 731 |
| Gain on business combination (note 3) | 28,013 | | 28,013 |
| Other revenues | 2,364 | 4,245 | 9,375 |
| | 156,720 | 28,672 | 152,111 |
| Other operating expenses | | | |
| Taxes and fees | (13,975) | (5,333) | (87,500) |
| Write-off/(Provision) of judicial deposits | (11,885) | (3,016) | 5,268 |
| Provision for environmental risks | (482) | (1,863) | (1,222) |
| Provision for tax, social security, labor, civil and environmental risks, net of reversals | (98,569) | (175,826) | (31,411) |
| Write-off of PPE and intangible assets (note 11 and 12) | (20,751) | (3,935) | (2,000) |
| Inventory impairment losses/reversals (note 8) | (10,380) | 5,600 | (9,960) |
| Losses on spare parts | (2,369) | (35,019) | (1,280) |
| Studies and project engineering expenses | (20,669) | (30,075) | (8,210) |
| Research and development expenses | (1,690) | (2,477) | (520) |
| Healthcare plan expenses | (59,502) | (41,396) | (25,580) |
| Impairment of available-for-sale financial assets | - | (178,867) | |
| Other expenses | (28,844) | (37,144) | (5,820) |
| | (269,116) | (509,351) | (79,640) |
| Other net operating income (expenses) | (112,396) | (480,679) | 72,500 |

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25. FINANCE INCOME (EXPENSES)

| | Nine months ended | | Consolidated Three months ended | |
|---|--------------------|--------------------|------------------------------------|--------------------|
| | 09/30/2016 | 09/30/2015 | 09/30/2016 | 09/30/2015 |
| | Restated | | Restated | |
| Finance income | | | | |
| Related parties (note 19 b) | 43,700 | 52,587 | 16,226 | 20,468 |
| Income from short-term investments | 223,609 | 127,786 | 86,345 | 75,669 |
| Gain from derivative | | 1,202 | | 264 |
| Repurchase of debt securities | 170,275 | | 13,946 | |
| Other income | 85,411 | 20,721 | 23,906 | 9,045 |
| | 522,995 | 202,296 | 140,423 | 105,446 |
| Finance expenses | | | | |
| Borrowings and financing - foreign currency | (706,611) | (673,136) | (218,727) | (256,106) |
| Borrowings and financing - local currency | (1,688,332) | (1,557,024) | (579,608) | (575,696) |
| Related parties (note 19 b) | (130) | (375,316) | | (119,229) |
| Capitalized interest (notes 11 and 29) | 164,942 | 116,122 | 54,067 | 45,639 |
| Losses on derivatives | (362) | (4,977) | | (1,381) |
| Interest, fines and late payment charges | (25,700) | (14,836) | (5,521) | (2,216) |
| Commissions and Bank charges | (118,239) | (59,370) | (49,682) | (19,232) |
| Pis/Cofins from financial Income | (31,936) | (43,650) | (6,671) | (43,650) |
| Other finance expenses | (64,161) | (66,333) | (17,371) | (38,199) |
| | (2,470,529) | (2,678,520) | (823,513) | (1,010,070) |
| Inflation adjustment and exchange differences, net | | | | |
| Inflation adjustments, net | (15,974) | 9,750 | 203 | 2,269 |
| Exchange rates, net | 922,948 | (1,724,331) | (70,228) | (1,290,629) |
| Exchange gain (losses) on derivatives | (804,696) | 997,510 | 2,823 | 643,939 |
| | 102,278 | (717,071) | (67,202) | (644,421) |
| Finance income (expenses), net | (1,845,256) | (3,193,295) | (750,292) | (1,549,045) |

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

| | | | | |
|----------------------------|------------------|----------------|--------------|----------------|
| Dollar-to-CDI swap | | (18) | | |
| Dollar - to - real NDF | | 786,511 | | 469,706 |
| Future Dollar BM&F | (798,364) | 177,788 | 2,257 | 177,788 |
| Dollar - to - euro NDF | | 39,668 | | |
| Dollar - to - euro swap | (6,332) | (6,439) | 566 | (3,555) |
| | (804,696) | 997,510 | 2,823 | 643,939 |
| Fixed rate - to - CDI swap | (299) | (4,977) | | (1,381) |
| CDI - to - fixed rate swap | (63) | 1,202 | | 264 |
| | (362) | (3,775) | | (1,117) |
| | (805,058) | 993,735 | 2,823 | 642,822 |

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| | Nine months ended | | Three months ended | |
|---|--------------------|--------------------|--------------------|--------------------|
| | 09/30/2016 | 09/30/2015 | 09/30/2016 | 09/30/2015 |
| | Restated | | Restated | Parent Company |
| | | | | 09/30/2015 |
| Finance income | | | | |
| Related parties (note 19 b) | 27,989 | 1,082,807 | 10,369 | 699,279 |
| Income from short-term investments | 69,078 | 33,353 | 33,229 | 20,434 |
| Other income | 55,255 | 17,655 | 22,053 | 7,046 |
| | 152,322 | 1,133,815 | 65,651 | 726,759 |
| Finance expenses | | | | |
| Borrowings and financing - foreign currency | (167,840) | (145,621) | (53,153) | (59,601) |
| Borrowings and financing - local currency | (1,450,141) | (1,343,380) | (497,591) | (496,871) |
| Related parties (note 19 b) | (1,075,969) | (1,137,175) | (92,033) | (423,779) |
| Capitalized interest (notes 11 and 29) | 96,828 | 116,122 | 33,886 | 45,639 |
| Interest, fines and late payment charges | (7,605) | (9,794) | (409) | (1,330) |
| Commissions and Bank charges | (95,981) | (49,483) | (31,796) | (17,150) |
| Pis/Cofins from financial Income | (25,895) | (39,973) | (6,219) | (39,973) |
| Other finance expenses | (40,885) | (60,568) | (11,615) | (35,265) |
| | (2,767,488) | (2,669,872) | (658,930) | (1,028,330) |
| Inflation adjustment and exchange differences, net | | | | |
| Inflation adjustments, net | (14,240) | (12,937) | (3,546) | (5,076) |
| Exchange rates, net | 2,028,770 | (4,322,016) | (116,296) | (2,980,771) |
| | 2,014,530 | (4,334,953) | (119,842) | (2,985,847) |
| Finance income (expenses), net | (600,636) | (5,871,010) | (713,121) | (3,287,418) |

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26. SEGMENT INFORMATION

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

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

| P&L | Steel | Mining | Port | Logistics Railroads | Energy | Cement |
|---|------------------|------------------|----------------|--------------------------------|----------------|----------------|
| Metric tons (thou.) - (unaudited) (*) | 3,670,243 | 27,792,213 | | | | 2,015,766 |
| Net revenues | | | | | | |
| Domestic market | 5,000,882 | 373,769 | 145,405 | 995,997 | 201,713 | 362,811 |
| Foreign market | 3,553,403 | 2,891,097 | | | | |
| Total net revenue (note 22) | 8,554,285 | 3,264,866 | 145,405 | 995,997 | 201,713 | 362,811 |
| Cost of sales and services | (7,059,177) | (2,302,736) | (107,331) | (677,624) | (147,598) | (334,320) |
| Gross profit | 1,495,108 | 962,130 | 38,074 | 318,373 | 54,115 | 28,491 |

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| | | | | | | |
|--|------------------|------------------|----------------|----------------|----------------|----------------|
| General and administrative expenses | (652,786) | (52,068) | (19,332) | (74,044) | (18,568) | (54,248) |
| Depreciation (note 11 a) | 499,654 | 337,383 | 9,996 | 169,353 | 12,836 | 45,341 |
| Proportionate EBITDA of joint ventures | | | | | | |
| Adjusted EBITDA | 1,341,976 | 1,247,445 | 28,738 | 413,682 | 48,383 | 19,581 |
| Sales by geographic area | | | | | | |
| Asia | 30,814 | 2,487,222 | | | | |
| North America | 1,490,339 | | | | | |
| Latin America | 198,366 | | | | | |
| Europe | 1,809,045 | 318,091 | | | | |
| Others | 24,839 | 85,784 | | | | |
| Foreign market | 3,553,403 | 2,891,097 | | | | |
| Domestic market | 5,000,882 | 373,769 | 145,405 | 995,997 | 201,713 | 362,811 |
| Total | 8,554,285 | 3,264,866 | 145,405 | 995,997 | 201,713 | 362,811 |

| P&L | Steel | Mining | Port | Logistics Railroads | Energy | Cement |
|---------------------------------------|------------------|------------------|---------------|--------------------------------|---------------|----------------|
| Metric tons (thou.) - (unaudited) (*) | | | | | | |
| Net revenues | | | | | | |
| Domestic market | 1,893,365 | 145,409 | 50,291 | 355,494 | 67,644 | 139,700 |
| Foreign market | 973,962 | 1,161,860 | | | | |
| Total net revenue (note 22) | 2,867,327 | 1,307,269 | 50,291 | 355,494 | 67,644 | 139,700 |
| Cost of sales and services | (2,300,364) | (810,708) | (37,137) | (236,653) | (48,639) | (130,885) |
| Gross profit | 566,963 | 496,561 | 13,154 | 118,841 | 19,005 | 8,815 |
| General and administrative | (183,489) | (15,497) | (7,723) | (23,642) | (6,588) | (19,522) |

| | | | | | | |
|--|----------------|----------------|--------------|----------------|---------------|-------------|
| expenses | | | | | | |
| Depreciation (note 11 a) | 168,946 | 118,051 | 3,378 | 57,198 | 4,277 | 15,09 |
| Proportionate EBITDA of joint ventures | | | | | | |
| Adjusted EBITDA | 552,420 | 599,115 | 8,809 | 152,397 | 16,694 | 4,39 |

| | | | | | | |
|---|------------------|------------------|---------------|----------------|---------------|---------------|
| Sales by geographic area | | | | | | |
| Asia | 2,614 | 1,047,724 | | | | |
| North America | 401,920 | | | | | |
| Latin America | 55,867 | | | | | |
| Europe | 503,239 | 114,136 | | | | |
| Others | 10,322 | | | | | |
| Foreign market | 973,962 | 1,161,860 | | | | |
| Domestic market | 1,893,365 | 145,409 | 50,291 | 355,494 | 67,644 | 139,70 |
| Total | 2,867,327 | 1,307,269 | 50,291 | 355,494 | 67,644 | 139,70 |

(*) The volume of sales presented hereto considers the sales of the company together with the sales of its affiliates and joint ventures.

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| P&L | Steel | Mining | Port | Logistics Railroads | Energy | Cement |
|--|------------------|------------------|----------------|------------------------|----------------|---------------|
| Metric tons (thou.) - (unaudited) (*) | 3,859,824 | 17,692,070 | | | | 1,679,64 |
| Net revenues | | | | | | |
| Domestic market | 5,284,115 | 86,840 | 150,387 | 826,422 | 183,960 | 329,52 |
| Foreign market | 3,339,901 | 2,193,328 | | | | |
| Total net revenue (note 22) | 8,624,016 | 2,280,168 | 150,387 | 826,422 | 183,960 | 329,52 |
| Cost of sales and services | (6,859,881) | (1,725,772) | (99,896) | (581,275) | (145,392) | (241,09) |
| Gross profit | 1,764,135 | 554,396 | 50,491 | 245,147 | 38,568 | 88,42 |
| General and administrative expenses | (687,890) | (47,186) | (15,650) | (66,474) | (17,158) | (52,02) |
| Depreciation (note 11 a) | 492,869 | 271,853 | 9,520 | 139,010 | 12,795 | 32,45 |
| Proportionate EBITDA of joint ventures | | | | | | |
| Adjusted EBITDA | 1,569,114 | 779,063 | 44,361 | 317,683 | 34,205 | 68,86 |
| Sales by geographic area | | | | | | |
| Asia | 15,522 | 2,033,115 | | | | |
| North America | 1,415,385 | | | | | |
| Latin America | 274,614 | 42,730 | | | | |
| Europe | 1,589,826 | 117,483 | | | | |

| | | | | | | |
|------------------------|------------------|------------------|----------------|----------------|----------------|----------------|
| Others | 44,554 | | | | | |
| Foreign market | 3,339,901 | 2,193,328 | | | | |
| Domestic market | 5,284,115 | 86,840 | 150,387 | 826,422 | 183,960 | 329,520 |
| Total | 8,624,016 | 2,280,168 | 150,387 | 826,422 | 183,960 | 329,520 |

| | Steel | Mining | Port | Logistics Railroads | Energy | Cement |
|--|------------------|----------------|---------------|--------------------------------|---------------|----------------|
| Metric tons (thou.) - (unaudited) (*) | | | | | | |
| Net revenues | | | | | | |
| Domestic market | 1,538,645 | 13,999 | 60,194 | 295,386 | 59,913 | 113,560 |
| Foreign market | 1,198,251 | 927,916 | | | | |
| Total net revenue (note 22) | 2,736,896 | 941,915 | 60,194 | 295,386 | 59,913 | 113,560 |
| Cost of sales and services | (2,269,842) | (624,749) | (37,293) | (202,390) | (50,395) | (99,160) |
| Gross profit | 467,054 | 317,166 | 22,901 | 92,996 | 9,518 | 14,400 |
| General and administrative expenses | (248,924) | (16,316) | (4,058) | (22,494) | (5,978) | (18,580) |
| Depreciation (note 11 a) | 167,761 | 94,495 | 3,175 | 48,010 | 4,278 | 12,880 |
| Proportionate EBITDA of joint ventures | | | | | | |
| Adjusted EBITDA | 385,891 | 395,345 | 22,018 | 118,512 | 7,818 | 8,700 |
| Sales by geographic area | | | | | | |
| Asia | 4,910 | 862,602 | | | | |
| North America | 571,636 | | | | | |
| Latin America | 90,243 | | | | | |
| Europe | 504,698 | 65,314 | | | | |
| Others | 26,764 | | | | | |
| | 1,198,251 | 927,916 | | | | |

| | | | | | | |
|------------------------|------------------|----------------|---------------|----------------|---------------|----------------|
| Foreign market | | | | | | |
| Domestic market | 1,538,645 | 13,999 | 60,194 | 295,386 | 59,913 | 113,560 |
| Total | 2,736,896 | 941,915 | 60,194 | 295,386 | 59,913 | 113,560 |

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

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- **Adjusted EBITDA**

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

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

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

| | Nine months ended | | Three months ended |
|---|--------------------------|-------------------|---------------------------|
| | 09/30/2016 | 09/30/2015 | 09/30/2016 |
| | Restated | | Restated |
| Loss for the period | (797,325) | (755,442) | (66,751) |
| Result in discontinued operations | 6,786 | (6,009) | 6,984 |
| Depreciation / amortization / depletion (note 11 a) | 922,985 | 824,051 | 311,351 |
| Finance income (cost) (note 25) | 264,617 | (338,978) | 122,796 |
| Resultado financeiro (nota 25) | 1,845,256 | 3,193,295 | 750,292 |
| EBITDA | 2,242,319 | 2,916,917 | 1,124,672 |
| Other operating income / (expenses) (note 24) | 298,995 | 521,429 | 1,776 |
| Equity in results of affiliated companies | (88,473) | (1,214,840) | (26,117) |
| Proportionate Ebitida of joint ventures | 373,024 | 341,936 | 138,223 |
| Adjusted EBITDA (*) | 2,825,865 | 2,565,442 | 1,238,554 |

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

27. GUARANTEES

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

| | Currency | Maturities | Borrowings | | Tax fore |
|--------------------------------|----------|---------------------------------|-------------------|-------------------|---------------|
| | | | 09/30/2016 | 12/31/2015 | 09/30/2016 |
| Transnordestina Logística | R\$ | Up to 09/19/2056 and Indefinite | 2,544,600 | 2,544,600 | 23,007 |
| FTL - Ferrovia Transnordestina | R\$ | 11/15/2020 | 81,700 | 81,700 | |
| Sepetiba Tecon | R\$ | Indefinite | | | |
| Cia Metalurgica Prada | R\$ | Indefinite | | | 333 |
| CSN Energia | R\$ | Indefinite | | | 2,829 |
| Congonhas Minérios | R\$ | 09/22/2022 | 2,000,000 | 2,000,000 | |
| Fundação CSN | R\$ | Indefinite | | 1,003 | |
| Others | R\$ | | | 12,000 | |
| Total in R\$ | | | 4,626,300 | 4,639,303 | 26,169 |
| CSN Islands XI | US\$ | 09/21/2019 | 750,000 | 750,000 | |
| CSN Islands XII | US\$ | Perpetual | 1,000,000 | 1,000,000 | |
| CSN Resources | US\$ | 07/21/2020 | 1,200,000 | 1,200,000 | |
| Total in US\$ | | | 2,950,000 | 2,950,000 | |
| CSN Steel S.L. | EUR | 1/31/2020 | 120,000 | 120,000 | |
| Lusosider Aços Planos | EUR | Indefinite | 25,000 | 25,000 | |
| Total in EUR | | | 145,000 | 145,000 | |
| Total in R\$ | | | 10,105,308 | 12,135,468 | |
| | | | 14,731,608 | 16,774,771 | 26,169 |

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28. INSURANCE

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

In 2015, after negotiation with insurers and reinsurers in Brazil and abroad, an insurance policy was issued for the contracting of a policy of Operational Risk of Property Damages and Loss of Profits, with effect from September 30, 2015 to October 30, 2016. Under the insurance policy, the LMI (Maximum Limit of Indemnity) is US\$600 million and covers the following units and subsidiaries of the Company: Presidente Vargas steelworks, CSN Mineração, Sepetiba Tecon, and CSN Mining. CSN takes responsibility for a range of retention of US\$375 million in excess of the deductibles for property damages and loss of profits.

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

29. ADDITIONAL INFORMATION TO CASH FLOWS

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

| | 09/30/2016 | Consolidated 09/30/2015 | 09/30/2016 | Parent Company 09/30/2015 |
|---|-------------------|------------------------------------|-------------------|--|
| Income tax and social contribution paid | 209,473 | 134,667 | | 120,075 |
| Addition to PP&E with interest capitalization (Notes 11 and 25) | 164,942 | 116,122 | 96,828 | 116,122 |
| Acquisition of fixed assets without adding cash | 7,437 | | | |
| Subsidiary capitalization from granted loan | | | 12,862 | |
| | 381,852 | 250,789 | 109,690 | 236,197 |

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30. COMPREHENSIVE INCOME STATEMENT

| | Nine months ended |
|--|--------------------------|
| | 09/30/2016 |
| (Loss)/ Profit for the period | (797,325) |
| Other comprehensive income | |
| Items that will not be subsequently reclassified to the statement of income | |
| Actuarial (loss) gain the defined benefit plan from investments in subsidiaries, net of taxes | 143 |
| Actuarial (losses)/gains on defined benefit pension plan | |
| Income tax and social contribution on actuarial (losses)/gains on defined benefit pension plan | 143 |
| Items that could be subsequently reclassified to the statement of income | |
| Cumulative translation adjustments for the period | (386,136) |
| Assets available for sale | 775,403 |
| Income taxes and social contribution available for sale assets | |
| Available for sale assets from investments in subsidiaries, net of taxes | |
| Impairment on available for sale assets | |
| Income taxes and social contribution on impairment of available for sale assets | |
| (Loss) / gain on the percentage change in investments | 1,324 |
| (Loss)/gain on cash flow hedge accounting | 1,016,560 |
| Income tax and social contribution on (loss)/gain on cash flow hedge accounting | |
| Realization of cash flow hedge accounting reclassified to income statements | 26,472 |
| (Loss)/gain on investments hedge of investments in subsidiaries | |
| (Loss)/gain on foreing investment hedge | 57,792 |

| | |
|--|----------------|
| | 1,491,417 |
| | 1,491,560 |
| Total comprehensive income for period | 694,235 |
| Attributable to: | |
| Participation of controlling interest | 638,977 |
| Participation of non - controlling interest | 55,258 |
| | 694,235 |

31. SUBSEQUENT EVENTS

• Possible Proceedings

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

In February 2017, the Company was notified of the judgment of the Amendment of Judgment filed due the CARF's decision on case 19515.723039 / 2012-79, in which the Federal Revenue Service of Brazil challenges the capital gain on the alleged sale of 40% of NAMISA (currently CSN Mineração S.A.). The CARF, in short, agreed with the infringement notice. The Company, however, is taking of the lawfulness of the operation and, therefore, is evaluating the appropriate legal and procedural measures to reverse the decision. It is important to emphasize, finally, that this decision does not alter the assessment of loss on the case, which remains as possible, see note 17.

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

The Superior Board of Tax Appeals of CARF ruled on 03/14/2017 a special appeal by the National Treasury against a previous decision favorable to Namisa, (currently CSN Mineração S.A.) filed in case No. 19515.723053 / 2012-72, in which the Federal Revenue Service of Brazil challenges the deductibility of goodwill amortization expenses arising from the operation carried out with the Asian Consortium in 2008. The CARF, in summary, agreed with the infringement notice. The Company, however, has absolute conviction of the lawfulness of the operation and, therefore, is taking legal measures. It is important to emphasize, finally, that this decision does not alter the assessment of loss of the case, which remains as possible, see note 17.

- **Cautionary decision – TCU – Transnordestina Logistica**

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

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

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

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

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

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REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the Board of Directors and Shareholders of

Companhia Siderúrgica Nacional

São Paulo - SP

Introduction

We have reviewed the accompanying individual and consolidated interim financial information of Companhia Siderúrgica Nacional (“Company”), included in the Interim Financial Information Form (ITR), for the quarter ended September 30, 2016, which comprises the balance sheet as at September 30, 2016, and the statement of profit and loss and statement of comprehensive income for the three- and nine-month periods then ended, and the statement of changes in equity and statement of cash flows for the nine-month period then ended, including the explanatory notes.

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

Scope of review

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

Conclusion on the interim financial information

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

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

Emphasis of matter

Restatement of the interim financial information for the nine-month period ended September 30, 2016

On November 14, 2016, we issued the review report, without modification, on the Company's individual and consolidated interim financial information for the three- and nine-month periods ended September 30, 2016. As described in note 2.e), the interim financial information referred to

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above has been adjusted and is being restated to reflect the impacts arising from the restatement of the financial statements for the year ended December 31, 2015, relating to: (i) the accounting and fair value measurement adjustments upon the application of technical pronouncement CPC 15 (R1) - Business Combination and international standard IFRS 3 - Business Combination, issued by the IASB, concerning the business combination conducted by subsidiary Congonhas Minérios S.A. and (ii) the review of the recoverability analysis and adjustments to deferred income tax and social contribution balances.

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

We draw attention to note 10 to the interim financial information, which describes the completion stage of the new railway network of the joint venture Transnordestina Logística S.A. (“TLSA”), currently under construction, the completion period of which was initially expected for January 2017 and is currently being reviewed and discussed with the relevant governmental agencies. The completion of the construction and consequent startup of operations depend on the continuing contribution of funds by its shareholders and third parties. Those events or conditions, along with other matters described in said note, indicate that a material uncertainty exists, which may cast significant doubt on TLSA's ability to continue as a going concern.

