

NATIONAL STEEL CO
Form 6-K
April 01, 2015

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 6-K

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

For the month of March 31, 2015
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)

DFP — Annual Financial Statements – December 31, 2014 – CIA SIDERURGICA NACIONAL **Version:**
1

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Company Information / Capital Breakdown

Number of Shares	Current Quarter
(Units)	12/31/2014
Paid-in Capital	
Common	1,387,524,047
Preferred	0
Total	1,387,524,047
Treasury Shares	
Common	28,549,900
Preferred	0
Total	28,549,900

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Company Information / Cash distribution

Event	Approval	Dividends Inition	Payment Type	of share Class of share	Dividends per common share (R\$/share)
Meeting of Board of Directors	02/28/2014	Dividends	03/11/2014	Ordinary	0.29150
Meeting of Board of Directors	12/30/2014	Dividends	01/15/2015	Ordinary	0.20236

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

<i>Code</i>	<i>Description</i>	Current Year 12/31/2014	First prior year 12/31/2013	Second prior year 12/31/2012
1	Total assets	49,599,467	48,689,176	0
1.01	Current assets	8,692,821	5,054,174	0
1.01.01	Cash and cash equivalents	3,146,393	206,624	0
1.01.03	Trade receivables	1,604,498	1,992,704	0
1.01.04	Inventories	3,036,799	2,459,230	0
1.01.08	Other current assets	905,131	395,616	0
1.02	Non-current assets	40,906,646	43,635,002	0
1.02.01	Long-term receivables	3,509,307	4,134,846	0
1.02.01.06	Deferred taxes	2,438,929	2,612,998	0
1.02.01.09	Other non-current assets	1,070,378	1,521,848	0
1.02.02	Investments	24,199,129	27,005,592	0
1.02.03	Property, plant and equipment	13,109,294	12,418,095	0
1.02.04	Intangible assets	88,916	76,469	0

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

<i>Code</i>	<i>Description</i>	Current Year 12/31/2014	First prior year prior 12/31/2013	Sec prior 12/31/2012
2	Total liabilities	49,599,467	48,689,176	
2.01	Current liabilities	5,630,365	6,503,789	
2.01.01	Payroll and related taxes	165,718	159,892	
2.01.02	Trade payables	1,390,311	926,935	
2.01.03	Taxes payable	86,920	150,066	
2.01.04	Borrowings and financing	2,720,235	3,854,694	
2.01.05	Other payables	803,597	1,138,956	
2.01.06	Provisions	463,584	273,246	
2.01.06.01	Provision for tax, social security, labor and civil risks	463,584	273,246	
2.02	Non-current liabilities	38,272,634	34,088,817	
2.02.01	Borrowings and financing	26,369,912	21,394,660	
2.02.02	Other payables	9,818,512	10,173,732	
2.02.04	Provisions	2,084,210	2,520,425	
2.02.04.01	Provision for tax, social security, labor and civil risks	174,649	438,114	
2.02.04.02	Other provisions	1,909,561	2,082,311	
2.02.04.02.03	Provision for environmental liabilities and decommissioning of assets	233,262	365,716	
2.02.04.02.04	Pension and healthcare plan	587,740	485,084	
2.02.04.02.05	Provision for losses on investments	1,088,559	1,231,511	
2.03	Shareholders' equity	5,696,468	8,096,570	
2.03.01	Issued capital	4,540,000	4,540,000	
2.03.02	Capital reserves	30	30	
2.03.04	Earnings reserves	1,131,298	2,839,568	
2.03.04.01	Legal reserve	361,641	361,641	
2.03.04.02	Statutory reserve	999,243	2,477,927	
2.03.04.09	Treasury shares	-229,586	-	
2.03.08	Other comprehensive income	25,140	716,972	

(CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE)DFP — Annual Financial Statements – December 31, 2014 – CIA SIDERURGICA NACIONAL **Version: 1****Parent Company Statements / Statements of Income
(R\$ thousand)**

Code	Description	Current Year	First Prior Year	Second Prior Year
		1/1/2014 to 12/31/2014	1/1/2013 to 12/31/2013	1/1/2012 to 12/31/2012
3.01	Net revenue from sales and/or services	13,165,514	13,929,433	0
3.02	Cost of sales and/or services	-9,159,454	-9,906,380	0
3.03	Gross profit	4,006,060	4,023,053	0
3.04	Operating expenses/income	-205,248	632,120	0
3.04.01	Selling expenses	-455,525	-503,514	0
3.04.02	General and administrative expenses	-359,959	-337,348	0
3.04.04	Other operating income	52,365	730,843	0
3.04.05	Other operating expenses	-540,372	-760,311	0
3.04.06	Share of profits of investees	1,098,243	1,502,450	0
3.05	Profit before finance income (costs) and taxes	3,800,812	4,655,173	0
3.06	Finance income (costs)	-4,498,072	-3,938,379	0
3.06.01	Finance income	300,552	74,290	0
3.06.02	Finance costs	-4,798,624	-4,012,669	0
3.06.02.01	Net exchange difference on financial instruments	-1,309,963	-1,030,289	0
3.06.02.02	Finance costs	-3,488,661	-2,982,380	0
3.07	Profit (loss) before taxes on income	-697,260	716,794	0
3.08	Income tax and social contribution	592,042	-207,769	0
3.09	Profit (loss) from continuing operations	-105,218	509,025	0
3.11	Profit (loss) for the year	-105,218	509,025	0
3.99	Earnings per share - (R\$/share)			0
3.99.01	Basic earnings per share			0
3.99.01.01	Common shares	-0,07443	0,34913	0
3.99.02	Diluted earnings per share			0
3.99.02.01	Common shares	-0,07443	0,34913	0

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

Code	Description	Current Year	1/1/2014 to 12/31/2014
4.01	Profit for the year		-105,211
4.02	Other comprehensive income		-691,831
4.02.01	Actuarial gains on defined benefit plan from investments in subsidiaries		2,241
4.02.02	Actuarial (losses) gains on defined benefit pension plan		-95,201
4.02.03	Income tax and social contribution on actuarial (losses) gains on defined benefit pension plan		32,371
4.02.04	Cumulative translation adjustments for the year		28,221
4.02.05	Available-for-sale assets		-971,251
4.02.06	Income tax and social contribution on available-for-sale assets		330,221
4.02.07	Available-for-sale assets from investments in subsidiaries		3,341
4.02.08	Impairment of available-for-sale assets		199,371
4.02.09	Income tax and social contribution on impairment of available-for-sale assets		-67,781
4.02.10	(Loss) gain on percentage change in investments		-73,751
4.02.11	(Loss) gain on cash flow hedge accounting		-120,631
4.02.12	Income tax and social contribution on (loss) gain on cash flow hedge accounting		41,011
4.03	Comprehensive income for the year		-797,051

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(R\$ thousand)**

Code	Description	Current Year	First Prior Year	Second Prior Year
		1/1/2014 to 12/31/2014	1/1/2013 to 12/31/2013	1/1/2012 to 12/31/2012
6.01	Net cash generated by operating activities	813,092	1,459,141	
6.01.01	Cash generated from operations	4,088,199	2,640,048	
6.01.01.01	Profit (loss) for the year	-105,218	509,025	
6.01.01.02	Charges on borrowings and financing	3,229,036	2,548,728	
6.01.01.03	Charges on loans and financing granted	-14,102	-44,215	
6.01.01.04	Depreciation, depletion and amortization	1,023,612	923,847	
6.01.01.05	Share of profits (losses) of investees	-1,098,243	-1,502,450	
6.01.01.06	Deferred income tax and social contribution	-622,512	-651,444	
6.01.01.07	Provision for tax, social security, labor, civil and environmental risks	-4,711	122,913	
6.01.01.08	Inflation adjustment and exchange differences, net	1,427,714	1,194,406	
6.01.01.09	Gain on derivative transactions	943	4,268	
6.01.01.10	Impairment of available-for-sale assets	199,372	3,369	
6.01.01.11	Residual value of permanent assets written off	13,474	12,548	
6.01.01.13	Provision for actuarial liabilities	7,199	13,392	
6.01.01.15	Gain on loss of control over Transnordestina	0	-473,899	
6.01.01.16	Other provisions	31,635	-20,440	
6.01.02	Changes in assets and liabilities	-3,275,107	-1,180,907	
6.01.02.01	Trade receivables - third parties	-34,340	-63,203	
6.01.02.02	Trade receivables - related parties	-600,943	-305,903	
6.01.02.03	Inventories	-550,219	156,961	
6.01.02.05	Recoverable taxes	-60,005	-6,186	
6.01.02.06	Judicial deposits	209,098	-6,089	
6.01.02.07	Dividends received from related parties	344,203	351,622	
6.01.02.09	Trade payables	35,884	-299,868	
6.01.02.10	Payroll and related taxes	1,689	142,917	
6.01.02.11	Taxes in installments - REFIS	-487,532	392,366	
6.01.02.13	Payables to related parties	230,667	310,763	
6.01.02.15	Interest paid	-2,425,935	-1,889,682	
6.01.02.17	Interest on swaps paid	-1,279	-4,617	
6.01.02.18	Interest received	13,609	2,420	
6.01.02.19	Other	49,996	37,592	
6.02	Net cash used in investing activities	1,407,716	-1,848,822	
6.02.01	investments	-99,927	-127,549	

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6.02.02	Purchase of property, plant and equipment	-1,596,050	-1,658,895
6.02.03	Cash from aquisition of subsidiaries	0	1,761
6.02.05	Capital reduction in subsidiary	3,120,344	0
6.02.07	Receipt/payment in derivative transactions	0	-12,688
6.02.09	Purchase of intangible assets	0	-11
6.02.10	Intercompany loans	-40,973	-309,895
6.02.11	Receipt of intercompany loans	168,340	258,455
6.02.12	Exclusive fund units	-144,018	0
6.03	Net cash used in financing activities	718,829	-2,399,452
6.03.01	Borrowings and financing raised	1,628,729	1,363,253
6.03.02	Borrowings and financing raised - related parties	1,763,015	0
6.03.03	Redemption of borrowings	-1,184,657	-2,102,202
6.03.04	Redemption of borrowings - related parties	-154,115	0
6.03.05	Dividends and interest on capital paid	-424,939	-1,660,503
6.03.08	Treasury shares	-909,204	0

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6.04	Exchange differences on translating cash and cash equivalents	132	0	0
6.05	Increase (decrease) in cash and cash equivalents	2,939,769	-2,789,133	0
6.05.01	Cash and equivalents at the beginning of the year	206,624	2,995,757	0
6.05.02	Cash and equivalents at the end of the year	3,146,393	206,624	0

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**Parent Company Statements / Statement of Changes in Shareholders' Equity - 1/1/2014 to 12/31/2014
(R\$ thousand)**

Code	Description	Paid-in capital	Capital reserve, granted options and treasury shares	Earnings reserves a
5.01	Opening balances	4,540,000	30	2,839,568
5.03	Adjusted opening balances	4,540,000	30	2,839,568
5.04	Capital transactions with shareholders	0	0	-1,609,204
5.04.04	Treasury shares acquired	0	0	-909,204
5.04.06	Dividends	0	0	-700,000
5.04.08	Cancelation of treasury shares	0	0	679,618
5.04.09	Cancelation of treasury shares	0	0	-679,618
5.05	Total comprehensive income	0	0	0
5.05.01	Profit for the year	0	0	0
5.05.02	Other comprehensive income	0	0	0
5.05.02.04	Translation adjustments for the year	0	0	0
5.05.02.06	Actuarial (losses) gains on defined benefit pension plan, net of taxes	0	0	0
5.05.02.07	Actuarial gain recycled to retained earnings	0	0	0
5.05.02.08	Available-for-sale assets, net of taxes	0	0	0
5.05.02.09	(Loss) gain on percentage change in investments	0	0	0
5.05.02.10	(Loss) gain on hedge accounting, net of taxes	0	0	0
5.06	Internal changes in shareholders' equity	0	0	-99,066
5.06.04	Reversal of statutory working capital reserve	0	0	-99,066
5.07	Closing balances	4,540,000	30	1,131,298

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**Parent Company Statements / Statement of Changes in Shareholders' Equity - 1/1/2013 to 12/31/2013
(R\$ thousand)**

Code	Description	Paid-in capital	Capital reserve, granted options and treasury shares	Earnings reserves and
5.01	Opening balances	4,540,000	303,690,543	
5.03	Adjusted opening balances	4,540,000	303,690,543	
5.04	Capital transactions with shareholders	0	0	-560,000
5.04.06	Dividends	0	0	0
5.04.07	Interest on capital	0	0	0
5.04.11	Approval of additional dividends at the Annual Shareholders' Meeting	0	0	-560,000
5.05	Total comprehensive income	0	0	0
5.05.01	Profit for the year	0	0	0
5.05.02	Other comprehensive income	0	0	0
5.05.02.04	Translation adjustments for the year	0	0	0
5.05.02.07	Actuarial (losses) gains on defined benefit pension plan, net of taxes	0	0	0
5.05.02.08	Available-for-sale assets, net of taxes	0	0	0
5.05.02.10	Impairment of available-for-sale assets	0	0	0
5.06	Internal changes in shareholders' equity	0	0	-290,975
5.06.01	Recognition of reserves	0	0	25,451
5.06.05	Reversal of statutory working capital reserve	0	0	-316,426
5.07	Closing balances	4,540,000	302,839,568	

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

Code	Description	Current Year	First Prior	Second
		1/1/2014 to 12/31/2014	Year 1/1/2013 to 12/31/2013	Prior Year 1/1/2012 to 12/31/2012
7.01	Revenues	15,869,520	17,385,888	0
7.01.01	Sales of products and services	15,824,823	16,837,903	0
7.01.02	Other revenues	49,715	550,112	0
7.01.04	Allowance for (reversal of) doubtful debts	-5,018	-2,127	0
7.02	Raw materials acquired from third parties	-9,698,101	-10,826,648	0
7.02.01	Cost of sales and services	-8,279,828	-9,494,642	0
7.02.02	Materials, electric power, outside services and other	-1,213,780	-1,336,872	0
7.02.03	Impairment/recovery of assets	-5,121	8,235	0
7.02.04	Other	-199,372	-3,369	0
7.02.04.01	Impairment of available-for-sale assets	-199,372	-3,369	0
7.03	Gross value added	6,171,419	6,559,240	0
7.04	Retentions	-1,023,612	-923,847	0
7.04.01	Depreciation, amortization and depletion	-1,023,612	-923,847	0
7.05	Wealth created	5,147,807	5,635,393	0
7.06	Value added received as transfer	1,627,624	1,845,530	0
7.06.01	Share of profit of investees	1,098,243	1,502,450	0
7.06.02	Finance income	300,552	74,290	0
7.06.03	Other	228,829	268,790	0
7.07	Wealth for distribution	6,775,431	7,480,923	0
7.08	Wealth distributed	6,775,431	7,480,923	0
7.08.01	Personnel	1,288,852	1,119,233	0
7.08.01.01	Salaries and wages	1,003,180	890,264	0
7.08.01.02	Benefits	213,521	168,954	0
7.08.01.03	Severance pay fund (FGTS)	72,151	60,015	0
7.08.02	Taxes, fees and contributions	575,198	1,577,584	0
7.08.02.01	Federal	417,447	1,389,679	0
7.08.02.02	State	135,477	163,635	0
7.08.02.03	Municipal	22,274	24,270	0
7.08.03	Lenders and lessors	5,016,599	4,275,081	0
7.08.03.01	Interest	3,487,867	2,981,274	0
7.08.03.02	Leases	9,708	9,993	0
7.08.03.03	Other	1,519,024	1,283,814	0
7.08.04	Shareholders	-105,218	509,025	0

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7.08.04.01	Interest on capital	0	190,000	0
7.08.04.02	Dividends	0	610,000	0
7.08.04.03	Retained earnings (accumulated losses)	-105,218	-290,975	0

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(CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE)DFP — Annual Financial Statements – December 31, 2014 – CIA SIDERURGICA NACIONAL **Version:**
1**Consolidated Financial Statements / Balance Sheet - Assets**
(R\$ thousand)

<i>Code</i>	<i>Description</i>	Current Year	First prior	Second
			year	prior year
		12/31/2014	12/31/2013	12/31/2012
1	Total assets	49,767,100	50,402,539	0
1.01	Current assets	15,935,502	16,402,042	0
1.01.01	Cash and cash equivalents	8,686,021	9,995,672	0
1.01.03	Trade receivables	1,753,056	2,522,465	0
1.01.04	Inventories	4,122,122	3,160,985	0
1.01.08	Other current assets	1,374,303	722,920	0
1.02	Non-current assets	33,831,598	34,000,497	0
1.02.01	Long-term receivables	3,598,352	4,636,608	0
1.02.01.02	Short-term investments measured at amortized cost	34,874	30,756	0
1.02.01.06	Deferred taxes	2,616,058	2,770,527	0
1.02.01.09	Other non-current assets	947,420	1,835,325	0
1.02.02	Investments	13,665,453	13,487,023	0
1.02.03	Property, plant and equipment	15,624,140	14,911,426	0
1.02.04	Intangible assets	943,653	965,440	0

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(CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE)DFP — Annual Financial Statements – December 31, 2014 – CIA SIDERURGICA NACIONAL **Version:**
1**Consolidated Financial Statements / Balance Sheet – Liabilities
(R\$ thousand)**

Code	Description	Current Year 12/31/2014	First prior year prior 12/31/2013	Se prior 12/31/
2	Total liabilities	49,767,100	50,402,539	
2.01	Current liabilities	6,362,938	5,564,230	
2.01.01	Payroll and related taxes	219,740	208,921	
2.01.02	Trade payables	1,638,505	1,102,037	
2.01.03	Taxes payable	318,675	304,095	
2.01.04	Borrowings and financing	2,790,524	2,642,807	
2.01.05	Other payables	845,109	972,851	
2.01.06	Provisions	550,385	333,519	
2.01.06.01	Provision for tax, social security, labor and civil risks	550,385	333,519	
2.02	Non-current liabilities	37,669,187	36,769,250	
2.02.01	Borrowings and financing	27,092,855	25,103,623	
2.02.02	Other payables	9,315,363	10,061,571	
2.02.03	Deferred taxes	238,892	268,833	
2.02.04	Provisions	1,022,077	1,335,223	
2.02.04.01	Provision for tax, social security, labor and civil risks	195,783	479,664	
2.02.04.02	Other provisions	826,294	855,559	
2.02.04.02.03	Provision for environmental liabilities and asset retirement obligations	238,539	370,454	
2.02.04.02.04	Pension and healthcare plan	587,755	485,105	
2.03	Shareholders' equity	5,734,975	8,069,059	
2.03.01	Issued capital	4,540,000	4,540,000	
2.03.02	Capital reserves	30	30	
2.03.04	Earnings reserves	1,131,298	2,839,568	
2.03.04.01	Legal reserve	361,641	361,641	
2.03.04.02	Statutory reserve	999,243	2,477,927	
2.03.04.09	Treasury shares	-229,586	0	
2.03.08	Other comprehensive income	25,140	716,972	
2.03.09	Non-controlling interests	38,507	-27,511	

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

Code	Description	Current Year	First Prior Year	Second Prior Year
		1/1/2014 to 12/31/2014	01/01/2013 to 12/31/2013	01/01/2012 to 12/31/2012
3.01	Net revenue from sales and/or services	16,126,232	17,312,432	0
3.02	Cost of sales and/or services	-11,592,382	-12,422,706	0
3.03	Gross profit	4,533,850	4,889,726	0
3.04	Operating expenses/income	-1,715,837	-1,769,972	0
3.04.01	Selling expenses	-1,041,975	-874,875	0
3.04.02	General and administrative expenses	-438,383	-485,090	0
3.04.04	Other operating income	90,488	566,063	0
3.04.05	Other operating expenses	-657,127	-1,134,208	0
3.04.06	Share of profit of investees	331,160	158,138	0
3.05	Profit before finance income (costs) and taxes	2,818,013	3,119,754	0
3.06	Finance income (costs)	-3,081,433	-2,511,599	0
3.06.01	Finance income	171,552	171,984	0
3.06.02	Finance costs	-3,252,985	-2,683,583	0
3.06.02.01	Net exchange difference on financial instruments	-149,007	56,157	0
3.06.02.02	Finance costs	-3,103,978	-2,739,740	0
3.07	Profit (loss) before taxes on income	-263,420	608,155	0
3.08	Income tax and social contribution	151,153	-74,161	0
3.09	Profit (loss) from continuing operations	-112,267	533,994	0
3.11	Consolidated profit (loss) for the year	-112,267	533,994	0
3.11.01	Attributed to owners of the Company	-105,218	509,025	0
3.11.02	Attributed to non-controlling interests	-7,049	24,969	0
3.99	Earnings per share - (R\$/share)			
3.99.01	Basic earnings per share			
3.99.01.01	Common shares	-0,07443	0,34913	0
3.99.02	Diluted earnings per share			
3.99.02.01	Common shares	-0,07443	0,34913	0

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

Code	Description	Current Year	1/1/2014 to 12/31/2014
4.01	Consolidated profit for the year		-112,26
4.02	Other comprehensive income		-691,83
4.02.01	Actuarial gains on defined benefit plan from investments in subsidiaries		2,22
4.02.02	Actuarial (losses) gains on defined benefit pension plan		-95,17
4.02.03	Income tax and social contribution on actuarial (losses) gains on defined benefit pension plan		32,36
4.02.04	Cumulative translation adjustments for the year		28,22
4.02.05	Available-for-sale assets		-971,80
4.02.06	Income tax and social contribution on available-for-sale assets		330,41
4.02.07	Impairment of available-for-sale assets		205,00
4.02.08	Income tax and social contribution on impairment of available-for-sale assets		-69,70
4.02.09	(Loss) gain on percentage change in investments		-73,75
4.02.10	(Loss) gain on cash flow hedge accounting		-120,63
4.02.11	Income tax and social contribution on (loss) gain on cash flow hedge accounting		41,01
4.03	Consolidated comprehensive income for the year		-804,09
4.03.01	Attributed to owners of the Company		-797,05
4.03.02	Attributed to non-controlling interests		-7,04

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

Code	Description	Current	First Prior	Se
		Year	Year	Prior
		1/1/2014 to	01/01/2013 to	01/01
		12/31/2014	12/31/2013	12/31
6.01	Net cash generated by operating activities	1,188,385	2,198,079	
6.01.01	Cash generated from operations	4,368,382	4,100,956	
6.01.01.01	Profit (loss) for the year attributable to owners of the Company	-105,218	509,025	
6.01.01.02	Profit (loss) for the year attributable to non-controlling interests	-7,049	24,969	
6.01.01.03	Charges on borrowings and financing	2,782,681	2,233,500	
6.01.01.04	Charges on loans and financing granted	-41,373	-54,217	
6.01.01.05	Depreciation, depletion and amortization	1,281,485	1,155,593	
6.01.01.06	Share of profit of investees	-331,160	-158,138	
6.01.01.08	Deferred taxes	-679,323	-1,216,594	
6.01.01.09	Provision for tax, social security, labor, civil and environmental risks	5,302	97,371	
6.01.01.10	Inflation adjustments and exchange differences, net	1,185,761	1,638,653	
6.01.01.11	Gain on derivative transactions	4,869	21,643	
6.01.01.12	Impairment of available-for-sale assets	205,000	5,002	
6.01.01.13	Residual value of permanent assets written off	15,232	31,660	
6.01.01.15	Provision for actuarial liabilities	7,350	13,488	
6.01.01.16	Impairment loss adjustment	0	48,469	
6.01.01.17	Gain on loss of control over Transnordestina	0	-473,899	
6.01.01.18	Impairment of the Transnordestina old railway system	0	216,446	
6.01.01.19	Other provisions	44,825	7,985	
6.01.02	Changes in assets and liabilities	-3,179,997	-1,902,877	
6.01.02.01	Trade receivables - third parties	88,736	-225,028	
6.01.02.02	Trade receivables - related parties	-143,218	-62,795	
6.01.02.03	Inventories	-917,193	259,301	
6.01.02.04	Receivables from related parties	1,318	-54,931	
6.01.02.05	Recoverable taxes	-27,944	486,787	
6.01.02.06	Judicial deposits	203,065	5,821	
6.01.02.07	Dividends received from related parties	262,251	324,180	
6.01.02.08	Trade payables	581,951	-841,157	
6.01.02.09	Payroll and related taxes	9,777	148,556	
6.01.02.10	Taxes in installments - REFIS	-567,000	446,443	
6.01.02.12	Payables to related parties	2,080	-3,063	
6.01.02.14	Interest paid	-2,742,876	-2,376,537	

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6.01.02.15	Interest on swaps paid	-1,279	-4,617
6.01.02.16	Interest received	13,609	24,321
6.01.02.17	Other	56,726	-30,158
6.02	Net cash used in investing activities	-1,657,743	-2,245,806
6.02.01	Investments	-8,376	-5,131
6.02.02	Purchase of property, plant and equipment	-1,848,496	-2,489,569
6.02.07	Receipt/payment in derivative transactions	76,607	426,328
6.02.09	Purchase of intangible assets	-727	-635
6.02.10	Cash and cash equivalents on the loss of control over Transnordestina	0	-146,475
6.02.11	Related-party loans	127,366	0
6.02.13	Short-term investment, net of redeemed amount	-4,117	-30,324
6.03	Net cash used in financing activities	-896,015	-1,881,419

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6.03.01	Borrowings and financing raised	1,898,606	1,697,363	0
6.03.02	Redemption of borrowings	-1,241,461	-1,923,703	0
6.03.03	Redemption of borrowings - related parties	-46,585	0	0
6.03.05	Capital contribution by non-controlling shareholders	0	5,424	0
6.03.06	Dividends and interest on capital paid	-424,939	-1,660,503	0
6.03.08	Treasury shares	-909,204	0	0
6.03.09	Buyback of debt securities	-172,432	0	0
6.04	Exchange differences on translating cash and cash equivalents	55,722	32,997	0
6.05	Increase (decrease) in cash and cash equivalents	-1,309,651	-1,896,149	0
6.05.01	Cash and equivalents at the beginning of the year	9,995,672	11,891,821	0
6.05.02	Cash and equivalents at the end of the year	8,686,021	9,995,672	0

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(CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE)DFP — Annual Financial Statements – December 31, 2014 – CIA SIDERURGICA NACIONAL **Version: 1****Consolidated Financial Statements / Statement of Changes in Equity - 1/1/2014 to 12/31/2014****(R\$ thousand)**

Code	Description	Paid-in capital	Capital reserve, granted options and treasury shares	Earnings reserve
5.01	Opening balances	4,540,000	30	2,839,568
5.03	Adjusted opening balances	4,540,000	30	2,839,568
5.04	Capital transactions with shareholders	0	0	-1,609,204
5.04.04	Treasury shares acquired	0	0	-909,204
5.04.06	Dividends	0	0	-700,000
5.04.08	Cancelation of treasury shares	0	0	679,618
5.04.09	Cancelation of treasury shares	0	0	-679,618
5.05	Total comprehensive income	0	0	0
5.05.01	Profit for the year	0	0	0
5.05.02	Other comprehensive income	0	0	0
5.05.02.04	Translation adjustments for the year	0	0	0
5.05.02.06	Actuarial (losses) gains on defined benefit pension plan, net of taxes	0	0	0
5.05.02.07	Actuarial gain recycled to retained earnings	0	0	0
5.05.02.08	Available-for-sale assets, net of taxes	0	0	0
5.05.02.09	(Loss) gain on percentage change in investments	0	0	0
5.05.02.10	(Loss) gain on hedge accounting, net of taxes	0	0	0
5.06	Internal changes in shareholders' equity	0	0	-99,066
5.06.04	Reversal of statutory working capital reserve	0	0	-99,066
5.06.05	Non-controlling interests in subsidiaries			
5.07	Closing balance	4,540,000	30	1,131,298

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1**Consolidated Financial Statements / Statement of Changes in Equity - 1/1/2013 to 12/31/2013****(R\$ thousand)**

Code	Description	Paid-in capital	Capital reserve, granted options and treasury shares	Earnings reserve (a)
5.01	Opening balances	4,540,000	303,690,543	
5.03	Adjusted opening balances	4,540,000	303,690,543	
5.04	Capital transactions with shareholders	0	0	-560,000
5.04.06	Dividends	0	0	0
5.04.07	Interest on capital	0	0	0
5.04.11	Approval of additional dividends at the Annual Shareholders' Meeting	0	0	-560,000
5.05	Total comprehensive income	0	0	0
5.05.01	Profit for the year	0	0	0
5.05.02	Other comprehensive income	0	0	0
5.05.02.04	Translation adjustments for the year	0	0	0
5.05.02.07	Actuarial (losses) gains on defined benefit pension plan, net of taxes	0	0	0
5.05.02.08	Available-for-sale assets, net of taxes	0	0	0
5.05.02.10	Impairment of available-for-sale assets	0	0	0
5.06	Internal changes in shareholders' equity	0	0	-290,975
5.06.01	Recognition of reserves	0	0	25,451
5.06.04	Reversal of statutory working capital reserve	0	0	-316,426
5.06.05	Non-controlling interests in subsidiaries	0	0	0
5.07	Closing balances	4,540,000	302,839,568	

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

Code	Description	Current Year 1/1/2014 to 12/31/2014	First Prior Year 01/01/2013 to 12/31/2013	Second Prior Year 1/1/2012 to 12/31/2012
7.01	Revenues	19,181,869	20,914,567	0
7.01.01	Sales of products and services	19,141,235	20,572,836	0
7.01.02	Other revenues	53,685	344,371	0
7.01.04	Allowance for (reversal of) doubtful debts	-13,051	-2,640	0
7.02	Raw materials acquired from third parties	-12,229,259	-13,417,176	0
7.02.01	Cost of sales and services	-10,203,567	-11,353,061	0
7.02.02	Materials, electric power, outside services and other	-1,809,887	-2,082,205	0
7.02.03	Impairment/recovery of assets	-10,805	23,092	0
7.02.04	Other	-205,000	-5,002	0
7.02.04.01	Impairment of available-for-sale assets	-205,000	-5,002	0
7.03	Gross value added	6,952,610	7,497,391	0
7.04	Retentions	-1,281,485	-1,155,593	0
7.04.01	Depreciation, amortization and depletion	-1,281,485	-1,155,593	0
7.05	Wealth created	5,671,125	6,341,798	0
7.06	Value added received as transfer	3,477,181	3,570,647	0
7.06.01	Share of profit of investees	331,160	158,138	0
7.06.02	Finance income	171,552	171,984	0
7.06.03	Other	2,974,469	3,240,525	0
7.07	Wealth for distribution	9,148,306	9,912,445	0
7.08	Wealth distributed	9,148,306	9,912,445	0
7.08.01	Personnel	1,690,075	1,537,985	0
7.08.01.01	Salaries and wages	1,337,863	1,256,728	0
7.08.01.02	Benefits	268,251	210,202	0
7.08.01.03	Severance pay fund (FGTS)	83,961	71,055	0
7.08.02	Taxes, fees and contributions	1,353,710	1,917,542	0
7.08.02.01	Federal	1,070,234	1,485,593	0
7.08.02.02	State	247,275	395,661	0
7.08.02.03	Municipal	36,201	36,288	0
7.08.03	Lenders and lessors	6,216,788	5,922,924	0
7.08.03.01	Interest	2,860,314	2,742,607	0
7.08.03.02	Leases	15,172	15,883	0
7.08.03.03	Other	3,341,302	3,164,434	0
7.08.04	Shareholders	-112,267	533,994	0

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7.08.04.01	Interest on capital	0	190,000	0
7.08.04.02	Dividends	0	610,000	0
7.08.04.03	Retained earnings (accumulated losses)	-105,218	-290,975	0
7.08.04.04	Non-controlling interests in retained earnings	-7,049	24,969	0

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2014 MANAGEMENT REPORT

1- MESSAGE FROM MANAGEMENT

With the confidence of its management and the strength of its more than 22,000 employees, CSN has been building the history of Brazilian industry for seven decades. Since its creation in Volta Redonda (RJ) as Brazil's first integrated steel plant development, has been an integral part of its DNA.

CSN has invested continuously in expanding and diversifying its businesses in a sustainable manner, creating jobs, generating progress and taxes that benefit millions of Brazilians. Since 2010 we have invested more than R\$16 billion, mostly in the steel, mining, cement and logistics segments. These concrete initiatives have contributed to constructing a fairer and more developed country, always respecting the surrounding communities and the environment.

Our strength lies in diversity. Taking advantage of existing synergies, we operate in an integrated manner in five economic sectors: Steel, Mining, Logistics, Cement and Energy. We have also extended our efforts overseas, with operations in the United States, Germany and Portugal.

In a competitive global process, creative solutions and a capacity for permanent reinvention are absolutely essential for the development of companies. In challenging times, such as those we are experiencing now in Brazil and worldwide, we continue to exemplify our main characteristics: strength, determination and resilience.

Challenges are our motivation and we will continue to forge ahead as pioneers and builders of a better future.

Benjamin Steinbruch

Chairman of the Board of Directors

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2- THE COMPANY

With interests in steel, mining, cement, logistics and energy, CSN operates throughout the entire steel production chain, from the mining of iron ore to the production and sale of a diversified range of high value-added steel products. Thanks to this integrated production system and exemplary management, CSN's production costs are among the lowest in the global steel sector.

In 2014, CSN sold 5.2 million tons of steel, 72% of which on the domestic market and 28% in exports and sales by overseas subsidiaries.

The captive mine of Casa de Pedra, located in Congonhas, Minas Gerais, supplies CSN with the high-quality iron ore which is essential for steel production. In 2014, Casa de Pedra iron ore production capacity reached 26 million tons per year, 21 million tons from the central plant and 5 million tons from mobile plants.

CSN and its jointly-owned subsidiary NAMISA have been selling iron ore on the seaborne market since 2007. It also runs two port terminals in Itaguaí (RJ), Tecar, through which iron ore is shipped, and a container terminal, Sepetiba Tecon. CSN has been consolidating its position in the seaborne market and is currently, in conjunction with NAMISA, the second-largest producer in Brazil. Most of the iron ore exported goes to Asia, Europe and the Middle East.

The complementary nature of the steel and cement industries led CSN to enter the cement market, adding value to the slag generated by steel production.

In addition to the limestone used to produce steel at the Presidente Vargas Steelworks, as of 2011 the Arcos mine, in Minas Gerais, began supplying non-steel limestone for the clinker production, one of the main inputs for cement production, underlining the integration of its operations.

CSN is one of the largest industrial electricity consumers in Brazil, with different generation assets which ensure its self-sufficiency. In order to ensure the energy needed for the growth of its businesses, the Company has been investing in expanding its generating capacity. In 2014, CSN concluded the installation of a 21 MW top turbine in Blast Furnace 3 of the Presidente Vargas Steelworks, raising current generating capacity to 446 MW.

3- OUTLOOK, STRATEGY AND INVESTMENTS

CSN has been investing in modernizing its facilities in its five highly-integrated segments, as well as expanding production capacity, always seeking to maximize returns for its shareholders. In addition to investing in organic growth projects, it also analyzes opportunities for acquisitions and strategic alliances both in Brazil and abroad.

3.1- STEEL

The Presidente Vargas Steelworks in Volta Redonda is CSN's most important unit, with an installed crude steel production capacity of 5.6 million tons per year. In 2014, it produced 4.5 million tons of crude steel and 4.3 million tons of rolled steel.

The Company has been diversifying its steel activities, entering the long steel segment through the inauguration of a rebar and wire-rod plant in Volta Redonda, with an installed production capacity of 500,000 tons per year. In 2014, the facility produced 90,000 tons of products, mostly for the construction

industry.

It also has three subsidiaries abroad, CSN LLC, located in Terre Haute, Indiana, U.S.A., which operates in the flat steel segment, with cold-rolling and galvanizing units; Lusosider, in Paio Pires, Portugal, which produces cold-rolled and galvanized steel and SWT, in Unterwellenborn, Germany, with an annual production capacity of 1 million tons of steel profiles for civil and industrial construction.

3.2- MINING

CSN is Brazil's second largest iron ore exporter. In 2014, finished iron ore product sales from the Casa de Pedra and NAMISA mines totaled close to 29 million tons, 13% up on the previous year. The Company also produced 6 million tons

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of iron ore used in its own consumption. The Tecar terminal shipped around 33 million tons of iron ore in 2014, 14% more than in 2013.

In the first expansion phase of mining business, CSN is investing to increase Casa de Pedra's production capacity to 40 million tons of iron ore per year.

3.3- CEMENT

Following the installation in 2009 of its first cement grinding plant in Volta Redonda, with an annual capacity of 2.4 million tons, CSN produced and sold approximately 2.2 million tons of cement in 2014. The Company has been investing in expanding its production capacity to 5.4 million tons per year. The additional 3.0 million tons will come from an integrated plant with a grinding unit and new clinker furnace in Arcos, using limestone from its own mine.

3.4 – LOGISTICS

Ports

Sepetiba Tecon, managed by CSN, is a cargo hub port and the biggest container terminal in Rio de Janeiro and one of the largest in its segment in Brazil. In order to expand the terminal, the Company has been investing in infrastructure, including the acquisition of new equipments, as well the equalization of Berth 301, transforming it into a continuous quay, allowing it to handle several large vessels simultaneously, thereby raising capacity to more than 600,000 TEUs¹ per year.

¹ TEU (Twenty-Foot Equivalent Unit) - transportation unit equivalent to a standard 20-foot intermodal container

Railways

CSN retains an interest in three rail companies: MRS Logística, Transnordestina Logística S.A. and FTL (Ferrovia Transnordestina Logística):

MRS

CSN holds, directly and indirectly, a 33.27% voting-capital interest in MRS Logística, which operates the former Southeastern Network of the Federal Railways (RFFSA), in the Rio de Janeiro - São Paulo - Belo Horizonte corridor. MRS' rail services play a vital role in supplying the Presidente Vargas Steelworks with raw materials, such as iron ore, coke and coal. It also transports all the iron ore for export, as well as some of CSN's steel and cement output.

Transnordestina Logística S.A. (TLSA)

With the support of the federal government, TLSA is building Nova Transnordestina, a 1,728 km railway connecting the rail terminal in Eliseu Martins (PI) to the Ports of Suape (PE) and Pecém (CE), crossing several cities in the states of Piauí, Pernambuco and Ceará. The railway's projected annual operating capacity of 30 million tons per year will play a crucial role in the development of the Northeast, providing logistical support for local economic expansion, especially in the oil and by-product, agriculture and mining sectors, among others. At the close of 2014, CSN held 62.6% of TLSA.

Ferrovias Transnordestina Logística S.A. (FTL)

CSN retains 88.41% of FTL, which operates the former Northeastern network of the RFFSA, traversing the states of Maranhão, Piauí, Ceará, Rio Grande do Norte, Paraíba, Pernambuco and Alagoas, with a total extension of 4,534 km and a current operating capacity of around two million tons per year, with emphasis to fuel cargo, cement, aluminum and iron ore, among others.

4- MAIN CORPORATE EVENTS

Corporate restructuring of indirect subsidiaries

In 2014, Companhia Metalúrgica Prada acquired all the shares of Companhia Brasileira de Latas (CBL), giving it full control of the company. In the same year, CBL underwent a corporate restructuring involving the merger of three of its

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indirect subsidiaries: Empresa de Embalagens Metálicas LBM Ltda., Empresa de Embalagens Metálicas MUD Ltda. and Companhia de Embalagens Metálicas MTM do Nordeste.

This process resulted in improved managerial efficiency, with a reduction in financial and administrative expenses, incorporating all the activities of the companies in question into a single organizational structure.

Constitution of subsidiaries

Aiming to ensure greater proximity with its clients in Asia, in 2014 CSN constituted the companies CSN Asia Limited and Namisa Asia Limited, both based in Hong Kong and indirectly controlled by the Company, further strengthening its position as an important player in the seaborne iron ore market.

5- CORPORATE GOVERNANCE

Investor Relations

CSN continues to expand its communications with the financial market, aiming to increase the Company's exposure by ensuring coverage by new financial institutions. As a result, in 2014 the Company held 230 meetings and conference calls with over 400 analysts and investors.

Capital Stock

CSN's capital stock is divided into 1,387,524,047 book-entry common shares with no par value, each common share having the right of one vote at the Company's Shareholders' Meetings.

Controlled by Vicunha Siderurgia S.A. and Rio Iaco Participações S.A., which retain 50.29% and 4.19% of the Company's total capital, respectively, CSN's management is exercised by the Board of Directors and Board of Executive Officers.

* Controlling Group

Annual Shareholders' Meeting

The Annual Shareholders' Meeting, Company's sovereign body, meets once a year, in accordance with the prevailing legislation, to elect the members of the Board of Directors, examine management's accounts and the financial statements, and decide on the allocation of annual net income and the payment of dividends, among other matters. Whenever necessary, Extraordinary Shareholders' Meetings may be called to decide on specific issues that are not within the normal scope of the Annual Meeting.

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Board of Directors

The Board of Directors comprises up to eleven members, who meet on a routine basis on the dates established by the annual calendar approved by it and on an extraordinary basis whenever necessary. Members are elected for a one-year term of office, re-election being permitted. The current Board of Directors is composed of six members.

Its responsibilities include defining and monitoring the Company's policies and strategies, overseeing the activities of the Board of Executive Officers and deciding on relevant matters involving the Company's businesses and operations. It is also responsible for electing and removing the executive officers and may, if necessary, constitute special advisory committees to help in the execution of its duties.

Board of Executive Officers

The Board of Executive Officers is responsible for managing and administering the Company's day-to-day business, always in line with the guidelines and resolutions of the Board of Directors and the Annual Shareholders' Meeting.

It currently comprises five officers, including the Chief Executive Officer, who meet whenever called to do so by the CEO or two other officers. Each officer is responsible for conducting the operations of his or her respective area. Officers are elected for a two-year term, re-election being permitted.

Audit Committee

The Audit Committee has autonomy to make decisions on all matters concerning Sections 301 and 407 of the Sarbanes-Oxley Act. Its main responsibilities include evaluating, analyzing and making recommendations to the Board of Directors on matters concerning the indication, hiring and compensation of the external auditors, as well as accompanying the internal and external audits. In regard to the hiring of external auditors, special procedures are adopted to ensure that there are no conflicts of interest, dependence or loss of objectivity on the part of the auditors in their relations with the Company.

Internal Audit

CSN maintains an internal audit department, which acts independently within the organization to assist and communicate material facts to the Board of Directors, the Audit Committee and the Board of Executive Officers. It is responsible for ensuring the appropriate allocation of resources and protecting the assets of the CSN Group companies, providing support for compliance with the planned results, upgrading processes and internal controls in order to enhance financial and operating performance, as well as preventing the risk of losses or fraud and, consequently, any damage to CSN's corporate image. The Company also provides several communication channels through which employees, clients, suppliers and third parties can report unlawful acts and irregularities that may affect its financial statements.

Independent Auditors

The independent auditors, Deloitte Touche Tohmatsu, who provided auditing services to CSN and its subsidiaries in 2014, were also hired to perform services in addition to those related to the audit of the financial statements. It is the belief of both the Company and its independent auditors that these services, do not affect the latter's independence.

Audit fees

Refers to the audit of the annual financial statements and the review of the Company's quarterly reports.

Audit-related fees

Refers to the diligence procedures and the preparation and issue of comfort letters for proposed issues of securities by the Company's subsidiaries abroad.

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Amounts related to services provided by the Company's auditors	(R\$ '000)
Audit fees	3,527
Audit-related fees	3,882
Total	7,409

Services additional to the examination of the financial statements are submitted for prior approval to the Audit Committee in order to ensure that, based on the pertinent legislation, they do not represent a conflict of interest or jeopardize the auditors' independence or objectivity.

In accordance with CVM Instruction 480/09, on March 4, 2015 the Board of Executive Officers declared that they had discussed, reviewed, and were in full agreement with the opinions expressed in the independent auditors' report and with the financial statements for the fiscal year ended December 31, 2014.

Sarbanes-Oxley Act

The Company maintains a Corporate Risk Management area, whose main responsibilities include mapping and evaluating, in conjunction with the process managers, all the internal controls needed to mitigate risks inherent to the Company's operations that may impact its financial statements, as well as ensuring compliance with laws, regulations and internal policies, through the existing structure of internal controls. It is also responsible for reporting the results of this evaluation to senior management and the Audit Committee, as well as monitoring the action plans drawn up to remedy any deficiencies identified in the processes.

The Internal Audit area, which reports to the Board of Directors, is also responsible for monitoring the internal controls through the implementation of independent tests.

The Company is in the final stage of certification of its internal controls related to the 2014 Consolidated Financial Statements, in compliance with Section 404 of the Sarbanes-Oxley Act (SOX).

In 2014, tests were carried out to evaluate the effectiveness of internal controls in CSN, Namisa, CSN Cimentos, Transnordestina Logística S.A. and Stahlwerk Thüringen GmbH - SWT, all of which are considered significant for SOX certification.

Code of Ethics

The CSN companies maintain a Code of Ethics, whose objective is to establish guidelines governing the personal and professional conduct expected in relations with employees, clients, shareholders, suppliers, communities, competitors and the environment.

The code is delivered to members of staff during the corporate integration training course and is used as a declaration of conduct in the company and of the commitments assumed. Its content is in the public domain and is available at www.csn.com.br.

One issue that has been a permanent feature of the Code since its inception is the rules governing **“Trading with Company's Shares”**, based on CVM Instruction 358/2002.

Disclosure of Material Acts and Facts

CSN maintains a Material Act or Fact Disclosure Policy, which determines that all such disclosures must contain information that is accurate, appropriate, transparent and timely, in accordance with CVM Instruction 358/2002 and Section 409 of the Sarbanes-Oxley Act – Real Time Issuer Disclosure. All material acts or facts are disclosed at CVM in Brazil and at SEC in the United States.

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6- INNOVATION

Aiming to meet new market demands and the expectations of its clients, CSN invests continuously in the research and development of new products. The main projects in 2014 are listed below:

- High-strength flat steel, especially the dual-phase type for vehicle bodies whose demand is growing thanks to the Brazilian government's INOVAR-AUTO program;
- Flat galvanized steel for hot stamping (PHS - Press Hardenable Steel), geared towards the automotive market;
- IF (interstitial free) long steel for special application wire rods.

The 2014 highlights also included the consolidation of certain products developed recently by CSN, including high-resistance galvanized steel for the construction industry and specially-developed steel sheets for aerosol cans, as well as certification of the entire range of rebars produced by the long steel plant in Volta Redonda.

7- PEOPLE

CSN's Human Resources management model is based on five pillars – Attract; Align and Engage; Evaluate; Develop; Recognize and Reward – and invests in projects aimed at professional development and improvement, thereby contributing to the growth of the Company and its employees. The Company closed 2014 with around 22,000 employees and a turnover rate of around 15.0%, one of the lowest in the industrial sector.

Throughout the year, a series of management development programs were consolidated, with the participation of around 1,300 management members, targeting executives, senior managers, managers, coordinators and supervisors.

The Company also invests in training programs for youngsters, in which 500 interns and 645 apprentices took part in 2014, while the social program “Programa Capacitar”, geared towards high school graduates aged between 18 and 24, had 224 participants.

CSN invests continuously in improving the skills of its employees, encouraging competitive differentials, by granting scholarships for undergraduate and MBA degrees, as well as post-graduate and specialization courses.

In order to support the continuity and expansion of its businesses, CSN has also been investing in programs involving the evaluation, identification and development of potential managers, ensuring the ongoing formation of new leaders who are fully aligned with the organization's culture and strategies.

8- SOCIAL RESPONSIBILITY

CSN's social responsibility projects are created to value the potential of each region where it operates and their respective communities, in partnership with local government and society. In 2014, it invested R\$22 million in the educational, cultural, sporting and health areas through CSN Foundation initiatives and through projects developed by external institutions, supported by tax incentives.

The CSN Foundation's cultural and educational initiatives are epitomized by the “Garoto Cidadão” project, which provides social and cultural activities for 2,400 socially vulnerable children and teenagers.

The Foundation maintains two technical schools in Volta Redonda and Congonhas, which had more than 1,300 students in 2014, 335 of whom on scholarships, while the Bela Vista Hotel-School in Volta Redonda offers 176 places per year for courses in hotel management, providing professional qualification in various areas.

The Company's sponsorships included the TV series Brasil Rico, the exhibition and book Grafite: Labirintos do Olhar, and the Memorial da Imigração Judaica, as well as sporting projects for youngsters served by the Olka Kós, Passe de Mágica and Lance Livre institutes.

CSN also sponsored projects in the Municipal Councils for Children and Teenagers' Rights, the National Cancer Care Support Program, the Health Care Support Program for People with Special Needs (PRONAS and PRONON) and the Senior Citizens' Fund, as well as the initiatives of the Support Group for Children and Teenagers with Cancer (GRAACC),

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the Support Group for Children with Special Needs (AACD), the Albert Einstein Brazilian Israelite Society, the Barretos-SP Cancer Hospital, the Support Association for Children and Teenagers with Heart Problems (ACTC) and the Instituto Fazendo História.

9- ENVIRONMENTAL RESPONSIBILITY

Fully committed to developing its activities in a sustainable manner, CSN invests continuously in environmental management and in maintaining relations with its surrounding communities. Most of its operations have received ISO 14001 environmental certification and it maintains an open communication channel for its employees and external publics through the Linha Verde (Green Line). All its environmental controls are audited for compliance with the Sarbanes-Oxley Act (SOX), thereby helping reduce the environmental risk of its activities.

Underlining its commitment to the constant management of its industrial areas' environmental liabilities, as well as the restoration of areas damaged by mining operations, the Company promotes environmental rehabilitation through technological innovation, as well as tried and tested methods, always in compliance

with the applicable legislation.

In 2014 CSN received environmental licenses for the expansion of the Casa de Pedra mine, TECAR and Transnordestina Logística S.A. It also develops environmental education and historical and natural heritage renewal projects, especially in relation to the Arcos, Casa de Pedra, NAMISA and TLISA units.

CSN has been undertaking an inventory of its greenhouse gas emissions in line with GHG Protocol guidelines, in order to provide input for the development of a strategy for managing carbon, mitigating risks and adapting to climate change. With the threat of water shortages, especially in the Southeast, the Company has been proceeding with various initiatives to ensure the more efficient use of water in its production processes, exemplified by a water reuse ratio of more than 90% at the Presidente Vargas Steelworks (UPV). It also participates in the Carbon Disclosure Project (CDP), reporting aspects related to the management of greenhouse gases in the UPV, as well as the Ethos Institute Climate Forum, organized by the Ethos Institute for Social Responsibility, and the working groups of the Getulio Vargas Foundation's Sustainability Studies Center (FGVces), which develop public and corporate sustainability management strategies, policies and tools at local, national and international level.

Finally, CSN has been constantly mapping its stakeholders and the social, economic and environmental indicators of all its operations in line with Global Reporting Initiative (GRI) guidelines, permitting an objective diagnosis of its social and environmental performance, thereby strengthening its sustainability strategy.

10- Subsequent Events

- **Eighth debenture issue**

In January 2015, the Company issued 10,000 unsecured, non-convertible debentures in a single series with a nominal unit value of R\$10,000, totaling R\$100 million, with remunerative interest of 113.70% p.a. of the Cetip CDI interbank rate, with final maturity in January, 2022 and the option of early redemption.

- **Partial optional acquisition of the sixth debenture issue**

Also in January 2015, the Company undertook the optional acquisition of 60,000 debentures from the 1st series of its 6th debenture issue at their nominal unit value, plus accrued remunerative interest between the last interest payment date and the respective optional acquisition date.

11- DISCLAIMER

Certain of the statements contained herein are forward-looking statements and projections, which express or imply results, performance or events that are expected in the future. Actual results, performance or events may differ materially from those expressed or implied by the forward-looking statements as a result of several factors, including general and economic conditions in Brazil and in other countries, interest rate and exchange rate levels, future renegotiations and prepayment of foreign-currency liabilities or loans, protectionist measures in Brazil, the United States and other countries, changes in laws and regulations and general competitive factors (on a regional, national or global basis).

CSN's financial information presented herein is in accordance with international financial reporting standards (IFRS) issued by the International Accounting Standards Board (IASB), and with the accounting practices adopted in Brazil. Non-financial information, as well as other operating information, has not been audited by the independent auditor.

(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 collectively referred to herein as the “Group”). The Company’s registered office is located in São Paulo, SP, Brazil.

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

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

- **Steel:**

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

- **Mining:**

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

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.

- **Cement:**

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

- **Logistics**

Railroads:

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

Ports:

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

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

- **Energy:**

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

Note 24 - Segment Information details financial information per CSN business segment.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.a) Basis of preparation

The individual and consolidated financial statements have been prepared and are being presented in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and the corresponding standards issued by the CPC (Accounting Pronouncements Committee) and the CVM (Brazilian Securities Commission) applicable to the preparation of financial statements.

The preparation of financial statements in conformity with IFRS and the standards issued by the CPC requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in the notes to this report and refer to the allowance for doubtful debts, provision for inventory losses, provision for labor, civil, tax, environmental and social security risks, depreciation, amortization, depletion, provision for impairment, deferred taxes, financial instruments and employee benefits. Actual results may differ from these estimates.

The financial statements are presented in thousands of Brazilian reais (R\$). Depending on the applicable IFRS standard, the measurement criterion used in preparing the financial statements considers the historical cost, net realizable value, fair value or recoverable amount. When both IFRSs and CPCs permit the option between acquisition cost and any other measurement criterion, the acquisition cost criterion was used.

The individual and consolidated financial statements were approved by the Board of Directors and authorized for issue on March 4, 2015.

2.b) Consolidated financial statements

The accounting policies have been consistently applied to all consolidated companies.

The consolidated financial statements for the years ended December 31, 2014 and 2013 include the following direct and indirect subsidiaries and joint ventures, as well as the exclusive funds Diplic, Mugen and Vértice, as follows:

- Companies**

Companies	Equity interests (%)	
	12/31/2014	12/31/2013 Core business
Direct interest in subsidiaries: full consolidation		
CSN Islands VII Corp.	100.00	100.00 Financial transactions
CSN Islands VIII Corp. (1)		100.00 Financial transactions
CSN Islands IX Corp.	100.00	100.00 Financial transactions
CSN Islands X Corp.	100.00	100.00 Financial transactions
CSN Islands XI Corp.	100.00	100.00 Financial transactions
CSN Islands XII Corp.	100.00	100.00 Financial transactions
CSN Minerals S.L.U.	100.00	100.00 Equity interests
CSN Export Europe, S.L.U.	100.00	100.00 Financial transactions
CSN Metals S.L.U.	100.00	100.00 Equity interests and f
CSN Americas S.L.U.	100.00	100.00 Equity interests and f
CSN Steel S.L.U.	100.00	100.00 Equity interests and f
TdBB S.A	100.00	100.00 Dormant company
SePETIBA Tecon S.A.	99.99	99.99 Port services
Mineração Nacional S.A.	99.99	99.99 Mining and equity inte
Companhia Florestal do Brasil	99.99	99.99 Reforestation
Estanho de Rondônia S.A.	99.99	99.99 Tin mining
Cia Metalic Nordeste	99.99	99.99 Manufacture of conta
Companhia Metalúrgica Prada	99.99	99.99 Manufacture of conta
CSN Cimentos S.A.	100.00	99.99 Cement manufacturin
CSN Gestão de Recursos Financeiros Ltda.	99.99	99.99 Dormant company
Congonhas Minérios S.A.	99.99	99.99 Mining and equity inte
CSN Energia S.A.	99.99	99.99 Sale of electric power
FTL - Ferrovia Transnordestina Logística S.A.	88.41	88.41 Railroad logistics
Indirect interest in subsidiaries: full consolidation		
CSN Aceros S.A. (1)		100.00 Equity interests
Companhia Siderúrgica Nacional LLC	100.00	100.00 Steel
CSN Europe Lda.	100.00	100.00 Financial transactions
CSN Ibéria Lda.	100.00	100.00 Financial transactions
CSN Portugal, Unipessoal Lda. (1)		100.00 Financial transactions
Lusosider Projectos Siderúrgicos S.A.	99.94	99.99 Equity interests and p
Lusosider Aços Planos, S. A.	99.99	99.98 Steel and equity inter
CSN Acquisitions, Ltd.	100.00	100.00 Financial transactions
CSN Resources S.A.	100.00	100.00 Financial transactions
CSN Holdings (UK) Ltd	100.00	100.00 Financial transactions

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CSN Handel GmbH	100.00	100.00	Financial transactions
Companhia Brasileira de Latas	100.00	59.17	Sale of cans and com
Rimet Empreendimentos Industriais e Comerciais S. A.	100.00	58.96	Production and sale o
Companhia de Embalagens Metálicas MMSA	99.67	58.98	Production and sale o
Empresa de Embalagens Metálicas - LBM Ltda. (2)		58.98	Sales of containers a
Empresa de Embalagens Metálicas - MUD Ltda. (2)		58.98	Production and sale o
Companhia de Embalagens Metálicas - MTM do Nordeste (2)		58.98	Production and sale o
Companhia de Embalagens Metálicas - MTM	99.67	58.98	Production and sale o
CSN Steel Comercializadora, S.L.U. (1)		100.00	Financial transactions
CSN Steel Holdings 1, S.L.U.	100.00	100.00	Financial transactions
CSN Steel Holdings 2, S.L.U.	100.00	100.00	Financial transactions
Stalwerk Thüringen GmbH	100.00	100.00	Production and sale o
CSN Steel Sections UK Limited	100.00	100.00	Dormant company
CSN Steel Sections Czech Republic s.r.o. (1)		100.00	Financial transactions
CSN Steel Sections Polska Sp.Z.o.o	100.00	100.00	Financial transactions
CSN Asia Limited (3)	100.00		Commercial represen
Direct interest in joint operations: proportionate consolidation			
Itá Energética S.A.	48.75	48.75	Electric power genera
CGPAR - Construção Pesada S.A.	50.00	50.00	Mining support servic
Consórcio da Usina Hidrelétrica de Igarapava	17.92	17.92	Electric power consor
Direct interest in joint ventures: equity method			
Nacional Minérios S.A.	60.00	60.00	Mining and equity inte
MRS Logística S.A.	27.27	27.27	Railroad transportatio
Aceros Del Orinoco S.A. (4)	31.82	22.73	Dormant company
CBSI - Companhia Brasileira de Serviços de Infraestrutura	50.00	50.00	Provision of services
Transnordestina Logística S.A.	62.64	77.30	Railroad logistics
Indirect interest in joint ventures: equity method			
Namisa International Minérios SLU	60.00	60.00	Financial transactions
Namisa Europe, Unipessoal Lda.	60.00	60.00	Equity interests and s
Namisa Handel GmbH	60.00	60.00	Financial transactions
MRS Logística S.A.	6.00	6.00	Railroad transportatio
Aceros Del Orinoco S.A. (4)		9.08	Dormant company
Namisa Asia Limited (3)	60.00		Commercial represen
Direct interest in associates: equity method			
Arvedi Metalfer do Brasil S.A.	20.00	20.00	Metallurgy and equity

- (1) Companies liquidated in 2014.
- (2) Companies merged into Companhia de Embalagens Metálicas MMSA in 2014, see note 7.
- (3) Companies established in 2014.
- (4) Transfer to CSN of the rights to subscribe to the shares of Aceros del Orinoco S. A. held by CSN Aceros, S.A. in April 2014, without gain and loss effects.

- **Exclusive funds**

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

In the preparation of the consolidated financial statements the following consolidation procedures have been applied:

- **Transactions between subsidiaries, associates, joint ventures and joint operations**

Unrealized gains on transactions with subsidiaries, joint ventures and associates are eliminated to the extent of CSN's equity interests in the related entity in the consolidation process. Unrealized losses are eliminated in the same manner as unrealized gains, although only to the extent that there are indications of impairment. The Company eliminates the effect on profit or loss of transactions carried out with joint ventures and, as a result, reclassifies part of the share of profit (loss) of joint ventures to finance costs, cost of sales and income tax and social contribution.

The base date of the financial statements of the subsidiaries and joint ventures is the same as that of the Company, and their accounting policies are in line with the policies adopted by the Company.

Subsidiaries

Subsidiaries are all entities (including special purpose entities) whose financial and operating policies can be conducted by the Company and when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to use its power to affect its returns. The existence and effect of potential voting rights that are actually exercisable or convertible are taken into consideration when assessing whether the Company controls another entity. Subsidiaries are fully consolidated from the date when control is transferred to the Company and are deconsolidated from the date when such control ceases.

Joint ventures and joint operations

Joint arrangements are all entities over which the Company has joint control with one or more other parties. Investments in joint arrangements are classified as joint operations or joint ventures depending on the contractual rights and obligations of each investor.

Joint operations are accounted for in the financial statements in order to represent the Company's contractual rights and obligations. Therefore, the assets, liabilities, revenues and expenses related to its interests in joint operations are accounted for individually in the financial statements.

Joint ventures are accounted for under the equity method and are not consolidated.

The Company eliminates the effect on profit or loss of transactions carried out with joint ventures and, as a result, reclassifies part of the share of profit (loss) of joint ventures to finance costs, cost of sales, net sales and income tax and social contribution.

Associates

Associates are all entities over which the Company has significant influence but not control, generally through a shareholding of 20% to 50% of the voting rights. Investments in associates are accounted for under the equity method and are initially recognized at cost.

- **Transactions and non-controlling interests**

The Company treats transactions with non-controlling interests as transactions with owners of the Company. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in shareholders' equity. Gains and losses on disposals to non-controlling interests are also recognized directly in shareholders' equity, in line item "Valuation adjustments to equity".

When the Company no longer holds control, any retained interest in the entity is remeasured to its fair value, with the change in the carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest in an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Company had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

2.c) Individual financial statements

In the individual financial statements, investments in subsidiaries and associates are accounted for under the equity method of accounting. To obtain the same profit or loss and shareholders' equity attributable to the owners of the Parent Company, the same policy adjustments applied upon the adoption of the IFRSs and the CPCs are made both to the individual financial statements and the consolidated financial statements.

2.d) Foreign currencies

i. Functional and presentation currency

Items included in the financial statements of each one of the Company's subsidiaries are measured using the currency of the primary economic environment in which the subsidiary operates ("functional currency"). The consolidated financial statements are presented in Brazilian reais (R\$), which is the Company's functional currency and the Group's presentation currency.

ii. Transactions and balances

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. Foreign exchange gains and losses resulting from the settlement of these transactions and from the translation at exchange rates in effect as of December 31, 2014 of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement, except when they are recognized in shareholders' equity as a result of monetary items of foreign operation characterized as foreign investment.

The balances of assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period. As of December 31, 2014, US\$1 is equal to R\$2.6562 (R\$2.3426 at December 31, 2013) and €1 is equal to R\$3.2270 (R\$3.2265 at December 31, 2013).

All other foreign exchange gains and losses, including foreign exchange gains and losses related to borrowings and cash and cash equivalents, are presented in the income statement as finance income or costs.

Changes in the fair value of monetary securities denominated in foreign currency, classified as available-for-sale, are segregated into exchange differences related to the amortized cost of the security and other changes in the carrying amount of the security. Exchange differences related to amortized cost are recognized in profit or loss, and other changes in the carrying amount are recognized in shareholders' equity.

Exchange differences on non-monetary financial assets and liabilities classified as measured at fair value through profit or loss are recognized in profit or loss as part of the gain or loss on the fair value. Exchange differences on investments in shares classified as available-for-sale are included in comprehensive income in shareholders' equity.

iii. Group companies

The results and financial position of all the Group's entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- The assets and liabilities of each balance sheet presented are translated at the exchange rate at the end of the reporting period;
- The income and expenses of each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates in effect at the transaction dates, in which case income and expenses are translated at the rate in effect at the transaction dates);
- All resulting exchange differences are recognized as a separate component in other comprehensive income; and

- Gains and losses accumulated in shareholders' equity are included in the income statement when the foreign operation is partially disposed of or sold.

On consolidation, exchange differences resulting from the translation of monetary items with characteristics of net investment in foreign operations are recognized in shareholders' equity. When a foreign operation is partly disposed of or sold, exchange differences previously recorded in other comprehensive income are recognized in the income statement as part of the gain or loss on sale.

2.e) Cash and cash equivalents

Cash and cash equivalents include cash on hand and in banks and other short-term highly liquid investments redeemable within 90 days from the end of the reporting period, readily convertible into a known amount of cash and subject to an insignificant risk of change in value. Certificates of deposit that can be redeemed at any time without penalties are considered as cash equivalents.

2.f) Trade receivables

Trade receivables are initially recognized at fair value, including the related taxes and expenses. Foreign currency-denominated trade receivables are adjusted at the exchange rate in effect at the end of the reporting period. The estimated losses on doubtful debts were recognized in an amount considered sufficient to cover any losses. Management's assessment takes into consideration the customer's history and financial position, as well as the opinion of our legal counsel regarding the collection of these receivables for recognizing the loss estimate.

2.g) Inventories

Inventories are carried at the lower of cost and net realizable value. Cost is determined using the weighted average cost method on the acquisition of raw materials. The costs of finished goods and work in process comprise raw materials, labor and other direct costs (based on the normal production capacity). Net realizable value represents the estimated selling price in the normal course of business, less estimated costs of completion and costs necessary to make the sale. Estimated losses on slow-moving or obsolete inventories are recognized when considered necessary.

Stockpiled inventories are accounted for as processed when removed from the mine. The cost of finished goods comprises all direct costs necessary to transform stockpiled inventories into finished goods.

2.h) Investments

Investments in subsidiaries, joint ventures and associates are accounted for under the equity method of accounting and are initially recognized at cost. The gains or losses are recognized in profit or loss as operating income (or expenses) in the individual financial statements. In the case of foreign exchange differences arising on translating foreign investments that have a functional currency different from the Company's, changes in investments due exclusively to foreign exchange differences, as well as adjustments to pension plans and available-for-sale investments that impact the subsidiaries' shareholders' equity, are recognized in line item "Cumulative translation adjustments", in the Company's shareholders' equity, and are only recognized in profit or loss when the investment is disposed of or written off due to impairment loss. Other investments are recognized at cost or fair value.

When necessary, the accounting policies of subsidiaries and joint ventures are changed to ensure consistency with the policies adopted by the Company.

2.i) Business combination

The acquisition method is used to account for each business combination conducted by the Company. The consideration transferred for acquiring a subsidiary is the fair value of the assets transferred, liabilities incurred and equity instruments issued by the Company. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement, where applicable. Acquisition-related costs are recognized in profit or loss for the year, as incurred. Identifiable assets

acquired and liabilities assumed in a business combination are initially measured at their fair values at the acquisition date. The Company recognizes non-controlling interests in the acquiree according to the proportional non-controlling interest held in the fair value of the acquiree's net assets.

2.j) Property, plant and equipment

Property, plant and equipment are carried at cost of acquisition, formation or construction, less accumulated depreciation or depletion and any impairment loss. Depreciation is calculated under the straight-line method based on the remaining economic useful economic lives of assets, as mentioned in note 8. The depletion of mines is calculated based on the quantity of ore mined. Land is not depreciated since their useful life is considered indefinite. However, if the tangible assets are mine-specific, that is, used in the mining activity, they are depreciated over the shorter of the normal useful lives of such assets or the useful life of the mine. The Company recognizes in the carrying amount of property, plant and equipment the cost of replacement, reducing the carrying amount of the part that is replaced if it is probable that future economic benefits embodied therein will revert to the Company, and if the cost of the asset can be reliably measured. All other disbursements are expensed as incurred. Borrowing costs related to funds obtained for construction in progress are capitalized until these projects are completed.

If some components of property, plant and equipment have different useful lives, these components are separately recognized as property, plant and equipment items.

Gains and losses on disposal are determined by comparing the sale value less the residual value and are recognized in 'Other operating income (expenses)'.

Exploration expenditures are recognized as expenses until the viability of mining activities is established; after this period subsequent development costs are capitalized. Exploration and valuation expenditures include:

- Research and analysis of exploration area historical data;
- Topographic, geological, geochemical and geophysical studies;
- Determine the mineral asset's volume and quality/grade of deposits;
- Examine and test the extraction processes and methods;
- Topographic surveys of transportation and infrastructure needs;

- Market studies and financial studies;

The costs for the development of new mineral deposits or capacity expansion in mines in operation are capitalized and amortized using the produced (extracted) units method based on the probable and proven ore quantities.

The development stage includes:

- Drillings to define the ore body;
- Access and draining plans;
- Advance removal of overburden (top soil and waste material removed prior to initial mining of the ore body) and waste material (non-economic material that is intermingled with the ore body).

Stripping costs (the costs associated with the removal of overburden and other waste materials) incurred during the development of a mine, before production commences, are capitalized as part of the depreciable cost of developing the property. Such costs are subsequently amortized over the useful life of the mine based on proven and probable reserves.

Stripping costs in the production phase are included in the cost of the inventory produced, except when a specific extraction campaign is made to access deeper deposits of the ore body. In these cases, costs are capitalized and taken to noncurrent assets when the mineral ore deposit is extracted and are amortized over the useful life of the ore body.

The Company holds spare parts that will be used to replace parts of property, plant and equipment and that will increase the asset's useful life and the useful life of which exceeds 12 months. These parts are classified in property, plant and equipment and not in inventories.

2.k) Intangible assets

Intangible assets comprise assets acquired from third parties, including through business combinations.

These assets are recognized at cost of acquisition or formation, less amortization calculated on a straight-line basis based on the exploration or recovery periods.

Mineral rights acquired are classified as other assets in intangible assets.

Intangible assets with indefinite useful lives and goodwill based on expected future profitability are not amortized.

- **Goodwill**

Goodwill represents the positive difference between the amount paid and/or payable for the acquisition of a business and the net fair values of the assets and liabilities of the acquiree. Goodwill on acquisitions of subsidiaries is recognized as intangible assets in the consolidated financial statements. In the individual balance sheet, goodwill is included in investments. The gain on bargain purchase is recognized as a gain in profit for the period at the acquisition date. Goodwill is annually tested for impairment. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of a Cash-Generating Unit (CGU) include the carrying amount of goodwill related to the CGU sold.

Goodwill is allocated to CGUs for impairment testing purposes. The allocation is made to Cash-Generating Units or groups of Cash-Generating Units that are expected to benefit from the business combination from which the goodwill arose, and the unit is not greater than the operating segment.

- **Software**

Software licenses purchased are capitalized based on the costs incurred to purchase the software and make it ready for use. These costs are amortized on a straight-line basis over the estimated useful lives of one to five years.

2.l) Impairment of non-financial assets

Assets with infinite useful lives, such as goodwill, are not subject to amortization and are annually tested for impairment. Assets subject to amortization and/or depreciation, such as property, plant and equipment, are tested for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. An impairment loss is recognized at the amount by which the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of the fair value of an asset less costs to sell and its value in use. For impairment testing purposes, assets are grouped at their lowest levels for which there are separately identifiable cash flows (Cash Generating Units, or CGUs). Non-financial assets, except goodwill, that are considered impaired are subsequently reviewed for possible reversal of the impairment at the reporting date.

2.m) Employee benefits

i. Employee benefits

Defined contribution plans

A defined contribution plan is as a post-employment benefit plan whereby an entity pays fixed contributions to a separate entity (pension fund) and will not have any legal or constructive obligation to pay additional amounts. Obligations for contributions to defined contribution pension plans are recognized as employee benefit expenses in the periods during which services are provided by employees. Contributions paid in advance are recognized as an asset on condition that either cash reimbursement or future reduction is available. Contributions to a defined contribution plan that is expected to mature twelve (12) months after the end of the period in which the employee provides services are discounted to their present values.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation regarding defined pension benefit plans is calculated individually for each plan by estimating the value of the future benefit that the employees accrue as return for services provided in the current period and in prior periods; such benefit is discounted to its present value. The discount rate is the yield presented at the end of the reporting period for top line debt securities whose maturity dates approximate the terms and conditions of the Company's obligations and which are denominated in the same currency as the one in which it is expected that the benefits will be paid. The calculation is made annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit for the Company, the asset to be recognized is limited to the total amount of any unrecognized costs of past services and the present value of the economic benefits available in the form of future plan reimbursements or reduction in future contributions to the plan. In calculating the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any Company plan. An economic benefit is available to the Company if it is realizable during the life of the plan or upon settlement of the plan's liabilities.

The Company and some of its subsidiaries offered a postretirement healthcare benefit to its employees. The right to these benefits is usually contingent to their remaining in employment until the retirement age and the completion of the minimum length of service. The expected costs of these benefits are accumulated during the employment period, and are calculated using the same accounting method used for defined benefit pension plans. These obligations are annually valued by qualified independent actuaries.

When the benefits of a plan are increased, the portion of the increased benefit related to past services of employees is recognized on a straight-line basis over the average period until the benefits become vested. When the benefits become immediately vested, the expense is recognized in profit or loss.

The Company recognizes all actuarial gains and losses resulting from defined benefit plans immediately in other comprehensive income, subsequently transferred to retained earnings or accumulated losses. If the plan is extinguished, actuarial gains and losses are recognized in profit or loss.

ii. Profit sharing and bonus

Employee profit sharing and executives' variable compensation are linked to the achievement of operating and financial targets. The Company recognizes a liability and an expense substantially allocated to production cost and, where applicable, to general and administrative expenses when such goals are met.

2.n) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material). When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

2.o) Concessions

The Company has governmental concessions to provide the following types of services: iron ore railway transportation and transportation of exports and finished goods to the domestic market; development of railway system operation public service in the Northeast of Brazil; operation of a solid bulk terminal, and a container terminal in the Porto of Itaguaí. All the Company's current concession arrangements were valued at the time of the concession as operating leases.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

2.p) Share capital

Common shares are classified in shareholders' equity.

Incremental costs directly attributable to the issue of new shares or options are shown in shareholders' equity as a deduction from the proceeds, net of taxes.

When any Group company buys Company shares (treasury shares), the amount paid, including any directly attributable additional costs (net of income tax), is deducted from shareholders' equity attributable to owners of the Company until the shares are canceled or reissued. When these shares are subsequently reissued, any amount received, net of any directly attributable additional transaction costs and the related income tax and social contribution effects, is included in shareholders' equity attributable to owners of the Company.

2.q) Revenue recognition

Operating revenue from the sale of goods in the normal course of business is measured at the fair value of the consideration received or receivable. Revenue is recognized when there is convincing evidence that the most significant risks and rewards of ownership of goods have been transferred to the buyer, it is probable that future economic benefits will flow to the entity, the associated costs and possible return of goods can be reliably estimated, there is no continued involvement with the goods sold, and the amount of the operating revenue can be reliably measured. If it is probable that discounts will be granted and the value thereof can be reliably measured, then the discount is recognized as a reduction of the operating revenue as sales are recognized. Revenue from services provided is recognized as it is realized.

The appropriate timing for transfer of risks and rewards varies depending on the individual terms and conditions of the sales contract. For international sales, this timing depends on the type of term of the contract.

2.r) Finance income and finance costs

Finance income includes interest income from funds invested (except available-for-sale financial assets), dividend income not accounted for under the equity method, gains on disposal of available-for-sale financial assets, changes in the fair value of financial assets measured at fair value through profit or loss, and gains on derivative instruments that are recognized in profit or loss. Interest income is recognized in profit or loss under the effective interest method. Dividend income is recognized in profit or loss when the Company's right to receive payment has been established. Distributions received from investees accounted for under the equity method reduce the investment value.

Finance costs comprise interest expenses on borrowings, dividends on preferred shares classified as liabilities, losses on the fair value of financial instruments measured at fair value through profit or loss, impairment losses recognized in financial assets, and losses on derivative instruments that are recognized

in profit or loss. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are measured through profit or loss under the effective interest method.

Foreign exchange gains and losses are reported on a net basis.

2.s) Income tax and social contribution

Current and deferred income tax and social contribution are calculated based on the tax laws enacted or substantially enacted by the end of the reporting period, including in the countries where the Group entities operate and generate taxable profit. Management periodically assesses the positions taken in the tax calculations with respect to situations where applicable tax regulations are open to interpretations. The Company recognizes provisions where appropriate, based on the estimated payments to tax authorities.

The income tax and social contribution expense comprises current and deferred taxes. Current and deferred taxes are recognized in profit or loss unless they are related to business combinations or items recognized directly in shareholders' equity.

Current tax is the expected tax payable or receivable on taxable profit or loss for the year at tax rates that have been enacted or substantially enacted by the end of the reporting period and any adjustment to taxes payable in relation to prior years.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax is not recognized for the following temporary differences: initial recognition of assets and liabilities in a transaction that is not a business combination and does not affect either the accounting or taxable profit or loss, and differences associated with investments in subsidiaries and joint ventures when it is probable that they will not reverse in the foreseeable future.

Moreover, a deferred tax liability is not recognized for taxable temporary differences resulting from the initial recognition of goodwill. The deferred tax is measured at the rates that are expected to be applied on temporary differences when they reverse, based on the laws that have been enacted or substantially enacted by the end of the reporting period.

Current income tax and social contribution are carried at their net amounts by the taxpayer, in liabilities when there are amounts payable or in assets when prepaid amounts exceed the total amount due at the end of the reporting period.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority on the same entity subject to taxation.

A deferred income tax and social contribution asset is recognized for all tax losses, tax credits, and deductible temporary differences to the extent that it is probable that taxable profits will be available against which those tax losses, tax credits, and deductible temporary differences can be utilized.

Deferred income tax and social contribution assets are reviewed at the end of each reporting period and reduced to the extent that their realization is no longer probable.

2.t) Earnings/(Loss) per share

Basic earnings/loss per share are calculated by means of the profit/loss for the year attributable to owners of the Company and the weighted average number of common shares outstanding in the related period. Diluted earnings/loss per share are calculated by means of the average number of shares outstanding, adjusted by instruments potentially convertible into shares, with diluting effect, in the reported periods. The Company does not have any instruments potentially convertible into shares and, accordingly, diluted earnings/loss per share are equal to basic earnings/loss per share.

2.u) Environmental and restoration costs

The Company recognizes a provision for the costs of recovery of areas and fines when a loss is probable and the amounts of the related costs can be reliably measured. Generally, the period for providing for the amount to be used in recovery coincides with the end of a feasibility study or the commitment to adopt a formal action plan.

Expenses related to compliance with environmental regulations are charged to profit or loss or capitalized, as appropriate. Capitalization is considered appropriate when the expenses refer to items that will continue to benefit the Company and that are basically related to the acquisition and installation of equipment to control and/or prevent pollution.

2.v) Research and development

Research expenditures are recognized as expenses when incurred. Expenditures on project development (related to the design and testing stages of new or improved products) are recognized as intangible assets when it is probable that projects will be successful, based on their commercial and technological feasibility, and only when the cost can be reliably measured. When capitalized, development expenditures are amortized from the start of a product's commercial production, on a straight-line basis and over the period of the expected benefit.

2.w) Financial instruments

i) Financial assets

Financial assets are classified into the following categories: measured at fair value through profit or loss, loans and receivables, held-to-maturity, and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at the time of initial recognition.

- **Financial assets measured at fair value through profit or loss**

Financial assets at fair value through profit or loss are financial assets held for active and frequent trading. Derivatives are also categorized as held for trading and, accordingly, are classified in this category unless they have been designed as cash flow hedging instruments. Assets in this category are classified in current assets.

- **Loans and receivables**

This category includes loans and receivables that are non-derivative financial assets with fixed or determinable payments not quoted in an active market. They are included in current assets, except those with maturity of more than 12 months after the end of the reporting period (which are classified as non-current assets). Loans and receivables include loans to associates, trade receivables, other receivables and cash and cash equivalents, except short-term investments. Cash and cash equivalents are recognized at fair value. Loans and receivables are carried at amortized cost using the effective interest method.

- **Held-to-maturity assets**

These are basically financial assets acquired with the positive intent and ability to hold to maturity. Held-to-maturity investments are initially recognized at their value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortized cost using the effective interest method, less any impairment loss.

- **Available-for-sale financial assets**

These are non-derivative financial assets, designated as available-for-sale, that are not classified in any other category. They are included in non-current assets when they are strategic investments of the Company, unless Management intends to dispose of the investment within 12 months from the end of the reporting period. Available-for-sale financial assets are recognized at fair value.

- **Recognition and measurement**

Regular purchases and sales of financial assets are recognized at the trading date - the date on which the Company undertakes to buy or sell the asset. Investments are initially recognized at their fair value, plus transaction costs for all financial assets not classified as at fair value through profit or loss. Financial assets at fair value through profit or loss are initially recognized at their fair value and the transaction costs are charged to the income statement. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred, in the latter case, provided that the Company has transferred significantly all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortized cost using the effective interest method.

Gains or losses resulting from changes in the fair value of financial assets at fair value through profit or loss are presented in the income statement under "finance income" in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognized in the income statement as part of other finance income when the Company's right to receive the dividends has been established.

The changes in the fair value of available-for-sale financial assets are recognized as follows: (i) the effects of foreign exchange differences and the changes in the fair value of the investment in the investee's capital are recognized directly in the Company's shareholders' equity, in "Other comprehensive income" and; (ii) the effects of foreign exchange differences and the changes in the option's fair value are recognized in the income statement for the year.

Interest on available-for-sale securities, calculated under the effective interest method, is recognized in the income statement as part of other income. Dividends from available-for-sale equity instruments, such as shares, are recognized in the income statement as part of other finance income when the Company's right to receive payments has been established.

The fair values of publicly quoted investments are based on current purchase prices. If the market for a financial asset (and for instruments not listed on a stock exchange) is not active, the Company establishes the fair value by using valuation techniques. These techniques include the use of recent transactions contracted with third parties, reference to other instruments that are substantially similar, analysis of discounted cash flows, and option pricing models that make maximum use of market inputs and relies as little as possible on entity-specific inputs.

ii) Impairment of financial assets

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired.

- **Assets measured at amortized cost**

A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and such loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria used by CSN to determine whether there is objective evidence of an impairment loss include:

- significant financial difficulty of the issuer or counterparty;

- a breach of contract, such as default or delinquency in interest or principal payments;

- the issuer, for economic or legal reasons relating to the borrower's financial difficulty, grants to the borrower a concession that the lender would not otherwise consider;

- it becomes probable that the borrower will enter bankruptcy or other financial reorganization;

- the disappearance of an active market for that financial asset because of financial difficulties; or

- observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of such assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:
 - adverse changes in the payment status of borrowers in the portfolio;
 - national or local economic conditions that correlate with defaults on the assets in the portfolio.

The amount of the loss is measured as the difference between the carrying amount of the asset and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the original effective interest rate of the financial asset. The carrying amount of the asset is reduced and the amount of the loss is recognized in the income statement. If a loan or held-to-maturity investment has a variable interest rate, the discount rate to measure an impairment loss is the current effective interest rate determined pursuant to the contract. As a practical expedient, the Company may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the previously recognized impairment loss is reversed and recognized in the consolidated income statement.

- **Assets classified as available-for-sale**

In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost is also objective evidence of impairment. Determining what is considered a “significant” or “prolonged” decline requires judgment. For this judgment we assess, among other factors, the historical

changes in the equity prices, the duration and proportion in which the fair value of the investment is lower than its cost, and the financial health and short-term prospects of the business for the investee, including factors such as: industry and segment performance, changes in technology, and operating and financial cash flows. If there is any of this evidence of impairment of available-for-sale financial assets, the cumulative loss—measured as the difference between the acquisition cost and the current fair value, less any impairment loss on the financial asset previously recorded in profit or loss—is reclassified from shareholders' equity and recognized in the income statement. Impairment losses recognized in the income statement as available-for-sale instruments are not reversed through the income statement.

CSN tested for impairment its available-for-sale investment in Usiminas shares (see note 11).

iii) Financial liabilities

Financial liabilities are classified into following categories: measured at fair value through profit or loss and other financial liabilities. Management determines the classification of its financial liabilities at the time of initial recognition.

- **Financial liabilities measured at fair value through profit or loss**

Financial liabilities at fair value through profit or loss are financial liabilities held for trading or designated as at fair value through profit or loss.

Derivatives are also classified as trading securities, and thereby are classified so, unless they have been designated as effective hedging instruments.

- **Other financial liabilities**

Other financial liabilities are measured at amortized cost using the effective interest method.

The Company holds the following non-derivative financial liabilities: borrowings, financing and debentures, and trade payables.

- **Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to set off recognized amounts and the intention to either settle them on a net basis or to realize the asset and settle the liability simultaneously.

iv) Derivative instruments and hedging activities

- **Derivatives measured at fair value through profit or loss**

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently measured at their fair value, and any changes are recognized as "Finance income (costs)" in the income statement.

- **Hedging activities**

The Company adopts hedge accounting and designates certain financial liabilities as a hedging instrument of a foreign exchange risk associated to the cash flows from forecast, highly probable exports (cash flow hedges).

At the inception of the transaction, the Company documents the relationships between the hedging instruments and the hedged items, as well as its risk management objectives and strategy for undertaking

hedging transactions. The Company also documents its assessment, both at the inception of the hedge and on an ongoing basis, of whether the hedging transactions are highly effective in offsetting changes in the cash flows of the hedged items.

The effective portion of the changes in the fair value of financial liabilities designated and qualifying as cash flow hedge is recognized in shareholders' equity, in line item "Hedge accounting". Any gain or loss related to the ineffective portion is recognized immediately in profit or loss.

The amounts accumulated in shareholders' equity are realized in the income statement in the periods in which the forecast exports affect profit or loss.

When a hedging instrument expires or is settled in advance, or when the hedging relationship no longer meets the hedge accounting criteria, or even when Management decides to discontinue hedge accounting, all cumulative gains or losses recorded in shareholders' equity at the time remain recognized in shareholders' equity. When the forecast transaction is completed, the gain or loss is reclassified to profit or loss. When a forecast transaction is no longer expected to take place, the cumulative gain or loss previously recognized in shareholders' equity is immediately transferred to the income statement, in line item "Finance income (costs)".

The movements in the hedge amounts designated as export cash flow hedges are stated in note 11(iv).

2.x) Segment information

An operating segment is a component of the Group committed to the business activities from which it can obtain revenues and incur expenses, including revenues and expenses related to transactions with any other components of the Group. All the operating results of operating segments are reviewed regularly by the Executive Officers of CSN to make decisions regarding funds to be allocated to the segment and assessment of its performance, and for which there is distinct financial information available (see Note 24).

2.y) Government grants

Government grants are not recognized until there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received, when they will be recognized in profit or loss on a systematic basis over the periods in which the Company recognizes as expenses the

related costs the grants are intended to compensate.

The Company has state tax incentives in the North and Northeast regions that are recognized in profit or loss as a reduction of the corresponding costs, expenses and taxes.

2.z) New standards and interpretations issued and not yet adopted

The following standards, amendments to standards and IFRS interpretations issued by the IASB are not yet effective and were not early adopted by the Company for the year ended December 31, 2014:

Standard	Description	Effective date
IAS 16 and IAS 38	<i>Property, Plant and Equipment and Intangible Assets</i> – in May 2014 these accounting standards were revised to clarify that the revenue method will no longer be permitted for depreciation or amortization purposes.	2016
IAS 27	<i>Separate Financial Statements</i> – in August 2014 the standard that addresses separate financial statements was revised to permit the accounting of investments under the equity method of accounting. The Company already adopts this method as required by the Brazilian corporate law and this change will have no impacts on its financial statements. This change has not yet been issued by the CPC and should be adopted beginning 2016, with early adoption permitted.	2016
IFRS 10 and IAS 28	<i>Consolidated Financial Statements and Investments in Associates and Joint Ventures</i> – in September 2014 a revision was issued proposing that the gain or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 to an investor's subsidiary or joint venture should only be recognized to the extent of the unrelated investors' interests in the subsidiary or joint venture.	2016
IFRS 7	<i>Financial Instruments: Disclosures</i> – in September 2014 the IASB revised IFRS 7 to provide guidance to clarify whether a servicing contract is continuing involvement and that the additional disclosure requirements are not specific for interim reporting periods. This standard has not yet been	2016

issued by the CPC and should be adopted beginning 2016. *Financial Instruments*. IFRS 9 retains, but simplifies, the combined measurement model and establishes two main measurement categories of financial assets: amortized cost and fair value. The classification basis depends on the entity's business model and the characteristics of the financial asset's contractual cash flow.

IFRS 9 retains most of IAS 39 requirements for financial liabilities. 2018

The main change refers to those cases where the fair value of the financial liabilities must be segregated so that the fair value portion related to the entity's credit risk is recognized in "Other comprehensive income" and not in profit or loss for the period.

The guidance on IAS 39 on the impairment of financial assets and hedge accounting is still applicable. *Revenue from Contracts with Customers*. This new standard introduces the principles that an entity will apply to determine the revenue measurement and when such revenue shall be recognized. 2017

IFRS15 replaces IAS 11 *Construction Contracts*, IAS 18 *Revenue*, and related interpretations.

There are no other standards, amendments to standards and interpretations not yet effective that the Company expects to have a material impact on its financial statements

3. CASH AND CASH EQUIVALENTS

	12/31/2014	Consolidated 12/31/2013	12/31/2014	Parent Company 12/31/2013
Current				
Cash and cash equivalents				
Cash and banks	192,595	178,920	14,638	36,553
Short-term investments				
In Brazil:				
Government securities	246,407	48,206	205,304	42,575
Private securities	486,730	240,852	264,500	57,564
	733,137	289,058	469,804	100,139
Abroad:				
Time deposits	7,760,289	9,527,694	2,661,951	69,932
Total short-term investments	8,493,426	9,816,752	3,131,755	170,071
Cash and cash equivalents	8,686,021	9,995,672	3,146,393	206,624

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

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

A significant part of the funds of the Company and its foreign subsidiaries is invested in time deposits with leading banks, bearing fixed rates. Additionally, in 2014 there were capital reductions in foreign subsidiaries resulting in an increase in the parent Company's cash. (See note 7 (b).)

4. TRADE RECEIVABLES

	12/31/2014	Consolidated 12/31/2013	12/31/2014	Parent Company 12/31/2013
Trade receivables				
Third parties				
Domestic market	861,518	790,225	548,417	545,927
Foreign market	762,935	950,145	87,668	80,434
	1,624,453	1,740,370	636,085	626,361
Estimated losses on doubtful debts	(127,223)	(114,172)	(93,536)	(88,518)
	1,497,230	1,626,198	542,549	537,843
Related parties (Note 17 - b)	153,737	107,443	969,343	632,645
	1,650,967	1,733,641	1,511,892	1,170,488
Other receivables				
Dividends receivable (*) (Note 17 - b)	59,470	717,595	67,553	774,147
Advances to employees	32,743	35,267	22,977	22,237
Other receivables	9,876	35,962	2,076	25,832
	102,089	788,824	92,606	822,216
	1,753,056	2,522,465	1,604,498	1,992,704

(*) Reversal of dividends of the joint venture Nacional Minérios S.A., in the amount of R\$484,946, as mentioned in note 7 b.

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

	12/31/2014	Consolidated 12/31/2013	12/31/2014	Parent Company 12/31/2013
Falling due	1,284,824	1,339,481	464,322	373,190
Up to 180 days past due	236,843	216,392	90,612	90,165
Over 180 days past due	102,786	184,497	81,151	163,006
	1,624,453	1,740,370	636,085	626,361

In accordance with CSN' internal sales policy and the maintenance of its short-term receivables (up to 7 days), the Company has transactions 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\$264,411 as of December 31, 2014 (R\$386,732 as of December 31, 2013), less the trade receivables.

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

	12/31/2014	Consolidated 12/31/2013	12/31/2014	Parent Company 12/31/2013
Opening balance	(114,172)	(111,532)	(88,518)	(86,391)
Estimated losses	(25,305)	(17,988)	(15,915)	(13,902)
Recovery of receivables	12,254	15,348	10,897	11,775
Closing balance	(127,223)	(114,172)	(93,536)	(88,518)

5. INVENTORIES

	Consolidated		Parent Company	
	12/31/2014	12/31/2013	12/31/2014	12/31/2013
Finished goods	1,270,182	743,831	794,223	529,068
Work in progress	858,811	650,311	733,759	550,227
Raw materials	1,006,620	714,365	621,450	436,283
Storeroom supplies	949,062	1,003,473	825,983	877,944
Iron ore	147,699	139,275	147,699	139,275
Advances to suppliers	2,329	11,915	1,741	9,859
(-) Estimated losses	(112,581)	(102,185)	(88,056)	(83,426)
	4,122,122	3,160,985	3,036,799	2,459,230

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

	Consolidated		Parent company	
	12/31/2014	12/31/2013	12/31/2014	12/31/2013
Opening balance	(102,185)	(108,160)	(83,426)	(90,344)
Provision for losses /reversals of slow-moving and obsolete inventories	(10,396)	5,975	(4,630)	6,918
Closing balance	(112,581)	(102,185)	(88,056)	(83,426)

6. OTHER CURRENT AND NON-CURRENT ASSETS

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

	Current		Consolidated Non-current		Cur
	12/31/2014	12/31/2013	12/31/2014	12/31/2013	
Judicial deposits (Note 15)			288,804	693,714	
Credits with the PGFN ⁽¹⁾			81,792	88,921	
Recoverable taxes ⁽²⁾	598,497	480,495	155,616	112,788	453,258
Prepaid expenses	36,226	37,369	33,323	38,117	24,151
Actuarial asset - related party (Note 17 b)			97,173	97,051	
Derivative financial instruments (Note 11 I)	174,611	9,681		3,879	
Exclusive fund quotas ⁽³⁾					144,018
Securities held for trading (Note 11 I)	13,798	9,906			9,451
Ore inventory ⁽⁴⁾			144,483	144,483	
Northeast Investment Fund - FINOR			8,452	8,452	
Other receivables (Note 11 I)			1,347	9,970	
Loans with related parties (Note 17 b)	517,493	147,273	117,357	603,862	106,218
Other receivables from related parties (Note 17 b)	15,780	15,658	7,037	18,129	168,035
Other	17,898	22,538	12,036	15,959	
	1,374,303	722,920	947,420	1,835,325	905,131

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

2. Refers mainly to taxes on revenue (PIS/COFINS) and State VAT (ICMS) on the purchase of fixed assets which will be recovered in a period of up to 48 months and income tax and social contribution for offset.

3. Refers to transactions with derivatives managed by the exclusive funds.

4. 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.

7. INVESTMENTS

7.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	Assets	Liabilities
	Common	Preferred			
Subsidiaries					
CSN Islands VII Corp.	20,001,000		100.00	7,214,810	7
CSN Islands VIII Corp.					
CSN Islands IX Corp.	3,000,000		100.00	1,113,075	1
CSN Islands X Corp.	1,000		100.00	20	
CSN Islands XI Corp.	50,000		100.00	2,236,207	2
CSN Islands XII Corp.	1,540		100.00	2,000,851	2
International Investment Fund					
CSN Minerals S.L.U.	3,500		100.00	4,151,169	
CSN Export Europe, S.L.U.	3,500		100.00	930,973	
CSN Metals S.L.U.	16,504,020		100.00	846,160	
CSN Americas S.L.U.	3,500		100.00	1,588,221	
CSN Steel S.L.U.	22,042,688		100.00	2,152,431	1
Sepetiba Tecon S.A.	254,015,052		99.99	358,321	
Mineração Nacional S.A.	999,999		99.99	1,097	
Florestal Nacional S.A.					
Estanho de Rondônia S.A.	51,665,047		99.99	35,101	
Cia Metalic Nordeste	92,459,582		99.99	187,571	
Companhia Metalúrgica Prada	78,283,207		99.99	618,212	
CSN Cimentos S.A.	3,734,582,665		100.00	1,088,997	
Congonhas Minérios S.A.	64,610,862		99.99	1,996,460	2
CSN Energia S.A.	43,149		99.99	73,569	
FTL - Ferrovia Transnordestina Logística S.A.	306,241,571		88.41	566,259	
Companhia Florestal do Brasil	21,120,514		99.99	29,471	
Joint ventures					
Nacional Minérios S.A.	(*) 285,040,443		60.00	10,113,587	

Itá Energética S.A.	253,606,846		48.75	316,345
MRS Logística S.A.	52,414,154	40,301,916	27.27	1,959,145
CBSI - Companhia Brasileira de Serviços de Infraestrutura	1,876,146		50.00	18,678
CGPAR - Construção Pesada S.A.	50,000		50.00	61,689
Transnordestina Logística S.A.	22,701,071	1,397,545	62.64	4,115,120
Associates				
Arvedi Metalfer do Brasil	27,239,971		20.00	60,101
				43,833,640

Classified as available-for-sale

Usiminas
Panatlântica

Other investments

Gain on loss of control over Transnordestina
Profits on subsidiaries' profits
Other

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

Investments in assets
Investments with negative equity

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

(*) Refer to the consolidated balances and results.

7.b) Movements in the investments in subsidiaries, joint ventures, joint operations, associates, and other investments

	Consolidated		Parent Company	
	12/31/2014	12/31/2013	12/31/2014	12/31/2013
Opening balance of investments	13,487,023	10,839,787	27,005,592	23,356,506
Opening balance of provision for impairment loss			(1,231,511)	(851,298)
Transnordestina Investment balance		1,984,204		
Capital increase/acquisition of shares	10,279	11,968	93,960	654,692
Capital reduction ⁽¹⁾			(3,120,344)	
Merger and partial spin-off of subsidiaries				132,725
Dividends ⁽²⁾	395,307	(85,998)	275,731	(139,887)
Comprehensive income ⁽³⁾	(970,266)	71,791	(1,011,188)	456,978
Share of profits of investees ⁽⁴⁾	743,119	670,777	1,098,243	1,502,450
Gain on loss of control over Transnordestina				659,105
Other	(9)	(5,506)	87	2,810
Closing balance of investments	13,665,453	13,487,023	24,199,129	27,005,592
Closing balance of provision for impairment loss			(1,088,559)	(1,231,511)

1. Refers to capital reductions in subsidiaries CSN Steel, CSN Americas, CSN Metals, CSN Minerals, and CSN Export.

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

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

4. The table below shows the reconciliation of the share of profit of joint ventures and associates with the amount disclosed in the income statement, as a result of the elimination of revenues and expenses of

transactions between CSN and these companies:

	12/31/2014	Consolidated 12/31/2013
Share of profit of joint ventures	743,119	670,777
Eliminations		
To cost of sales	(45,812)	(137,418)
To net sales	50,261	
To finance costs	(628,629)	(624,096)
To income taxes	212,221	258,914
Other		
Result of Transnordestina - December 2013		(7,964)
Other		(2,075)
Adjusted share of profit of joint ventures	331,160	158,138

7.c) Additional information on the main operating subsidiaries

- SEPETIBA TECON S.A. (“Tecon”)

It is engaged in operating Container Terminal No. 1 of the Itaguaí Port, located in Itaguaí, State of Rio de Janeiro. The terminal is connected to UPV by the Southeast railroad network, the concession of which is granted to MRS Logística S.A.. The services provided are handling and storage of containers, steel products and cargo in general, among other products and services related to container washing, maintenance and sanitization.

Tecon won the auction held on September 3, 1998 for the terminal concession, which allows it to operate the terminal during a 25-year period, extendable for another 25-year period.

Upon concession termination, all rights and privileges transferred to Tecon will be handed back to the Federal Government, together with the assets owned by Tecon and those resulting from investments made by Tecon in leased assets, declared as returnable assets by the Federal Government as they are necessary to the continuity of the related services. Any assets declared as returnable assets will be compensated by the Federal Government at their residual value, calculated based on Tecon's accounting records, less depreciation.

- ESTANHO DE RONDÔNIA S.A. ("Ersa")

Headquartered in the State of Rondônia, operates two units, one in the city of Itapuã do Oeste and another in the city of Ariquemes. In Itapuã do Oeste, where the mining business unit is based, it mines cassiterite (tin ore) while in Ariquemes it operates a foundry to obtain metallic tin, the raw material used by UPV for the production of tin plates.

- CIA. METALIC NORDESTE ("Metalic")

Headquartered in Maracanaú, State of Ceará, is engaged in manufacturing metallic containers basically sold to the beverage industry. Its production is mainly sold in Brazil's North and Northeastern market, and the lid surplus is sold in the foreign market.

Its operating unit has two different production lines: Cans, using as raw material tine-coated steel supplied by the parent company and Lids, using as raw material aluminum.

- COMPANHIA METALÚRGICA PRADA (“Prada”)

Steel containers

Prada is engaged in the manufacture and sale of steel containers, producing the best and safest cans, pails and spray cans. It supplies containers and lithography services to the main companies in the chemical and food industries.

On August 1, 2014 Prada subscribed 10,820,723,155 common shares of its subsidiary Companhia Brasileira de Latas (“CBL”) that were paid in with the capitalization of the receivables from CBL resulting from Advances for Future Capital Increase (AFAC) made by Prada, totaling R\$108,207. As a result of this increase, Prada stake in CBL increased to 95.55% from 59.17%.

On August 28, 2014 Prada acquired all the CBL shares held by noncontrolling shareholders that represented 4.45% of CBL’s capital for R\$5, and became the holder of 100% of CBL’s capital.

Additionally, Companhia de Embalagens Metálicas MMSA merged the companies Empresa de Embalagens Metálicas - LBM Ltda., Empresa de Embalagens Metálicas - MUD Ltda., and Companhia de Embalagens Metálicas - MTM do Nordeste in 2014.

As Prada, CBL is engaged in the manufacturing of steel containers supplied to the main companies in the chemical and food industries.

Distribution

Prada is also engaged in the processing and distribution of steel sheet and plates and has a diversified product line. It supplies spools, rolls, plates, stripes, blanks, metal sheets, shapes, pipes, tiles, and other products to different manufacturing industries, from automotive to construction. It is also specialized in

providing steel processing services, meeting the demand from nationwide companies.

- CSN CIMENTOS S.A. (“CSN Cimentos”)

Headquartered in Volta Redonda, State of Rio de Janeiro, is engaged in the production and sale of cement and uses as one of its raw materials the blast furnace slag from the pig iron production of UPV. CSN Cimentos started to operate on May 14, 2009.

- CSN ENERGIA S.A.

This company is primarily engaged in the distribution and sale of electric power surpluses generated by CSN and companies, consortiums or other ventures in which the Company holds equity interests.

- FTL - FERROVIA TRANSNORDESTINA LOGÍSTICA S.A. (“FTL”)

FTL was created for the purpose of merging the spun off portion of TLSA. It holds the concession to provide public railway cargo transportation service in Brazil Northeast network, comprising the São Luís-Mucuripe, Arrojado-Recife, Itabaiana-Cabedelo, Paula Cavalcante-Macau, and Propriá-Jorge Lins sections (“Railway System I”).

As of December 31, 2012, before the spin-off of TLSA, the Company held 100% of FTL, as shown in the table below. In December 2013, as part of the Northeast Railway System concession and the new TLSA’s shareholders agreement there was a partial spin off of TLSA and FTL, under which the Railway System I’s assets and liabilities were transferred to FTL while TLSA retained the control over Railway System II.

As a result of this transaction, FTL received a capital increase from TLSA and another TLSA shareholder (Taquari Participações SA) in an amount equivalent to the equity of Railway System I, as follows:

Company	FTL's capital before the spin-off of TLSA	%	Capital increase	FTL's capital after the spin-off of TLSA	%
CSN	152,937	100%	153,305	306,242	88.41%
Taquari Participações			40,145	40,145	11.59%
Total	152,937	100%	193,450	346,387	100%

FTL's capital increase resulted from the partial spin off of TLSA and, therefore, had no impact on the Company's consolidated financial statements. Even though the Company's percentage equity interest in FTL decreased, the Company still holds the control over FTL, which is fully consolidated in the financial statements.

7.d) Investments in joint ventures and joint operations

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

Equity interest (%)	Joint Venture				Joint O
	Nacional Minérios (*) 60.00%	MRS Logística 27.27%	CBSI 50.00%	Transnordestina Logística 62.64%	Itá Energética 48.75%
Balance sheet					
Current assets					
Cash and cash equivalents	5,499,139	266,905	925	511,586	31,43
Advances to suppliers	250,469	13,994	98		36
Other current assets	309,054	532,016	30,164	54,196	15,85
Total current assets	6,058,662	812,915	31,187	565,782	47,65
Non-current assets					
Advances to suppliers	9,236,170				
Other non-current assets	129,504	503,849	86	253,307	32,37
Investments, PP&E and intangible assets	1,431,643	5,867,645	6,083	5,750,208	568,88
Total non-current assets	10,797,317	6,371,494	6,169	6,003,515	601,25
Total assets	16,855,979	7,184,409	37,356	6,569,297	648,91
Current liabilities					
Borrowings and financing	368,818	382,332		187,331	
Other current liabilities	429,345	851,850	27,718	84,594	29,98
Total current liabilities	798,163	1,234,182	27,718	271,925	29,98
Non-current liabilities					
Borrowings and financing	29,541	2,657,635		4,223,796	

Other non-current liabilities	243,231	444,379	2,674	3,172	
Total non-current liabilities	272,772	3,102,014	2,674	4,226,968	
Shareholders' equity	15,785,044	2,848,213	6,964	2,070,404	618,920
Total liabilities and shareholders' equity	16,855,979	7,184,409	37,356	6,569,297	648,910

Equity interest (%)	Joint Venture				
	Nacional Minérios (*)	MRS Logística	CBSI	Transnordestina Logística	Itá Energética
	60.00%	27.27%	50.00%	62.64%	48.75%
Statements of Income					
Net revenue	1,474,633	3,063,061	161,372	14	136,560
Cost of sales and services	(1,214,196)	(2,013,846)	(150,411)		(86,751)
Gross profit	260,437	1,049,215	10,961	14	49,810
Operating (expenses) income	(277,648)	(282,736)	(8,934)	(28,459)	(46,182)
Finance income (costs), net	1,651,891	(190,294)	69	(15,383)	2,970
Profit before income tax and social contribution	1,634,680	576,185	2,096	(43,828)	6,600
Current and deferred income tax and social contribution	(512,913)	(196,792)	(946)		(2,279)
Profit for the year	1,121,767	379,393	1,150	(43,828)	4,321

(*) Refer to the consolidated balances and results of Nacional Minérios S. A.

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

- NACIONAL MINÉRIOS S.A. - ("Namisa")

Headquartered in Congonhas, State of Minas Gerais, is primarily engaged in the production, purchase and sale of iron ore and is mainly focused on foreign markets for sale of its products. Its major operations are carried out in the cities of Congonhas, Ouro Preto, Itabirito and Rio Acima, in the State of Minas Gerais, and in Itaguaí, in the State of Rio de Janeiro.

In November 2008, 40% of Namisa's capital started to be held by Big Jump Energy Participações S.A ("Big Jump"), whose shareholders were Posco and Brazil Japan Iron Ore Corp, ("BJIOC" or "Consortium"), a consortium of Asian companies formed by Itochu Corporation, Nippon Steel, JFE Steel Corporation, Sumitomo Metal Industries Ltd., Kobe Steel Ltd., and Nisshin Steel Co. Ltd., and CSN became the holder of 60% of the capital.

On July 30, 2009 Namisa merged its parent company Big Jump Energy Participações S.A. and the companies Posco and BJIOC became the holders of a direct stake in Namisa. In 2011, Nippon Steel and Sumitomo Metal Industries, until then part of BJIOC, sold their stakes to the other Consortium members, followed by the entry of a new shareholder, China Steel Corp. ("CSC"). After these transactions, the new corporate structure of Namisa is as follows: CSN 60%, BJIOC 32.52%, Posco 6.48%, and CSC 1%. CSN's stake in Namisa did not change as a result of any of these events.

Under IFRS 10, paragraph B55, when assessing whether an investor has control of an investee, the investor shall determine whether it is exposed, or has rights, to variable returns from its involvement with the investee. The Shareholders' Agreement grants both the consortium and CSN, through substantive rights, the power to influence the ordinary course of Namisa's business, by being actively involved in setting the budget, accounting policies, capital expenditure, management compensation, dividend distribution policy, among other matters.

This Shareholders' Agreement prescribes that certain situations of severe impasse between the shareholders that are not resolved after mediation and negotiation procedures between the executive officers of the parties may give CSN the right to exercise its call option and the Consortium the right to exercise its put option regarding the equity interest held by the Consortium in Namisa.

Other agreements signed, in order to make such association feasible, among them the agreement for purchase of shares and the long-term operating agreements between Namisa, CSN and the Consortium, provide for certain obligations to do that, if not complied with or remedied within the stipulated deadlines in certain extreme situations may give rise to the right on the part of the aggrieved party to exercise its put or call option, as the case may be, with respect to the equity interest held by the Consortium in Namisa.

The material change in Namisa's profit for 2013 is mainly due to joining the tax installment payment programs introduced by Law 12.865/13 and Law 11.941/09, which generated a net negative impact on the joint venture amounting to R\$889,772, resulting in the booking of R\$533,863 in the parent company, through equity accounting, corresponding to its 60% stake.

At the Extraordinary Shareholders' Meeting held in December 2014, the shareholders approved the Company's capital reduction by R\$777,930, without any share cancellation. At the end of the statutory 60-day period after the publication of the shareholders' meeting's minutes, the Company's capital reduction will become effective.

New strategic alliance with the Asian Consortium

On December 11, 2014, CSN's Board of Directors approved the formation of a strategic alliance with the Asian Consortium.

This transaction consists of creating a joint venture between CSN and the Asian Consortium, under which the Asian Consortium will contribute its 40% stake in Namisa to Congonhas Minérios S.A. ("Congonhas Minérios"), a non-operating subsidiary of CSN, and to which CSN will contribute its Casa de Pedra iron ore mine, its 60% stake in Namisa, its 8.63% stake in MRS, and the assets of and the rights to manage and

operate the TECAR Port concession.

As a result of CSN's and the Asian Consortium's contributions and the agreements reached during the negotiations between the parties, immediately after the transaction is closed CSN and the Asian Consortium will hold 88.25% and 11.75% of Congonhas Minérios' capital on a debt free and cash basis, respectively. The final stakes will be determined taking into account the debt and cash adjustments, and the working capital difference on the closing date.

The transaction also provides for an earn-out mechanism, under which a qualifying liquidity event occurring within certain valuation parameters and a given period of time agreed after the transaction is closed could dilute the Consortium's equity interest in Congonhas Minérios from 11.75% up to 8.21%.

The transaction's primary purpose is to capture synergies among the businesses involved in this reorganization and generate shareholder value to create a world-class company. The main synergies identified are related to procedure optimization, increasing operation efficiencies and cutting operating costs, and capital expansion.

Part of Congonhas Minérios' iron ore production will be sold to members of the Asian Consortium and CSN. These rights are laid down in long-term supply agreements.

The transaction closing is subject to the parties reaching a consensus on a business plan, regulatory approvals by antitrust authorities and the governmental authorities responsible for regulating mining rights, and other conditions precedent usual in this type of transaction. The closing date is scheduled for the end of 2015.

- ITÁ ENERGÉTICA S.A. - ("ITASA")

ITASA is a corporation established in July 1996 that was engaged in building and operating, under a shared concession, the Itá Hydropower Plant (UHE Itá), with 1,450 MW of installed power, located on the Uruguay River, on the Santa Catarina and Rio Grande do Sul state border. This company was engaged in, but not limited to, contracting the supply of goods and services necessary to complete the project and raising funds by pledging the related guarantees.

- MRS LOGÍSTICA S.A. (“MRS”)

Located in Rio de Janeiro, RJ, is engaged in providing public railroad freight transportation services, on the basis of an onerous concession agreement, on the tracks of the Southeast Network, - RFFSA, located between the cities of Rio de Janeiro, São Paulo and Belo Horizonte, previously belonging to Rede Ferroviária Federal S.A.- RFFSA, which was privatized on September 20, 1996.

As of December 31, 2014 the Company directly held 27.27% and indirectly, through its joint venture Namisa, 6% of MRS's capital.

MRS can also engage in modal transportation services related to railroad transportation and also participate in projects aimed at expanding the railroad services granted on a concession basis.

For provision of the services covered by the concession agreement obtained for a period of 30 years starting on December 1, 1996, extendable for an equal period by exclusive decision of the concession grantor, MRS leased from RFFSA for the same concession period the assets required for operation and maintenance of the railroad freight transportation activities. Upon extinction of the concession, all leased assets will be transferred to the ownership of the railroad transportation operator designated in that same act.

- CONSÓRCIO DA USINA HIDRELÉTRICA DE IGARAPAVA

The Igarapava Hydroelectric Power Plant is located on the Grande River, in the city of Conquista, MG, and has installed capacity of 210 MW. It consists of 5 bulb-type generating units.

CSN holds a 17.92% investment in the consortium, whose specific purpose is the distribution of electric power, which is made according to the percentage equity interest of each company.

The balance of property, plant and equipment less depreciation as of December 31, 2014 is R\$28,250 (R\$29,417 as of December 31, 2013) and the expense in 2014 amounted to R\$5,302 (R\$6,024 in 2013).

- CBSI - COMPANHIA BRASILEIRA DE SERVIÇOS DE INFRAESTRUTURA (“CBSI”)

CBSI is the result of a joint operation between CSN and CKLS Serviços Ltda. Based in the city of Araucária, PR, CBSI is primarily engaged in providing services to subsidiaries, associates, parent company and other third-party entities, and can operate activities related to the refurbishment and maintenance of industrial machinery and equipment, construction maintenance, industrial cleaning, logistic preparation of products, among other activities.

- CGPAR CONSTRUÇÃO PESADA S.A. (“CGPAR”)

CGPAR is the result of a joint venture between CSN and GPA Construção Pesada e Mineração Ltda. Based in the city of Belo Horizonte, MG, CGPAR is mainly engaged in providing services related to the support to the extraction of iron ore, earth leveling, earthmoving, and dam construction.

- TRANSNORDESTINA LOGÍSTICA S.A. (“TLSA”)

TLSA is primarily engaged in the operation and development of the railroad freight transportation public service in the Northeast of Brazil network, comprising the Missão Velha-Salgueiro, Salgueiro-Trindade, Trindade-Eliseu Martins, Salgueiro- Porto de Suape, and Missão Velha-Porto de Pecém sections (“Railway System II”).

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

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

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

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

As a result, TLSA assessed the future performance of its operating assets related to Railway System I (in operation). The analysis resulted in the recognition of an impairment loss of R\$279,296, recognized in line

item "Other operating expenses", subsidiary, and of R\$216,446, consolidated, in 2013. The recoverable amount of these assets was determined based on the value in use. The discount rate used to measure the value in use was 9.15% per year.

As a result of the spin-off, CSN became the holder of an 88.41% stake in FTL and a 77.30% stake in TLSA on December 31, 2013.

With the completion of the spin-off, the new Shareholders' Agreement became effective and control is now jointly held with the shareholders part of the public block, which became the holders of substantive rights to make certain material company decisions and influence the ordinary course of business, as well as CSN, by influencing budgeting, internal policies, capital expenditures, debt, etc., thus typifying the loss of control by CSN, pursuant to specific IFRS criteria.

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

The fair value of the remaining investment in TLSA was determined pursuant to IFRS 13 *Fair Value Measurement*. The Company used the estimated revenue approach to determine the fair value of the investments' future cash flows, net revenue, and expenses, based on Railway System II operations, based on its business plan for TLSA, which included product volume capacity, prices, market conditions, etc. Additionally, the Company took the following facts into consideration to measure fair value: (i) TLSA's concession agreement expires in 2057, (ii) the return rate defined in TLSA's concession agreement cannot exceed 6.75% per year plus inflation calculated using the IPCA (Broad Consumer Price Index) during the entire concession period, and (iii) should the return rate reach the concession rate ceiling before 2057, the concession agreement will expire on that date.

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

	Consolidated	Parent Company
	12/31/2013	12/31/2013
(+) Fair value of the remaining investment	1,984,204	1,984,204
(-) Carrying amount of net assets	1,899,438	1,510,305
(+) Carrying amount of non-controlling interests	389,133	
Gain on loss of control over Transnordestina	473,899	473,899
(-) Income tax and social contribution	161,126	161,126
Gain on loss of control, net of income tax and social contribution (*)	312,773	312,773

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

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

In October 2014 the BNDES (Brazilian development bank) exercised its call option on TLSA shares, as provided for by the Memorandum of Intentions entered into by the parties, and acquired 13,174 common shares held by CSN for R\$13. As a result of this transaction, CSN's stake in TLSA decreased to 62.64%. Due to the transactions described above, which resulted in changes in equity interests in 2014, the Company recognized a gain of R\$647 in shareholders' equity.

7.e) Additional information on indirect interests held abroad

- STAHLWERK THÜRINGEN GMBH (“SWT”)

SWT was incorporated in 1992, from the discontinued Maxhütte steel industrial complex, in Unterwellenborn, Germany, and produces steel shapes for construction, in accordance with international quality standards. Its main raw material is steel scrap and its installed capacity is 1.1 million metric tons of steel/year. SWT is a wholly-owned indirect subsidiary of CSN Steel, a subsidiary of CSN.

- COMPANHIA SIDERURGICA NACIONAL – LLC (“CSN LLC”)

CSN LLC was incorporated in 2001 with the assets and liabilities of the liquidated Heartland Steel Inc., headquartered in Wilmington, State of Delaware, USA. The company has an industrial plant in Terre Haute, State of Indiana, USA, where there is a complex comprising a cold rolling line, a hot pickling line for spools and a galvanization line. CSN LLC is a wholly-owned indirect subsidiary of CSN Americas, a subsidiary of CSN.

- LUSOSIDER AÇOS PLANOS, S.A. (“Lusosider”)

Lusodier was incorporated in 1996 in succession to Siderurgia Nacional – a company privatized by the Portuguese government that year. Lusosider is the only Portuguese steel company to produce cold-re-rolled flat steel, with a corrosion-resistant coating. The company provides in Paio Pires an installed capacity of around 550,000 metric tons per year to produce four large groups of steel products: galvanized plate, cold-rolled plate, pickled and oiled plate. Products manufactured by Lusosider may be used in the containers industry, civil construction (pipes and metallic structures), and in home appliance components.

7.f) Other investments

- PANATLÂNTICA S. A. (“Panatlântica”)

Panatlântica is a publicly-held company, headquartered in the city of Gravataí, State of Rio Grande do Sul, engaged in the manufacturing, trade, import, export and processing of steel and ferrous or non-ferrous metals, coated or not. This investment is classified as available-for-sale and measured at fair value.

The Company currently holds 11.40% (9.41% as of December 31, 2013) of Panatlântica’s total share capital.

- Usinas Siderúrgicas de Minas Gerais S.A. – USIMINAS (“USIMINAS”)

USIMINAS, headquartered in Belo Horizonte, State of Minas Gerais, is engaged in steel and related operations. USIMINAS produces flat rolled steel in the Intendente Câmara and José Bonifácio de Andrada e Silva plants, located in Ipatinga, Minas Gerais, and Cubatão, São Paulo, respectively, to be sold in the domestic market and also for exports. It also exploits iron ore mines located in Itaúna, Minas Gerais, to meet its verticalization and production cost optimization strategies. USIMINAS also has service and distribution centers located in several regions of Brazil, and the Cubatão, São Paulo, and Praia Mole, Espírito Santo, ports, as well as in locations strategic for the shipment of its production.

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

until the Company reaches the limits established in the TCD.

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

As of December 31, 2014 and 2013, the Company reached holdings of 14.13% in common shares and 20.69% in preferred shares of Usiminas' share capital.

USIMINAS is listed on the São Paulo Stock Exchange ("BM&F BOVESPA": USIM3 and USIM5).

- ARVEDI METALFER DO BRASIL S.A. ("Arvedi")

Arvedi, headquartered in Salto, State of São Paulo, is engaged in pipe production. As of December 31, 2014 and 2013 CSN held 20.00% of Arvedi's share capital.

8. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Machinery, equipment and facilities	Furniture and fixtures	Construction in progress	Other (*)	Consolidated Total
Balance at December 31, 2013	213,301	1,826,519	7,782,833	34,127	4,771,635	283,011	14,718,266
Cost	213,301	2,196,994	12,968,200	151,479	4,771,635	627,845	20,729,454
Accumulated depreciation		(370,475)	(5,185,367)	(117,352)		(344,834)	(6,018,028)
Balance at December 31, 2013	213,301	1,826,519	7,782,833	34,127	4,771,635	283,011	14,718,266
Effect of foreign exchange differences	27	1,449	13,383	(34)	(158)	1,425	13,082
Acquisitions	108	1,818	451,879	6,377	1,348,484	39,830	1,856,496
Capitalized interest (Notes 23 and 30)					165,789		165,789
Write-offs	(105)	(39)	(7,041)	(4)	(7,950)	(93)	(15,232)
Depreciation		(79,406)	(1,115,589)	(6,445)		(36,923)	(1,231,963)
Transfers to other asset categories	3,127	682,109	3,396,024	2,589	(4,010,497)	(73,352)	2,726,990
Transfers to intangible assets				16	(20,743)	(919)	(19,596)
Other			(21,813)	7	(2,593)	(18,023)	(40,319)
Balance at December 31, 2014	216,458	2,432,450	10,499,676	36,633	2,243,967	194,956	15,228,130
Cost	216,458	3,021,437	16,791,750	167,410	2,243,967	414,276	22,855,338
Accumulated depreciation		(588,987)	(6,292,074)	(130,777)		(219,320)	(7,231,158)
Balance at December 31, 2014	216,458	2,432,450	10,499,676	36,633	2,243,967	194,956	15,228,130

	Land	Buildings	Machinery, equipment and facilities	Furniture and fixtures	Construction in progress	Other (*)	Parent Total
Balance at December 31, 2013	107,475	1,225,222	6,355,738	26,409	4,345,142	358,109	12,418,095
Cost	107,475	1,390,013	10,423,838	129,930	4,345,142	467,481	16,765,879
Accumulated depreciation		(164,791)	(4,068,100)	(103,521)		(109,372)	(4,345,784)
Balance at December 31, 2013	107,475	1,225,222	6,355,738	26,409	4,345,142	358,109	12,418,095
Acquisitions		685	398,142	5,648	1,161,916	29,659	1,596,450
Capitalized interest (Notes 23 and 30)					165,789		165,789
Write-offs			(6,263)	(13)	(7,196)	(2)	(13,574)
Depreciation		(49,868)	(948,438)	(4,627)		(12,142)	(1,015,075)

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Transfers to other asset categories	2,706	610,533	3,083,678	1,617	(3,524,562)	(173,972)
Transfers to intangible assets					(20,984)	
Other			(787)	2	(2,008)	(18,314)
Balance at December 31, 2014	110,181	1,786,572	8,882,070	29,036	2,118,097	183,338
Cost	110,181	2,003,303	13,877,027	136,041	2,118,097	301,835
Accumulated depreciation		(216,731)	(4,994,957)	(107,005)		(118,497)
Balance at December 31, 2014	110,181	1,786,572	8,882,070	29,036	2,118,097	183,338

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

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

	Project description	Start date	Completion date	Consolidated	
				12/31/2014	12/31/2013
Logistics	Equalization of Berth 301.	2012	2014		151,932
	Current investments for maintenance of current operations.			45,522	231,832
				45,522	383,764
Mining	Expansion of Casa de Pedra Mine capacity production.	2007	2015/2016 (1)	462,075	1,090,568
	Expansion of TECAR export capacity.	2009	2017 (2)	332,394	404,374
	Current investments for maintenance of current operations.			60,236	42,866
				854,705	1,537,808
Steel	Construction of a long steel plant to produce rebar and machine wire.	2008	2014 (3)	95,991	1,592,016
	Implementation of the AF#3's gas pressure recovery.	2006	2015	1,140	74,337
	Expansion of the service center/Mogi.	2013	2015 (4)	46,993	11,000
	Current investments for maintenance of current operations.			159,499	668,495
				303,623	2,345,848
Cement	Construction of cement plants.	2011	2016 (5)	1,030,938	476,076
				9,179	28,139

Current investments for
maintenance of current
operations.

	1,040,117	504,215
Total construction in progress	2,243,967	4,771,635

- (1) Expected date for completion of the Central Plant Stage 1 and Magnetic Separators;
- (2) Estimated date for the completion of the 60 mtpa phase;
- (3) Startup in the first half of 2014; negotiations in progress with advances for new plants;
- (4) Expected date for completion of Service Center/Mogi;
- (5) Expected date for completion of Minas Gerais unit.

Accordingly to the company's accounting police the useful lives is reassessed once a year for all the company's units. In 2014 the useful lives were extended mainly due to investment in the plant equipment maintenance. As a result, the reviewed estimated useful lives are as follows:

	12/31/2014	Consolidated 12/31/2013	12/31/2014	Parent Company 12/31/2013
Buildings	43	43	42	41
Machinery, equipment and facilities	18	14	18	13
Furniture and fixtures	10	11	11	11
Other	29	26	13	18

8.a) Capitalized Interest

As of December 31, 2014, the Company capitalized borrowing costs amounting to R\$165,789 in parent company and consolidated (as of December 31, 2013, R\$490,747 in consolidated and R\$309,073 in parent company). These costs are basically estimated for the cement, mining and long steel projects, mainly relating to: new integrated cement plant, (ii) Casa de Pedra expansion (iii); long steel mill in the city of Volta Redonda (RJ), see notes 23 and 29.

The rates used to capitalize borrowing costs are as follows:

Rates	12/31/2014	12/31/2013
Specific projects		TJLP + 1.3% to 3.2% UM006 + 2.7%
Unspecified projects	10.03%	8.35%

8.b) Depreciation Expense:

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

	Consolidated		Parent Company	
	12/31/2014	12/31/2013	12/31/2014	12/31/2013
Production cost	1,222,302	1,068,156	1,006,971	879,984
Selling expenses	9,066	8,248	6,955	6,385

General and administrative expenses	13,763	17,426	8,972	9,191
	1,245,131	1,093,830	1,022,898	895,560
Other operating expenses (*)	36,354	61,763	714	28,287
	1,281,485	1,155,593	1,023,612	923,847

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

8.c) Mining Rights:

The Casa de Pedra mine is an asset belonging to CSN, which has the exclusive right to explore such mine. The mining activities of Casa de Pedra are based on the 'Mine Manifest', which grants CSN full ownership over the mineral deposits existing within its property limits.

As of December 31, 2014, the net balance of Casa da Pedra's property, plant and equipment was R\$3,452,947 (R\$3,277,205 as of December 31, 2013).

9. INTANGIBLE ASSETS

	Goodwill	Customer relationships	Software	Trademarks and patents	Other	Consolidated Total
Balance at December 31, 2013	407,434	381,480	67,354	109,035	137	965,430
Cost	666,768	415,899	107,416	109,035	137	1,299,255
Accumulated amortization	(150,004)	(34,419)	(40,062)			(224,485)
Adjustment for accumulated recoverable value	(109,330)					(109,330)
Balance at December 31, 2013	407,434	381,480	67,354	109,035	137	965,430
Effect of foreign exchange differences		(1,060)	5	17		(1,038)
Acquisitions and expenditures			727			727
Transfer of property, plant and equipment			21,598		48	21,646
Amortization		(33,305)	(9,817)			(43,122)
Other movements						
Balance at December 31, 2014	407,434	347,115	79,867	109,052	185	943,653
Cost	666,768	415,964	153,080	109,052	185	1,344,989
Accumulated amortization	(150,004)	(68,849)	(73,213)			(292,066)
Adjustment for accumulated recoverable value	(109,330)					(109,330)
Balance at December 31, 2014	407,434	347,115	79,867	109,052	185	943,653

As a result, the estimated useful lives for the current year are as follows:

	12/31/2014	Consolidated 12/31/2013	12/31/2014	Parent Company 12/31/2013
Software	5	5	5	5
Customer relationships	13	13		

- **Impairment testing of goodwill and trademarks and patents**

In order to conduct impairment testing, goodwill is allocated to CSN's operating divisions that represent the lowest level of assets or group of assets at which goodwill is monitored by the Company's senior management, never above Operating Segments.

Cash generating unit	Segment	12/31/2014	12/31/2013	Investor
Containers (*)	Steel	158,748	158,748	CSN
Flat steel	Steel	13,091	13,091	CSN
Long steel	Steel	344,647	344,630	CSN Steel S.L.
		516,486	516,469	

(*) Goodwill of the cash-generating unit (CGU) Steel Containers is presented net of an impairment loss recognized in 2011 in other operating income and expenses in the income statement for the year, amounting to R\$60,861. During the 4th quarter of 2013, the Company identified again an impairment of goodwill of the CGU Steel Containers and recorded the amount of R\$48,469.

The recoverable amount of a Cash-Generating Unit ("CGU") is determined based on value-in-use calculations.

The main assumptions used in calculating the values in use as of December 31, 2014 are as follows:

- (i) Budgeted gross margin.
- (ii) Weighted average growth rate, used to extrapolate the cash flows after the budgeted period.
- (iii) Pretax discount rate, applied to cash flow projections.

These calculations use cash flow projections based on financial budgets approved by management for a three-year period. The amounts related to cash flows subsequent to the three-year period were extrapolated based on the estimated growth rates shown below. The growth rate does not exceed the average long-term growth rate of the industry in which the Cash-Generating Unit (“CGU”) operates.

For the Steel Containers CGU, the methodology used was the fair value of the assets measured by a firm specialized in the valuation of tangible assets.

10. BORROWINGS, FINANCING AND DEBENTURES

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

	Rates p.a. (%)	Consolidated				
		Current liabilities		Non-current liabilities		Current
		12/31/2014	12/31/2013	12/31/2014	12/31/2013	12/31/2014
FOREIGN CURRENCY						
Prepayment	1% to 3.5%	346,719	105,874	2,338,327	1,166,615	76,641
Prepayment	3.51% to 7.5%	12,411	207,331	1,713,249	1,276,717	158,911
Perpetual bonds	7%	3,615	3,189	2,656,200	2,342,600	
Fixed rate notes	4.14% to 10%	1,236,634	156,868	4,996,352	5,505,110	1,187,611
Intercompany bonds	6M Libor + 2.25% and 3%					73,831
Other	1.2% to 8%	51,634	61,662	387,240	442,843	
		1,651,013	534,924	12,091,368	10,733,885	1,497,003
LOCAL CURRENCY						
BNDES/FINAME	TJLP + 1.5% to 3.2% and fixed rate of 2.5% to 10%	85,373	97,044	965,849	962,684	48,301
Debentures	105.8% to 111.2% of CDI	847,411	846,387	1,550,000	1,932,500	847,411
Prepayment	106.5% to 110.79% of CDI and fixed rate of 8%	118,870	101,330	5,345,000	5,345,000	93,081
CCB	112.5% of CDI	101,841	1,085,436	7,200,499	6,200,000	101,841
Intercompany bonds	110.79% of CDI					148,681
Other		9,422	8,527	11,549	15,505	2,251
		1,162,917	2,138,724	15,072,897	14,455,689	1,241,595
Total borrowings and financing		2,813,930	2,673,648	27,164,265	25,189,574	2,738,598
Transaction costs and issue premiums		(23,406)	(30,841)	(71,410)	(85,951)	(18,362)
Total borrowings and financing + transaction costs		2,790,524	2,642,807	27,092,855	25,103,623	2,720,236

The balances of prepayment transactions with related parties of the parent company total R\$5,302,985 as of December 31, 2014 (R\$2,943,964 as of December 31, 2013) and the balances of fixed rate notes and intercompany bonds total R\$2,781,330 as of December 31, 2014 (R\$2,452,956 as of December 31, 2011),

see note 17b.

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

As of December 31, 2014, the inflation-adjusted principal of long-term borrowings, financing and debentures by maturity year is as follows:

		Consolidated		Parent Company
2016	2,905,794	11%	4,194,943	16%
2017	4,170,116	15%	3,993,645	15%
2018	4,527,879	17%	4,214,898	16%
2019	6,033,723	22%	4,588,563	17%
2020	5,089,253	19%	2,680,016	10%
After 2021	1,781,300	6%	6,759,813	26%
Perpetual bonds	2,656,200	10%		
	27,164,265	100%	26,431,878	100%

- **New borrowings, financing and debentures**

The table below shows the new funding transactions and redemption during the current year:

		Consolidated		Parent Company	
	12/31/2014	12/31/2013	12/31/2014	12/31/2013	
Opening balance	27,746,430	29,304,704	25,249,354	24,139,992	
Funding transactions	1,907,479	1,697,363	3,401,090	1,363,253	
Redemption	(3,689,287)	(4,300,240)	(3,423,072)	(3,991,884)	
Loss of control over Trasnordestina		(3,180,821)			
Other (*)	3,918,757	4,225,424	3,862,775	3,737,993	
Closing balance	29,883,379	27,746,430	29,090,147	25,249,354	

(*) Includes unrealized foreign exchange and monetary gains and losses.

The Company's borrowing and financing agreements with certain financial institutions contain some covenants that are usual in agreements of this nature and the Company is compliant with them as of December 31, 2014.

- **Debentures**

Seventh issue

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

- **Guarantees provided**

Guarantees provided for the borrowings comprise property, plant and equipment items and sureties and do not include guarantees provided for subsidiaries and joint ventures. As of December 31, 2014, guarantees amount to R\$2,256 (R\$4,234 as of December 31, 2013).

11. FINANCIAL INSTRUMENTS

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 exchange and interest rate swaps.

Considering the nature of these instruments, their fair value is basically determined by using Brazil's money market and mercantile and futures exchange quotations. The amounts recognized in current assets and current liabilities have immediate liquidity or short-term maturity, mostly less than three months. Considering the maturities and characteristics of such instruments, their carrying amounts approximate their fair values.

- **Classification of financial instruments**

Consolidated	Notes	Available-for-sale	Fair value through profit or loss	Loans and receivables - effective interest rate	Other liabilities - amortized cost method	12/31/2014	
						Balances	Avail
Assets							
Current assets							
Cash and cash equivalents	3			8,686,021		8,686,021	
Trade receivables, net	4			1,650,967		1,650,967	
Derivative financial instruments	6		174,611			174,611	
Trading securities	6		13,798			13,798	
Total			188,409	10,336,988		10,525,397	
Non-current assets							
Other trade receivables	6			1,347		1,347	
Investments		1,441,032				1,441,032	

Derivative financial instruments	6			
Short-term investments			34,874	34,874
Total		1,441,032	36,221	1,477,253
Total assets		1,441,032	188,409	10,373,209
Liabilities				
Current liabilities				
Borrowings and financing	10		2,813,930	2,813,930
Derivative financial instruments	12		65	65
Trade payables			1,638,505	1,638,505
Dividends and interest on capital			277,097	277,097
Total			65	4,729,532
Non-current liabilities				
Borrowings and financing	10		27,164,265	27,164,265
Derivative financial instruments	12		21,301	21,301
Total			21,301	27,164,265
Total liabilities			21,366	31,893,797

- **Fair value measurement**

The financial instruments recognized at fair value require the disclosure of fair value measurements in three hierarchy levels.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3: inputs unavailable due to slight or no market activity and which is significant for the definition of the fair value of assets.

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

Consolidated	12/31/2014			Level 1	Level 2
	Level 1	Level 2	Level 3		
Assets					
Current assets					
Financial assets at fair value through profit or loss					
Derivative financial instruments		174,611		174,611	9,680
Trading securities	13,798			13,798	9,906
Non-current assets					
Available-for-sale financial assets					
Investments	1,441,032			1,441,032	2,405,174
Financial assets at fair value through profit or loss					
Derivative financial instruments					3,870
Total assets	1,454,830	174,611		1,629,441	2,415,080
Liabilities					
Current liabilities					
Financial liabilities at fair value through profit or loss					
Derivative financial instruments		65		65	6,820
Non-current liabilities					
Financial liabilities at fair value through profit or loss					
Derivative financial instruments		21,301		21,301	17,370
Total liabilities		21,366		21,366	24,190

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

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

Potential impairment of available-for-sale financial assets

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).

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

As of June 30, 2014 and 2013 there was a decline in the quoted price of the Company’s common shares (USIM3) which, according to the Company’s accounting policy, generated losses amounting to R\$34,396 and R\$3,302, net of income tax and social contribution, resulting in the recognition of R\$52,115 and R\$5,002 in other operating expenses and R\$17,719 and R\$1,701 in deferred taxes, respectively.

As of September 30, 2014, after a new decline in the quoted prices of the common shares (USIM3) as compared with the quoted prices as of June 30, 2014, the Company reclassified the accumulated losses for the quarter recognized in other comprehensive income, amounting to R\$13,193, net of income tax and social contribution, to profit (loss) for the period, recognizing R\$19,989 in other operating expenses and R\$6,796 in deferred taxes.

As of December 31, 2014 there was a decline in the quoted prices of the Company's preferred shares (USIM5) as compared to their quotation as of June 30, 2012. Accordingly, the Company reclassified the accumulated losses recognized in other comprehensive income, amounting to R\$87,711, net of income tax and social contribution, and recognized R\$132,896 in other operating expenses and R\$45,185 in deferred taxes, respectively, totaling R\$205,000 in other operating expenses and R\$69,700 in deferred taxes for 2014.

Beginning this date, pursuant to a Company's policy, gains and losses arising from the changes in the quoted prices of the shares are recognized in other comprehensive income.

- **Share market price risks**

The Company is exposed to the risk of changes in share prices due to the investments made and classified as available-for-sale.

The Company considers as probable scenario the amounts carried at market values as of December 31, 2014, net of tax of R\$273,433. Therefore, there is no impact on the financial instruments classified as available-for-sale.

According to the Company's accounting policies, any negative changes in the investment in Usiminas considered significant (impairment) are recognized in profit or loss, and positive changes are recognized in comprehensive income until the investment is realized.

III - Financial Instrument Policies:

11.a) Financial risk management

The Company has and follows a policy of managing its risks, with guidelines regarding the risks incurred by the company. Pursuant to this policy, the nature and general position of financial risks are regularly monitored and managed in order to assess the results and the financial impact on cash flow. The credit limits and the quality of counterparties' hedging instruments are also periodically reviewed.

Under this policy, market risks are hedged when it is considered necessary to support the corporate strategy or when it is necessary to maintain a level of financial flexibility.

Under the terms of the risk management policy, the Company manages some risks by using derivative instruments. The Company's risk policy prohibits any speculative deals or short sales.

11.b) Use of derivatives

The Company's financial policy reflects the parameters of liquidity, credit and market risks approved by the Audit Committee and Board of Directors. The use of derivative instruments in order to prevent fluctuations in interest and exchange rates from having a negative impact on the company's balance sheet and income statement should consider the same parameters. As provided for in internal rules, this financial investment policy was approved and is managed by the finance officers.

At the meetings of the Board of Executive Officers and Board of Directors, the officers and directors routinely present and discuss the Company's financial positions. Under the bylaws, transactions involving material amounts require the prior approval of management bodies. The use of other derivative instruments is contingent upon the express prior approval of the Board of Directors.

To finance its activities, the Company resorts to the capital markets, both locally and internationally, and based on the indebtedness profile it is seeking, part of the debt is pegged to foreign currency, basically to the US dollar, which causes Management to seek hedging for cash flows from indebtedness through derivative instruments.

To contract derivative financial instruments for hedging within the internal control structure, the following policies are adopted:

- ongoing calculation of exchange exposure by analyzing assets and liabilities exposed to foreign currency, under the following terms: (i) trade receivables and payables in foreign currency; (ii) cash and cash equivalents and debts in foreign currency considering the maturity of the assets and liabilities exposed to exchange fluctuations; (iii) other financial instruments, such as derivative instruments (swap, dollar x real, euro x dollar, futures exchange contracts and hedge accounting);
- carrying out derivative transactions only with leading banks, diluting the credit risk through diversification among these banks;
- presentation of the financial position and exchange exposure on a routine basis in meetings of the Board of Executive Officers and Board of Directors that approve the hedging strategy;

11.c) Foreign exchange rate risk

The Company assesses its exchange exposure by subtracting its liabilities from its assets denominated in Dollar and Euro, thus arriving at its net exchange exposure, which is the foreign currency exposure risk, as mentioned above.

- **Foreign exchange exposure**

The consolidated net exposure as of December 31, 2014 is as follows:

Foreign Exchange Exposure	(Amounts in US\$'000)	12/31/2014 (Amounts in €'000)
Cash and cash equivalents overseas	2,943,232	4,957
Trade receivables	203,029	9,959
Intercompany loans	137,082	
Other assets	221	11,980
Total assets	3,283,564	26,896
Borrowings and financing	(4,999,530)	(121,203)
Trade payables	(218,366)	(5,787)
Intercompany borrowings	(17,038)	
Other liabilities	(18,516)	(43,629)
Total liabilities	(5,253,450)	(170,619)
Foreign exchange exposure	(1,969,886)	(143,723)
Notional amount of derivatives contracted, net	1,228,000	(90,000)
Cash flow hedge accounting	775,000	
Net foreign exchange exposure	33,114	(233,723)

Gains and losses on these transactions are consistent with the policies and strategies defined by management.

- **Swap transactions**

The Company carries out currency swap transactions in order to hedge its assets and liabilities against any fluctuations in the US dollar-real parity. This hedge through currency swap transactions provides the Company, through the long position of the contract, with a forward rate agreement (FRA) gain on the exchange coupon, which at the same time improves our investment rates and reduces the cost of our funding in the international market.

As of December 31, 2014, the consolidated position of these contracts is as follows:

Counterparties	Transaction maturity	Functional currency	Notional amount	Appreciation (R\$)		12/31/2014 Fair value (market) Amounts receivable/ (payable)	Notional amount	Appreciation	
				Asset position	Liability position			Asset position	Liability position
<i>Santander</i>	01/02/15	Dollar	10,000	30,414	(25,068)	5,346	10,000	26,512	
<i>Goldman Sachs</i>		Dollar					10,000	23,697	
<i>HSBC</i>		Dollar					90,000	213,306	(
<i>Deutsche</i>		Dollar							
Total dollar-to-CDI swap			10,000	30,414	(25,068)	5,346	110,000	263,515	(
<i>Itaú BBA</i>	1/05/2015 to 2/05/2015	Dollar	340,000	900,795	(845,425)	55,370	85,000	199,753	(
<i>HSBC</i>	1/05/2015 to 2/05/2015	Dollar	568,000	1,502,936	(1,430,394)	72,542	208,000	488,843	(
<i>HSBC</i>	1/30/2015	Dollar	10,000	26,416	(26,481)	(65)			
<i>Deutsche Bank</i>	1/05/2015 to 2/05/2015	Dollar	140,000	370,134	(361,327)	8,807			
<i>Goldman Sachs</i>	1/06/2015 to 2/03/2015	Dollar	130,000	344,207	(329,258)	14,949			
<i>Santander</i>	02/03/15	Dollar	30,000	79,224	(77,576)	1,648			
<i>BTG Pactual</i>		Dollar							
Total dollar-to-real swap (NDF)			1,218,000	3,223,712	(3,070,461)	153,251	293,000	688,596	(
<i>Itaú BBA</i>	01/09/15	Euro	60,000	197,366	(192,888)	4,478	30,000	94,858	
<i>HSBC</i>	01/09/15	Euro	30,000	98,688	(96,444)	2,244	30,000	94,900	
<i>Goldman Sachs</i>		Euro					30,000	94,880	
Total dollar-to-euro swap (NDF)			90,000	296,054	(289,332)	6,722	90,000	284,638	(
<i>DB</i>	1/30/2015 to 3/06/2015	Dollar	30,604	81,343	(77,054)	4,289	11,801	27,878	
<i>Banco Novo</i>	4/30/2015	Dollar	18,009	47,866	(46,481)	1,385			
<i>BNPP</i>		Dollar	31,516	83,768	(80,215)	3,553			

	1/15/2015 to 7/06/2015								
Total dollar-to-euro swap			80,129	212,977	(203,750)	9,227	11,801	27,878	
<i>CSFB</i>		Dollar					21,500	36,526	
Total LIBOR-to-CDI interest rate swap							21,500	36,526	
<i>Itaú BBA</i>	03/01/16	Real	150,000	168,496	(177,265)	(8,769)	150,000	152,610	(
<i>HSBC</i>	2/05/16 to 3/01/16	Real	185,000	206,843	(218,768)	(11,925)	185,000	187,395	(
<i>Deutsche Bank</i>	03/01/16	Real	10,000	11,167	(11,774)	(607)	10,000	10,114	
Fixed rate-to-CDI interest rate swap			345,000	386,506	(407,807)	(21,301)	345,000	350,119	(
				4,149,663	(3,996,418)	153,245		1,651,272	(1,

11.d) Transactions with Derivative Financial Instruments:

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

Instruments	Assets			Liabilities			12/31/2014 Finance income (costs), net (Note 23)
	Current	Non-current	Total	Current	Non-current	Total	
<i>Dollar-to-CDI swap</i>	5,346		5,346				(12,735)
<i>Dollar-to-real swap (NDF)</i>	153,316		153,316	65		65	213,602
<i>Dollar-to-euro swap (NDF)</i>	6,722		6,722				33,397
<i>Dollar-to-euro swap</i>	9,227		9,227				8,605
<i>Libor-to-CDI swap (*)</i>							(943)
<i>Fixed rate-to-CDI swap</i>					21,301	21,301	(3,926)
	174,611		174,611	65	21,301	21,366	238,000

Instruments	Assets			Liabilities			12/31/2013 Finance income (costs), net (Note 23)
	Current	Non-current	Total	Current	Non-current	Total	
<i>Dollar-to-CDI swap</i>	9,033	3,879	12,912				11,172
<i>Dollar-to-real swap (NDF)</i>	631		631	1,228		1,228	(597)
<i>Dollar-to-euro swap (NDF)</i>				5,258		5,258	(13,190)

<i>Yen-to-dollar swap (**)</i>							(5,374)
<i>Dollar-to-euro swap</i>	17		17				4,035
<i>Libor-to-CDI swap</i>				336		336	(4,268)
<i>Fixed rate-to-CDI swap</i>					17,375	17,375	(17,375)
	9,681	3,879	13,560	6,822	17,375	24,197	(25,597)

(*) Swap positions were settled in May 2014, together with their prepayment.

(*) Swap positions were settled in December 2013, together with their guarantee deposit.

Dollar-to-CDI swap

As of December 31, 2014 the Company held a short position in a currency swap, where it receives exchange differences plus interest of 3.5% per year on average and pays 100% of CDI in the short position of the currency swap contract.

Dollar-to-real swap (NDF)

The Company entered into NDF (Non Deliverable Forward) transactions for the purpose of ensuring the forward purchase of US dollars, which are settled without physical delivery, by the difference in contracted R\$/US\$ buy parity against the R\$/US\$ sell parity, with is the Sale Ptax T-1 to maturity. The transactions are contracted with prime financial institutions, on the over-the-counter market, and allocated to the exclusive funds.

Dollar-to-euro swap (NDF)

In addition to the swaps above, the Company also entered into NDF (Non Deliverable forward) transactions to hedge its euro-denominated assets. Basically the Company contracted financial derivatives for its euro-denominated assets, where it will receive the difference between the US dollar exchange rate change for the period, multiplied by the notional amount (long position) and pay the difference between the exchange rate change in euro for the period on the notional euro amount on the contract date (short position). In general, these are transactions conducted in the Brazilian over-the-counter market that have

as counterparties prime financial institutions, contracted under the exclusive funds.

Dollar-to-euro swap

The subsidiary Lusosider has derivative transactions to hedge its exposure against the euro-dollar fluctuation.

Fixed rate-to-CDI swap

The purpose of this transaction is to peg obligations subject to a fixed rate to the fluctuation of the average interest rate of the one-day interbank deposits (CDI) calculated and disclosed by CETIP. Basically, the Company contracted swaps for its obligations indexed to fixed rates, in which it receives interest on the notional amount (long position) and pays 100% of the Interbank Deposit Certificate (CDI) on the notional amount in reais of the contract date (short position). The gains and losses on this contract are directly related to CDI fluctuations. In general, these are transactions conducted in the Brazilian over-the-counter market that have as counterparty a prime financial institution.

- **Hedge accounting**

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 will be temporarily recognized in shareholders' equity and allocated to profit or loss when such exports are carried out, which will allow recognizing the US dollar impact on liabilities and exports concurrently. Note that adopting hedge accounting does not entail contracting any financial instrument. The Company designated for hedge accounting US\$775 million in exports to be carried out between October 15, 2015 and May 20, 2020.

To support these designated amounts, the Company prepared formal documentation indicating how hedging is aligned with the goal and strategy of CSN's Risk Management Policy by identifying the hedging instruments used, the hedging purpose, the nature of the hedged risk, and showing the expected high effectiveness of the designated relationships. The designated debt instruments total an amount equivalent to the portion of future exports. Thus, the exchange differences on translating the instrument and the hedged item are similar. According to the Company's accounting policy, continuous assessments of the prospective and retrospective effectiveness must be carried out by comparing the designated amounts with the expected amounts, approved in Management's budgets, and the actual export amounts.

Through hedge accounting, the exchange gains and losses of the debt instruments do not immediately affect the Company's profit or loss except to the extent that exports are carried out.

The table below shows a summary of the hedging relationships as of December 31, 2014:

Designation Date	Hedging Instrument	Hedged item	Type of hedged risk	Hedged period	Designated amounts (US\$'000)	12/31/2014 Impact on shareholders' equity
11/3/2014	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	500,000	(106,000)
12/1/2014	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	175,000	(16,818)
12/18/2014	Export prepayments in US\$ to third parties	Part of the highly probable future monthly iron ore exports	Foreign exchange - R\$ vs. US\$ spot rate	May 2020	100,000	2,185
Total					775,000	(120,633)

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 December 31, 2014 are as follows:

	12/31/2013	Addition	Reversal	12/31/2014
Cash flow hedge accounting	120,633			120,633
Income tax and social contribution on cash flow hedge accounting	(41,015)			(41,015)
Fair value of cash flow hedge, net of taxes	79,618			79,618

As of December 31, 2014 the hedging relationships established by the Company were effective, according to the prospective tests conducted. Thus, no reversal for hedge accounting ineffectiveness was recognized.

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

The Company considered scenarios 1 and 2 as 25% and 50% appreciation for volatility of the currency, using as benchmark the closing exchange rate as of December 31, 2014 for dollar-to-real swap R\$2.6562, euro-to-dollar swap R\$1.2149, dollar-to-euro swap R\$1.2149, dollar-to-real swap R\$2.6562, and euro-to-real swap 3.2270.

Instruments	Notional amount	Risk	Probable scenario (*)	Scenario 1	Scenario 2
Dollar-to-CDI swap	10,000	Dollar	30,414	(7,604)	(15,207)
Dollar-to-real swap (NDF)	1,218,000	Dollar	153,251	(805,928)	(1,611,856)

Hedge accounting of exports	775,000	Dollar	120,633	(514,639)	(1,029,278)
Exchange position functional currency BRL (not including exchange derivatives above)	(1,969,886)	Dollar		1,308,103	2,616,206
Consolidated exchange position (including exchange derivatives above)	33,114	Dollar		(20,068)	(40,135)
Dollar-to-euro swap (NDF)	(90,000)	Euro	6,722	67,068	132,297
Exchange position functional currency BRL (not including exchange derivatives above)	(143,723)	Euro		115,949	231,897
Consolidated exchange position (including exchange derivatives above)	(233,723)	Euro		183,017	364,194
Dollar-to-euro swap	80,129	Dollarr	9,227	43,511	167,089

(*) The sensitivity analysis is based on the assumption of maintaining as probable scenario the market values as of December 31, 2014 recognized in the company's assets and liabilities.

11.e) Interest rate risk

Short- and long-term liabilities indexed to floating interest rate and inflation indices. Due to this exposure, the Company entered into derivative transactions to better manage these risks.

- Sensitivity analysis of interest rate swaps**

Instruments	Notional amount	Risk	Probable scenario (*)	12/31/2014	
				Scenario 1	Scenario 2
Fixed rate-to-CDI interest rate swap	345,000	CDI	21,301	(15,239)	(30,633)
Dollar-to-CDI interest rate swap	10,000	CDI	25,068	(160)	(318)

(*) The sensitivity analysis is based on the assumption of maintaining as probable scenario the market values as of December 31, 2014 recognized in the company's assets and liabilities.

The Company considered scenarios 1 and 2 as 25% and 50% appreciation for volatility of the interest as of December 31, 2014.

- Sensitivity analysis of changes in interest rates**

The Company considers the effects of a 5% increase or decrease in interest rates on its borrowings, financing and debentures as of December 31, 2014 in the consolidated financial statements.

Changes in interest rates	% p.a	Impact on profit or loss 12/31/2014
TJLP	5.00	2,548
Libor	0.36	792
CDI	11.57	86,198

11.f) Liquidity risk

It is the risk that the Company may not have sufficient net funds to honor its financial commitments as a result of mismatching of terms or volumes between scheduled receipts and payments.

To manage cash liquidity in domestic and foreign currency, assumptions of future disbursements and receipts are established and daily monitored by the treasury area. The payment schedules for the long-term portions of borrowings, financing and debentures are shown in note 10.

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

	Consolidated				
	Less than one year	From one to two years	From two to five years	Over five years	Total
At December 31, 2014					
Borrowings, financing and debentures	2,813,930	7,075,910	15,650,855	4,437,500	29,978,195
Derivative financial instruments	65	21,301			21,366
Trade payables	1,638,505				1,638,505
Dividends and interest on capital	277,097				277,097
At December 31, 2013					
Borrowings, financing and debentures	2,673,648	6,391,523	11,439,993	7,358,058	27,863,222
Derivative financial instruments	6,822	17,375			24,197
Trade payables	1,102,037				1,102,037
Dividends and interest on capital	2,036				2,036

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

Financial assets and liabilities at fair value through profit or loss are recognized in current and non-current assets and liabilities, and any gains and losses are recognized as finance income or finance costs, respectively.

The amounts are recognized in the financial statements at their carrying amounts, which are substantially similar to those that would be obtained if they were traded in the market. The fair values of other long-term assets and liabilities do not differ significantly from their carrying amounts, except the amounts below.

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 compared below:

		12/31/2014		12/31/2013	
	Carrying amount	Fair value	Carrying amount	Fair value	
Perpetual bonds	2,659,815	1,974,031	2,345,789	1,938,780	
Fixed rate notes	6,232,986	6,267,272	5,661,978	6,032,207	

- **Credit risks**

The exposure to credit risks of financial institutions is in line with the parameters established in the financial policy. The Company adopts the practice of analyzing in detail the financial position of its customers and suppliers, establishing a credit limit and conducting ongoing monitoring of the outstanding balance.

As regards short-term investments, the Company only makes investments in institutions with low credit risk as rated by credit rating agencies. As part of the funds is invested in repos (repurchase agreements) backed by Brazilian government bonds, there is also exposure to Brazil's sovereign risk.

- **Capital management**

The Company manages its capital structure to ensure that it will be capable of providing return to its shareholders and benefits to other stakeholders, and maintain an optimal capital structure to reduce this cost.

12. OTHER PAYABLES

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

	Current		Consolidated Non-current	
	12/31/2014	12/31/2013	12/31/2014	12/31/2013
Payables to related parties (Note 17 b)	249,758	422,150	9,236,716	8,522,600
Derivative financial instruments (Note 11 I)	65	6,822	21,301	17,300
Dividends and interest on capital payable to Company owners	152,966			
Dividends and interest on capital payable non-controlling interets	124,131	2,036		
Advances from customers	22,905	28,213		
Taxes in installments (Note 14)	33,358	247,387	20,728	1,454,800
Profit sharing - employees	120,278	121,631		
Other payables	141,648	144,612	36,618	66,600
	845,109	972,851	9,315,363	10,061,500

13. INCOME TAX AND SOCIAL CONTRIBUTION

13.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:

	Consolidated		Parent Compar	
	12/31/2014	12/31/2013	12/31/2014	12/31/2013

Income tax and social contribution (expense) income