

NATIONAL STEEL CO  
Form 6-K  
January 26, 2018

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# SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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## FORM 6-K

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

For the month of January, 2018  
Commission File Number 1-14732

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## COMPANHIA SIDERÚRGICA NACIONAL

(Exact name of registrant as specified in its charter)

### National Steel Company

(Translation of Registrant's name into English)

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

(Address of principal executive office)

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

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

Yes ☐ No ☒

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

Quarterly Financial Information - September 30, 2017 – CIA SIDERURGICA NACIONAL

**Version:**  
**1**

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Quarterly Financial Information - September 30, 2017 – CIA SIDERURGICA NACIONAL

**Version:**  
**1**

**Company Information / Capital Breakdown**

| <b>Number of Shares</b> | <b>Current Quarter</b> |
|-------------------------|------------------------|
| <b>(Units)</b>          | <b>09/30/2017</b>      |
| <b>Paid-in Capital</b>  |                        |
| <b>Common</b>           | 1,387,524,047          |
| <b>Preferred</b>        | 0                      |
| <b>Total</b>            | 1,387,524,047          |
| <b>Treasury Shares</b>  |                        |
| <b>Common</b>           | 30,391,000             |
| <b>Preferred</b>        | 0                      |
| <b>Total</b>            | 30,391,000             |

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

Quarterly Financial Information - September 30, 2017 – CIA SIDERURGICA NACIONAL

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

| <b>Code</b> | <b>Description</b>                      | <b>Current Quarter<br/>09/30/2017</b> | <b>Previous Year<br/>12/31/2016</b> |
|-------------|-----------------------------------------|---------------------------------------|-------------------------------------|
| 1           | Total Assets                            | 41,160,548                            | 41,716,949                          |
| 1.01        | Current assets                          | 7,609,732                             | 7,989,806                           |
| 1.01.01     | Cash and cash equivalent                | 668,438                               | 1,466,746                           |
| 1.01.02     | Financial investments                   | 726,741                               | 758,433                             |
| 1.01.02.02  | Financial investments at amortized cost | 726,741                               | 758,433                             |
| 1.01.03     | Trade receivables                       | 2,868,348                             | 2,624,853                           |
| 1.01.04     | Inventory                               | 2,748,074                             | 2,504,230                           |
| 1.01.08     | Other current assets                    | 598,131                               | 635,544                             |
| 1.02        | Non-current assets                      | 33,550,816                            | 33,727,143                          |
| 1.02.01     | Long-term assets                        | 1,480,654                             | 1,395,962                           |
| 1.02.01.09  | Other non-current assets                | 1,480,654                             | 1,395,962                           |
| 1.02.02     | Investments                             | 22,549,492                            | 22,703,508                          |
| 1.02.03     | Property, plant and equipment           | 9,458,020                             | 9,580,126                           |
| 1.02.04     | Intangible assets                       | 62,650                                | 47,547                              |

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

Quarterly Financial Information - September 30, 2017 – CIA SIDERURGICA NACIONAL

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

| <b>Code</b>   | <b>Description</b>                                                    | <b>Current Quarter<br/>09/30/2017</b> | <b>Previous Year<br/>12/31/2016</b> |
|---------------|-----------------------------------------------------------------------|---------------------------------------|-------------------------------------|
| 2             | Total liabilities                                                     | 41,160,548                            | 41,716,949                          |
| 2.01          | Current liabilities                                                   | 6,704,186                             | 4,108,798                           |
| 2.01.01       | Payroll and related taxes                                             | 161,905                               | 135,676                             |
| 2.01.02       | Trade payables                                                        | 1,657,411                             | 1,312,183                           |
| 2.01.03       | Tax payables                                                          | 79,728                                | 66,445                              |
| 2.01.04       | Borrowings and financing                                              | 4,222,977                             | 2,051,882                           |
| 2.01.05       | Other payables                                                        | 514,925                               | 464,531                             |
| 2.01.06       | Provisions                                                            | 67,240                                | 78,081                              |
| 2.01.06.01    | Provision for tax, social security, labor and civil risks             | 67,240                                | 78,081                              |
| 2.02          | Non-current liabilities                                               | 27,760,850                            | 31,413,623                          |
| 2.02.01       | Long term Borrowings and financing                                    | 24,454,575                            | 28,196,893                          |
| 2.02.02       | Other payables                                                        | 56,204                                | 76,499                              |
| 2.02.03       | Deferred Taxes                                                        | 571,070                               | 587,357                             |
| 2.02.04       | Provisions                                                            | 2,679,001                             | 2,552,874                           |
| 2.02.04.01    | Provision for tax, social security, labor and civil risks             | 552,768                               | 548,537                             |
| 2.02.04.02    | Other provisions                                                      | 2,126,233                             | 2,004,337                           |
| 2.02.04.02.03 | Provision for environmental liabilities and decommissioning of assets | 215,858                               | 265,772                             |
| 2.02.04.02.04 | Pension and healthcare plan                                           | 719,266                               | 719,266                             |
| 2.02.04.02.05 | Provision for losses on investments                                   | 1,191,109                             | 1,019,299                           |
| 2.03          | Shareholders' equity                                                  | 6,695,512                             | 6,194,528                           |
| 2.03.01       | Share Capital                                                         | 4,540,000                             | 4,540,000                           |
| 2.03.02       | Capital reserves                                                      | 30                                    | 30                                  |
| 2.03.04.02    | Earnings reserves                                                     | 238,976                               | 238,976                             |
| 2.03.04.09    | Treasury shares                                                       | (238,976)                             | (238,976)                           |
| 2.03.05       | Accumulated profit/(losses)                                           | (1,649,259)                           | (1,301,961)                         |
| 2.03.08       | Other comprehensive income                                            | 3,804,741                             | 2,956,459                           |



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

Quarterly Financial Information - September 30, 2017 – CIA SIDERURGICA NACIONAL

**Version:**  
**1****Parent Company Financial Statements / Statements of Income**  
**(R\$ thousand)**

| Code       | Description                                           | Current       | Year to date  | Same quarter  | YTD previous  |
|------------|-------------------------------------------------------|---------------|---------------|---------------|---------------|
|            |                                                       | Quarter       | previous year | previous year | year          |
|            |                                                       | 07/01/2017 to | 01/01/2017 to | 07/01/2016 to | 01/01/2016 to |
|            |                                                       | 09/30/2017    | 09/30/2017    | 09/30/2016    | 09/30/2016    |
| 3.01       | Revenues from sale of goods and rendering of services | 2,878,254     | 7,672,028     | 2,288,121     | 6,457,435     |
| 3.02       | Costs from sale of goods and rendering of services    | (2,432,348)   | (6,439,752)   | (1,825,749)   | (5,370,811)   |
| 3.03       | Gross profit                                          | 445,906       | 1,232,276     | 462,372       | 1,086,624     |
| 3.04       | Operating expenses/income                             | (268,582)     | (330,911)     | 150,220       | (1,364,026)   |
| 3.04.01    | Selling expenses                                      | (186,675)     | (549,437)     | (141,831)     | (448,060)     |
| 3.04.02    | General and administrative expenses                   | (28,212)      | (148,272)     | (87,854)      | (283,481)     |
| 3.04.04    | Other operating income                                | 6,170         | 11,834        | 152,150       | 156,720       |
| 3.04.05    | Other operating expenses                              | (74,616)      | (196,087)     | (85,595)      | (295,588)     |
| 3.04.06    | Equity in results of affiliated companies             | 14,751        | 551,051       | 313,350       | (493,617)     |
| 3.05       | Profit before financial income (expenses) and taxes   | 177,324       | 901,365       | 612,592       | (277,402)     |
| 3.06       | Financial income (expenses)                           | 43,410        | (1,255,316)   | (707,174)     | (574,164)     |
| 3.06.01    | Financial income                                      | 102,978       | 235,858       | 65,651        | 152,322       |
| 3.06.02    | Financial expenses                                    | (59,568)      | (1,491,174)   | (772,825)     | (726,486)     |
| 3.06.02.01 | Net exchange differences over financial instruments   | 478,274       | 332,639       | (113,895)     | 2,041,002     |
| 3.06.02.02 | Financial expenses                                    | (537,842)     | (1,823,813)   | (658,930)     | (2,767,488)   |
| 3.07       | Profit (loss) before taxes                            | 220,734       | (353,951)     | (94,582)      | (851,566)     |
| 3.08       | Income tax and social contribution                    | 5,732         | 6,653         | 3,321         | 5,769         |
| 3.09       | Profit (loss) from continued operations               | 226,466       | (347,298)     | (91,261)      | (845,797)     |
| 3.10       | Profit (loss) from discontinued operations            | -             | -             | (6,984)       | (6,786)       |
| 3.11       | Profit (loss) for the year                            | 226,466       | (347,298)     | (98,245)      | (852,583)     |
| 3.99.01.01 | Common shares                                         | 0.16687       | (0.25591)     | (0.07240)     | (0.62822)     |

|            |               |         |           |           |           |
|------------|---------------|---------|-----------|-----------|-----------|
| 3.99.02.01 | Common shares | 0.16687 | (0.25591) | (0.07240) | (0.62822) |
|------------|---------------|---------|-----------|-----------|-----------|

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

Quarterly Financial Information - September 30, 2017 – CIA SIDERURGICA NACIONAL

**Version:**  
**1****Parent Company Financial Statements / Statements of Comprehensive Income  
(R\$ thousand)**

| Code    | Description                                                                | Current                  |                          | Same quarter YTD previous year |                          |
|---------|----------------------------------------------------------------------------|--------------------------|--------------------------|--------------------------------|--------------------------|
|         |                                                                            | Quarter                  | Year to date             | previous year                  | year                     |
|         |                                                                            | 07/01/2017 to 09/30/2017 | 01/01/2017 to 09/30/2017 | 07/01/2016 to 09/30/2016       | 01/01/2016 to 09/30/2016 |
| 4.01    | (Loss) profit for the year                                                 | 226,466                  | (347,298)                | (98,245)                       | (852,583)                |
| 4.02    | Other comprehensive income                                                 | 667,498                  | 848,282                  | 661,630                        | 1,491,560                |
| 4.02.01 | Actuarial gains over pension plan of affiliates, net of taxes              | 30                       | 88                       | 29                             | 143                      |
| 4.02.04 | Cumulative translation adjustments for the year                            | (47,328)                 | 82,130                   | 73,956                         | (386,136)                |
| 4.02.05 | Available-for-sale assets                                                  | 496,044                  | 614,542                  | 647,552                        | 775,405                  |
| 4.02.10 | (Loss) / gain on the percentage change in investments                      | -                        | 2,814                    | 740                            | 1,324                    |
| 4.02.11 | Gain (loss) on cash flow hedge accounting                                  | 200,236                  | 134,374                  | (56,324)                       | 1,016,560                |
| 4.02.13 | Realization of cash flow hedge accounting reclassified to income statement | 16,212                   | 37,933                   | 5,949                          | 26,472                   |
| 4.02.14 | Gain (Loss) on net investment hedge from investments in affiliates         | 2,304                    | (23,599)                 | (10,272)                       | 57,792                   |
| 4.03    | Comprehensive income for the year                                          | 893,964                  | 500,984                  | 563,385                        | 638,977                  |



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Quarterly Financial Information - September 30, 2017 – CIA SIDERURGICA NACIONAL

**Version:**  
**1****Parent Company Financial Statements / Statements of Cash Flows – Indirect Method  
(R\$ thousand)**

| Code       | Description                                                              | Year to date                | YTD previous year           |
|------------|--------------------------------------------------------------------------|-----------------------------|-----------------------------|
|            |                                                                          | 01/01/2017 to<br>09/30/2017 | 01/01/2016 to<br>09/30/2016 |
| 6.01       | Net cash from operating activities                                       | 498,973                     | 1,418,549                   |
| 6.01.01    | Cash from operations                                                     | 841,009                     | (393,672)                   |
| 6.01.01.01 | Profit (loss) for the period                                             | (347,298)                   | (852,583)                   |
| 6.01.01.03 | Financial charges in borrowing and financing raised                      | 1,670,505                   | 1,909,151                   |
| 6.01.01.04 | Financial charges in borrowing and financing granted                     | (89,576)                    | (27,919)                    |
| 6.01.01.05 | Depreciation, depletion and amortization                                 | 497,288                     | 418,828                     |
| 6.01.01.06 | Equity in results of affiliated companies                                | (551,051)                   | 493,617                     |
| 6.01.01.07 | Deferred tax                                                             | (6,653)                     | (5,820)                     |
| 6.01.01.08 | Provision for tax, social security, labor, civil and environmental risks | (6,610)                     | (15,027)                    |
| 6.01.01.09 | Exchange differences, net                                                | (278,230)                   | (2,320,143)                 |
| 6.01.01.12 | Write-off of PPE and Intangible assets                                   | (521)                       | 20,751                      |
| 6.01.01.13 | Provision for environmental liabilities and decommissioning of assets    | (49,914)                    | (6,760)                     |
| 6.01.01.14 | Gains from business combination                                          | -                           | (28,013)                    |
| 6.01.01.15 | Others                                                                   | 3,069                       | 20,246                      |
| 6.01.02    | Changes in assets and liabilities                                        | (342,036)                   | 1,812,221                   |
| 6.01.02.01 | Trade receivables - third parties                                        | (229,704)                   | (118,462)                   |
| 6.01.02.02 | Trade receivables - related parties                                      | (11,766)                    | 430,601                     |
| 6.01.02.03 | Inventories                                                              | (243,844)                   | 580,585                     |
| 6.01.02.04 | Receivables - related parties                                            | 1,576,325                   | 2,349,816                   |
| 6.01.02.05 | Tax assets                                                               | (86,897)                    | 250,807                     |
| 6.01.02.06 | Judicial deposits                                                        | (19,141)                    | 27,745                      |
| 6.01.02.09 | Trade payables                                                           | 345,228                     | 261,063                     |
| 6.01.02.10 | Payroll and related taxes                                                | 26,229                      | 20,000                      |
| 6.01.02.11 | Taxes in installments – REFIS                                            | 13,102                      | 71,734                      |
| 6.01.02.13 | Payables to related parties                                              | 5,533                       | (2,986)                     |
| 6.01.02.15 | Interest paid                                                            | (1,748,225)                 | (2,023,675)                 |
| 6.01.02.16 | Interest received - Related Parties                                      | 187                         | -                           |
| 6.01.02.18 | Others                                                                   | 30,937                      | (35,007)                    |

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|         |                                              |             |           |
|---------|----------------------------------------------|-------------|-----------|
| 6.02    | Net cash used in investing activities        | (264,740)   | (434,870) |
| 6.02.01 | Advance for future capital increase          | (30,501)    | (222,374) |
| 6.02.02 | Purchase of property, plant and equipment    | (355,941)   | (878,908) |
| 6.02.07 | Intercompany loans granted                   | (16,540)    | (56,547)  |
| 6.02.09 | Intercompany loans received                  | 7,297       | -         |
| 6.02.10 | Exclusive funds                              | (200)       | 84,738    |
| 6.02.11 | Financial Investments, net of redemption     | 31,693      | 638,221   |
|         | Cash received from disposal of investment -  |             |           |
| 6.02.12 | CGPAR                                        | 99,452      | -         |
| 6.03    | Net cash used in financing activities        | (1,033,516) | (469,845) |
|         | Borrowings and financing raised, net of      |             |           |
| 6.03.01 | transaction cost                             | 171,000     | (26,018)  |
| 6.03.02 | Borrowings and financing, related parties    | -           | 40,239    |
| 6.03.03 | Funding Forfaiting/ Drawee Risk              | -           | 78,240    |
| 6.03.04 | Payment Forfaiting / Drawee Risk             | -           | (300,321) |
| 6.03.05 | Amortization of borrowings and financing     | (960,174)   | (221,693) |
|         | Amortization of borrowings and financing -   |             |           |
| 6.03.06 | related parties                              | (244,342)   | (40,239)  |
|         | Payments of dividends and interests on       |             |           |
| 6.03.07 | shareholder's equity                         | -           | (53)      |
|         | Exchange rate on translating cash and cash   |             |           |
| 6.04    | equivalents                                  | 975         | 1,280     |
|         | Increase (decrease) in cash and cash         |             |           |
| 6.05    | equivalents                                  | (798,308)   | 515,114   |
|         | Cash and equivalents at the beginning of the |             |           |
| 6.05.01 | year                                         | 1,466,746   | 1,885,199 |
| 6.05.02 | Cash and equivalents at the end of the year  | 668,438     | 2,400,313 |

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

Quarterly Financial Information - September 30, 2017 – CIA SIDERURGICA NACIONAL

**Version:**  
**1****Parent Company Financial Statements / Statement of Changes in Equity - 01/01/2017 to 09/30/2017 (R\$ thousand)**

| <b>Code</b> | <b>Description</b>                                     | <b>Paid-in capital</b> | <b>Capital reserve, granted options and treasury shares</b> | <b>Earnings reserve</b> | <b>Retained earnings (accumulated losses)</b> | <b>Other comprehensive income</b> | <b>Shareholders' equity</b> |
|-------------|--------------------------------------------------------|------------------------|-------------------------------------------------------------|-------------------------|-----------------------------------------------|-----------------------------------|-----------------------------|
| 5.01        | Opening balances                                       | 4,540,000              | 30                                                          | -                       | (1,301,961)                                   | 2,956,459                         | 6,194,528                   |
| 5.03        | Adjusted opening balances                              | 4,540,000              | 30                                                          | -                       | (1,301,961)                                   | 2,956,459                         | 6,194,528                   |
| 5.05        | Total comprehensive income                             | -                      | -                                                           | -                       | (347,298)                                     | 848,282                           | 500,984                     |
| 5.05.01     | Profit (loss) for the period                           | -                      | -                                                           | -                       | (347,298)                                     | -                                 | (347,298)                   |
| 5.05.02     | Other comprehensive income                             | -                      | -                                                           | -                       | -                                             | 848,282                           | 848,282                     |
| 5.05.02.04  | Translation adjustments for the year                   | -                      | -                                                           | -                       | -                                             | 82,130                            | 82,130                      |
| 5.05.02.08  | Actuarial gains/(Losses) on pension plan, net of taxes | -                      | -                                                           | -                       | -                                             | 88                                | 88                          |
| 5.05.02.09  | Available-for-sale assets, net of taxes                | -                      | -                                                           | -                       | -                                             | 614,542                           | 614,542                     |
| 5.05.02.10  | (Loss) / gain on the percentage change in investments  | -                      | -                                                           | -                       | -                                             | 2,814                             | 2,814                       |
| 5.05.02.11  | (Loss) / gain on cash flow hedge                       | -                      | -                                                           | -                       | -                                             | 172,307                           | 172,307                     |

|            |                                                 |           |    |   |             |           |           |
|------------|-------------------------------------------------|-----------|----|---|-------------|-----------|-----------|
|            | accounting, net<br>of taxes<br>(Loss) / gain on |           |    |   |             |           |           |
| 5.05.02.13 | foreign<br>investments                          | -         | -  | - | -           | (23,599)  | (23,599)  |
| 5.07       | Closing balance                                 | 4,540,000 | 30 | - | (1,649,259) | 3,804,741 | 6,695,512 |

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

Quarterly Financial Information - September 30, 2017 – CIA SIDERURGICA NACIONAL

**Version:**  
**1****Parent Company Financial Statements / Statement of Changes in Equity - 01/01/2016 to 09/30/2016  
(R\$ thousand)**

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

|            |                     |           |    |   |             |           |           |
|------------|---------------------|-----------|----|---|-------------|-----------|-----------|
|            | taxes               |           |    |   |             |           |           |
|            | Realization of      |           |    |   |             |           |           |
| 5.05.02.12 | cash flow hedge     | -         | -  | - | -           | 26,472    | 26,472    |
|            | reclassified to the |           |    |   |             |           |           |
|            | income statement    |           |    |   |             |           |           |
|            | (Loss) / gain on    |           |    |   |             |           |           |
| 5.05.02.13 | foreign             | -         | -  | - | -           | 57,792    | 57,792    |
|            | investments         |           |    |   |             |           |           |
| 5.07       | Closing balance     | 4,540,000 | 30 | - | (1,219,797) | 3,282,253 | 6,602,486 |

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

Quarterly Financial Information - September 30, 2017 – CIA SIDERURGICA NACIONAL

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

| <b>Code</b> | <b>Description</b>                               | <b>Year to date<br/>01/01/2017 to<br/>09/30/2017</b> | <b>Previous year<br/>01/01/2016 to<br/>09/30/2016</b> |
|-------------|--------------------------------------------------|------------------------------------------------------|-------------------------------------------------------|
| 7.01        | Revenues                                         | 9,476,920                                            | 8,039,004                                             |
| 7.01.01     | Sales of products and rendering of services      | 9,425,899                                            | 8,062,255                                             |
| 7.01.02     | Other revenues                                   | 66,237                                               | (14,491)                                              |
| 7.01.04     | Allowance for (reversal of) doubtful accounts    | (15,216)                                             | (8,760)                                               |
| 7.02        | Raw materials acquired from third parties        | (7,343,265)                                          | (6,199,678)                                           |
| 7.02.01     | Cost of sales and services                       | (6,627,795)                                          | (5,584,069)                                           |
| 7.02.02     | Materials, electric power, outsourcing and other | (714,074)                                            | (602,317)                                             |
| 7.02.03     | Impairment/recovery of assets                    | (1,396)                                              | (13,292)                                              |
| 7.03        | Gross value added                                | 2.133.655                                            | 1,839,326                                             |
| 7.04        | Retentions                                       | (497,288)                                            | (418,828)                                             |
| 7.04.01     | Depreciation, amortization and depletion         | (497,288)                                            | (418,828)                                             |
| 7.05        | Wealth created                                   | 1.636.367                                            | 1,420,498                                             |
| 7.06        | Value added received                             | 787.809                                              | (637,080)                                             |
| 7.06.01     | Equity in income of affiliates                   | 551.051                                              | (493,617)                                             |
| 7.06.02     | Financial income                                 | 235.858                                              | 152,322                                               |
| 7.06.03     | Others                                           | 900                                                  | (295,785)                                             |
| 7.06.03.01  | Others and exchange gains                        | 900                                                  | (295,785)                                             |
| 7.07        | Wealth for distribution                          | 2.424.176                                            | 783,418                                               |
| 7.08        | Wealth distributed                               | 2.424.176                                            | 783,418                                               |
| 7.08.01     | Personnel                                        | 889.242                                              | 835,872                                               |
| 7.08.01.01  | Salaries and wages                               | 652.517                                              | 647,165                                               |
| 7.08.01.02  | Benefits                                         | 182.239                                              | 142,510                                               |
| 7.08.01.03  | Severance payment (FGTS)                         | 54.486                                               | 46,197                                                |
| 7.08.02     | Taxes, fees and contributions                    | 384.352                                              | 364,392                                               |
| 7.08.02.01  | Federal                                          | 288.265                                              | 296,926                                               |
| 7.08.02.02  | State                                            | 96.071                                               | 67,465                                                |
| 7.08.02.03  | Municipal                                        | 16                                                   | 1                                                     |

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|               |                                        |           |             |
|---------------|----------------------------------------|-----------|-------------|
| 7.08.03       | Remuneration on third-party capital    | 1.497.880 | 428,951     |
| 7.08.03.01    | Interest                               | 1.827.044 | 2,767,491   |
| 7.08.03.02    | Leases                                 | 8.566     | 7,983       |
| 7.08.03.03    | Others                                 | (337,730) | (2,346,523) |
| 7.08.03.03.01 | Others and exchange losses             | (337,730) | (2,346,523) |
| 7.08.04       | Remuneration on Shareholders' capital  | (347,298) | (852,583)   |
| 7.08.04.03    | Retained earnings (accumulated losses) | (347,298) | (852,583)   |
| 7.08.05       | Others                                 | -         | 6,786       |
| 7.08.05.01    | Gain (loss) on discontinued operations | -         | 6,786       |

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

Quarterly Financial Information - September 30, 2017 – CIA SIDERURGICA NACIONAL

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

| <b>Code</b> | <b>Description</b>                                  | <b>Current Quarter<br/>09/30/2017</b> | <b>Previous Year<br/>12/31/2016</b> |
|-------------|-----------------------------------------------------|---------------------------------------|-------------------------------------|
| 1           | Total Assets                                        | 43,873,713                            | 44,153,623                          |
| 1.01        | Current assets                                      | 11,653,843                            | 12,444,918                          |
| 1.01.01     | Cash and cash equivalent                            | 3,381,432                             | 4,871,162                           |
| 1.01.02     | Financial investments                               | 757,338                               | 760,391                             |
| 1.01.02.02  | Financial investments measured at<br>amortized cost | 757,338                               | 760,391                             |
| 1.01.03     | Trade receivables                                   | 2,240,375                             | 1,997,216                           |
| 1.01.04     | Inventory                                           | 4,246,458                             | 3,964,136                           |
| 1.01.08     | Other current assets                                | 1,028,240                             | 852,013                             |
| 1.02        | Non-current assets                                  | 32,219,870                            | 31,708,705                          |
| 1.02.01     | Long-term assets                                    | 1,778,197                             | 1,745,971                           |
| 1.02.01.06  | Deferred tax assets                                 | 51,052                                | 70,151                              |
| 1.02.01.09  | Other non-current assets                            | 1,727,145                             | 1,675,820                           |
| 1.02.02     | Investments                                         | 5,293,244                             | 4,568,451                           |
| 1.02.03     | Property, plant and equipment                       | 17,875,819                            | 18,135,879                          |
| 1.02.04     | Intangible assets                                   | 7,272,610                             | 7,258,404                           |

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

Quarterly Financial Information - September 30, 2017 – CIA SIDERURGICA NACIONAL

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

| <b>Code</b>   | <b>Description</b>                                                    | <b>Current Quarter<br/>09/30/2017</b> | <b>Previous Year<br/>12/31/2016</b> |
|---------------|-----------------------------------------------------------------------|---------------------------------------|-------------------------------------|
| 2             | Total liabilities                                                     | 43,873,713                            | 44,153,623                          |
| 2.01          | Current liabilities                                                   | 7,848,924                             | 5,496,683                           |
| 2.01.01       | Payroll and related taxes                                             | 296,167                               | 253,837                             |
| 2.01.02       | Trade payables                                                        | 2,249,151                             | 1,763,206                           |
| 2.01.03       | Tax payables                                                          | 269,168                               | 231,861                             |
| 2.01.04       | Borrowings and financing                                              | 3,983,810                             | 2,117,448                           |
| 2.01.05       | Other payables                                                        | 950,560                               | 1,021,724                           |
| 2.01.06       | Provisions                                                            | 100,068                               | 108,607                             |
|               | Provision for tax, social security, labor and civil risks             |                                       |                                     |
| 2.01.06.01    |                                                                       | 100,068                               | 108,607                             |
| 2.02          | Non-current liabilities                                               | 28,058,141                            | 31,272,419                          |
| 2.02.01       | Long term Borrowings and financing                                    | 25,020,128                            | 28,323,570                          |
| 2.02.02       | Other payables                                                        | 129,811                               | 131,137                             |
| 2.02.03       | Deferred tax liabilities                                              | 1,167,974                             | 1,046,897                           |
| 2.02.04       | Provisions                                                            | 1,740,228                             | 1,770,815                           |
|               | Provision for tax, social security, labor and civil risks             |                                       |                                     |
| 2.02.04.01    |                                                                       | 718,592                               | 704,485                             |
| 2.02.04.02    | Other provisions                                                      | 1,021,636                             | 1,066,330                           |
|               | Provision for environmental liabilities and decommissioning of assets |                                       |                                     |
| 2.02.04.02.03 |                                                                       | 302,370                               | 347,064                             |
| 2.02.04.02.04 | Pension and healthcare plan                                           | 719,266                               | 719,266                             |
| 2.03          | Consolidated Shareholders' equity                                     | 7,966,648                             | 7,384,521                           |
| 2.03.01       | Share Capital                                                         | 4,540,000                             | 4,540,000                           |
| 2.03.02       | Capital reserves                                                      | 30                                    | 30                                  |
| 2.03.04.02    | Earnings reserves                                                     | 238,976                               | 238,976                             |
| 2.03.04.09    | Treasury shares                                                       | (238,976)                             | (238,976)                           |
| 2.03.05       | Accumulated profit/(losses)                                           | (1,649,259)                           | (1,301,961)                         |
| 2.03.08       | Other comprehensive income                                            | 3,804,741                             | 2,956,459                           |
| 2.03.09       | Profit attributable to the non-controlling interests                  | 1,271,136                             | 1,189,993                           |



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

Quarterly Financial Information - September 30, 2017 – CIA SIDERURGICA NACIONAL

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

| Code       | Description                                           | Current       | Year to date  | Same quarter  | YTD previous  |
|------------|-------------------------------------------------------|---------------|---------------|---------------|---------------|
|            |                                                       | Quarter       | previous year | previous year | year          |
|            |                                                       | 07/01/2017 to | 01/01/2017 to | 07/01/2016 to | 01/01/2016 to |
|            |                                                       | 09/30/2017    | 09/30/2017    | 09/30/2016    | 09/30/2016    |
| 3.01       | Revenues from sale of goods and rendering of services | 4,809,671     | 13,531,876    | 4,469,240     | 12,630,353    |
| 3.02       | Costs from sale of goods and rendering of services    | (3,596,936)   | (10,016,303)  | (3,157,057)   | (9,470,412)   |
| 3.03       | Gross profit                                          | 1,212,735     | 3,515,573     | 1,312,183     | 3,159,941     |
| 3.04       | Operating expenses/income                             | (550,540)     | (1,768,200)   | (504,809)     | (1,867,079)   |
| 3.04.01    | Selling expenses                                      | (414,544)     | (1,263,611)   | (405,411)     | (1,247,971)   |
| 3.04.02    | General and administrative expenses                   | (76,174)      | (307,051)     | (117,792)     | (382,114)     |
| 3.04.04    | Other operating income                                | 8,956         | 21,102        | 168,600       | 202,617       |
| 3.04.05    | Other operating expenses                              | (106,780)     | (317,140)     | (176,323)     | (528,084)     |
| 3.04.06    | Equity in results of affiliated companies             | 38,002        | 98,500        | 26,117        | 88,473        |
| 3.05       | Profit before financial income (expenses) and taxes   | 662,195       | 1,747,373     | 807,374       | 1,292,862     |
| 3.06       | Financial income (expenses)                           | (277,797)     | (1,603,640)   | (744,345)     | (1,818,784)   |
| 3.06.01    | Financial income                                      | 80,841        | 286,070       | 140,423       | 522,995       |
| 3.06.02    | Financial expenses                                    | (358,638)     | (1,889,710)   | (884,768)     | (2,341,779)   |
| 3.06.02.01 | Net exchange differences over financial instruments   | 269,925       | 208,730       | (61,255)      | 128,750       |
| 3.06.02.02 | Financial expenses                                    | (628,563)     | (2,098,440)   | (823,513)     | (2,470,529)   |
| 3.07       | Profit (loss) before taxes                            | 384,398       | 143,733       | 63,029        | (525,922)     |
| 3.08       | Income tax and social contribution                    | (128,214)     | (409,890)     | (122,796)     | (264,617)     |
| 3.09       | Profit (loss) from continued operations               | 256,184       | (266,157)     | (59,767)      | (790,539)     |
| 3.10       | Profit (loss) from discontinued operations            | -             | -             | (6,984)       | (6,786)       |
| 3.11       | Consolidated Profit (loss) for the year               | 256,184       | (266,157)     | (66,751)      | (797,325)     |
| 3.11.01    |                                                       | 226,466       | (347,298)     | (98,245)      | (852,583)     |

|            |                                                         |         |           |           |           |
|------------|---------------------------------------------------------|---------|-----------|-----------|-----------|
|            | Profit attributable to the<br>controlling interests     |         |           |           |           |
|            | Profit attributable to the<br>non-controlling interests | 29,718  | 81,141    | 31,494    | 55,258    |
| 3.11.02    |                                                         |         |           |           |           |
| 3.99.01.01 | Common shares                                           | 0.16687 | (0.25591) | (0.07240) | (0.62822) |
| 3.99.02.01 | Common shares                                           | 0.16687 | (0.25591) | (0.07240) | (0.62822) |

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

Quarterly Financial Information - September 30, 2017 – CIA SIDERURGICA NACIONAL

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

| Code    | Description                                                                | Current       | Same quarter YTD previous |               | Year          |
|---------|----------------------------------------------------------------------------|---------------|---------------------------|---------------|---------------|
|         |                                                                            | Quarter       | Year to date              | previous year | previous year |
|         |                                                                            | 07/01/2017 to | 01/01/2017 to             | 07/01/2016 to | 01/01/2016 to |
|         |                                                                            | 09/30/2017    | 09/30/2017                | 09/30/2016    | 09/30/2016    |
| 4.01    | Consolidated profit (loss) for the year                                    | 256,184       | (266,157)                 | (66,751)      | (797,325)     |
| 4.02    | Other comprehensive income                                                 | 667,498       | 848,282                   | 661,630       | 1,491,560     |
| 4.02.01 | Actuarial gains over pension plan of affiliates, net of taxes              | 30            | 88                        | 29            | 143           |
| 4.02.04 | Cumulative translation adjustments for the year                            | (47,328)      | 82,130                    | 73,956        | (386,136)     |
| 4.02.05 | Available-for-sale assets                                                  | 496,044       | 614,542                   | 647,552       | 775,405       |
| 4.02.09 | (Loss) / gain on the percentage change in investments                      | -             | 2,814                     | 740           | 1,324         |
| 4.02.10 | Gain (loss) on cash flow hedge accounting                                  | 200,236       | 134,374                   | (56,324)      | 1,016,560     |
| 4.02.12 | Gain (Loss) on hedge of net investment in foreign operations.              | 2,304         | (23,599)                  | (10,272)      | 57,792        |
| 4.02.13 | Realization of cash flow hedge accounting reclassified to income statement | 16,212        | 37,933                    | 5,949         | 26,472        |
| 4.03    | Consolidated comprehensive income for the year                             | 923,682       | 582,125                   | 594,879       | 694,235       |
| 4.03.01 | Attributed to controlling Shareholders                                     | 893,964       | 500,984                   | 563,385       | 638,977       |
| 4.03.02 | Attributed to non-controlling Shareholders                                 | 29,718        | 81,141                    | 31,494        | 55,258        |



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

Quarterly Financial Information - September 30, 2017 – CIA SIDERURGICA NACIONAL

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

| <b>Code</b> | <b>Description</b>                                                       | <b>Year to date</b>             | <b>YTD previous year</b>        |
|-------------|--------------------------------------------------------------------------|---------------------------------|---------------------------------|
|             |                                                                          | <b>01/01/2017 to 09/30/2017</b> | <b>01/01/2016 to 09/30/2016</b> |
| 6.01        | Net cash from operating activities                                       | 94,171                          | (225,880)                       |
| 6.01.01     | Cash from operations                                                     | 2,420,104                       | 1,110,102                       |
| 6.01.01.01  | Profit (loss) attributable to the controlling interests                  | (347,298)                       | (852,583)                       |
| 6.01.01.03  | Profit (loss) attributable to the non-controlling interests              | 81,141                          | 55,258                          |
| 6.01.01.04  | Financial charges in borrowing and financing raised                      | 1,899,125                       | 2,230,131                       |
| 6.01.01.05  | Financial charges in borrowing and financing granted                     | (50,815)                        | (42,379)                        |
| 6.01.01.06  | Depreciation, depletion and amortization                                 | 1,123,076                       | 956,715                         |
| 6.01.01.07  | Equity in in results of affiliated companies                             | (98,500)                        | (88,473)                        |
| 6.01.01.08  | Deferred tax                                                             | 132,171                         | 133,416                         |
| 6.01.01.09  | Provision for tax, social security, labor, civil and environmental risks | 4,492                           | (23,999)                        |
| 6.01.01.10  | Exchange differences, net                                                | (239,384)                       | (1,140,319)                     |
| 6.01.01.11  | Gain (loss) from derivative financial instruments                        | (28,503)                        | 362                             |
| 6.01.01.13  | Write-down of PPE and Intangible assets                                  | 21.600                          | 61,791                          |
| 6.01.01.14  | Gain on repurchase of debt securities                                    | -                               | (146,214)                       |
| 6.01.01.15  | Gains from business combination                                          | -                               | (28,013)                        |
| 6.01.01.16  | Provision for environmental liabilities and decommissioning of assets    | (44,694)                        | (138)                           |
| 6.01.01.17  | Others                                                                   | (32,307)                        | (5,453)                         |
| 6.01.02     | Changes in assets and liabilities                                        | (2,325,933)                     | (1,335,982)                     |

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|            |                                                                         |             |             |
|------------|-------------------------------------------------------------------------|-------------|-------------|
| 6.01.02.01 | Trade receivables - third parties                                       | (219,153)   | (302,616)   |
| 6.01.02.02 | Trade receivables - related parties                                     | 11,141      | (1,097)     |
| 6.01.02.03 | Inventories                                                             | (263,261)   | 1,112,678   |
| 6.01.02.04 | Receivables - related parties                                           | (9,557)     | 6,449       |
| 6.01.02.05 | Tax assets                                                              | (110,188)   | 330,029     |
| 6.01.02.06 | Judicial deposits                                                       | (32,807)    | 25,556      |
| 6.01.02.08 | Trade payables                                                          | 480,512     | 286,655     |
| 6.01.02.09 | Payroll and related taxes                                               | 41,601      | 28,739      |
| 6.01.02.10 | Taxes in installments – REFIS                                           | 31,194      | (247,674)   |
| 6.01.02.11 | Payables to related parties                                             | (10,356)    | 376         |
| 6.01.02.13 | Interest paid                                                           | (2,126,761) | (2,494,408) |
| 6.01.02.15 | Interest received - Related Parties                                     | 8,678       | -           |
| 6.01.02.17 | Others                                                                  | (126,976)   | (80,669)    |
| 6.02       | Net cash used in investing activities                                   | (685,842)   | (1,733,091) |
| 6.02.02    | Advance for future capital increase                                     | -           | (190,435)   |
| 6.02.03    | Purchase of property, plant and equipment                               | (715,869)   | (1,179,636) |
| 6.02.05    | Receivable/payable from derivative financial instruments                | 30,374      | (713,049)   |
| 6.02.06    | Acquisition of intangible assets                                        | (329)       | (7)         |
| 6.02.08    | Intercompany loans granted                                              | (15,188)    | (32,118)    |
| 6.02.09    | Intercompany loans received                                             | 12,116      | -           |
| 6.02.10    | Financial Investments, net of redemption                                | 3,054       | 421,915     |
| 6.02.11    | Cash and cash equivalents from discontinued operations                  | -           | (40,702)    |
| 6.02.12    | Cash and cash equivalents in control acquisition (business combination) | -           | 941         |
| 6.03       | Net cash used in financing activities                                   | (899,476)   | (754,658)   |
| 6.03.01    | Borrowings and financing, net of transaction cost                       | 171,000     | (27,089)    |
| 6.03.02    | Funding Forfaiting / Drawee Risk                                        | -           | 78,240      |
| 6.03.03    | Payment Forfaiting / Drawee Risk                                        | -           | (300,321)   |
| 6.03.04    | Amortization of borrowings and financing                                | (1,070,476) | (354,337)   |
| 6.03.07    | Payments of dividends and interests on shareholder's equity             | -           | (53)        |
| 6.03.09    | Buyback of debt securities                                              | -           | (151,098)   |
| 6.04       | Exchange rate on translating cash and cash equivalents                  | 1,417       | (56,051)    |
| 6.05       | Increase (decrease) in cash and cash equivalents                        | (1,489,730) | (2,769,680) |
| 6.05.01    | Cash and equivalents at the beginning of the year                       | 4,871,162   | 7,861,052   |
| 6.05.02    | Cash and equivalents at the end of the year                             | 3,381,432   | 5,091,372   |

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

Quarterly Financial Information - September 30, 2017 – CIA SIDERURGICA NACIONAL

**Version:**  
**1****Consolidated Financial Statements / Statements of Changes in Equity - 01/01/2017 to 09/30/2017**  
**(R\$ thousand)**

| <b>Code</b> | <b>Description</b>                                    | <b>Paid-in capital</b> | <b>Capital reserve, granted options and treasury shares</b> | <b>Earnings (accumulated reserve)</b> | <b>Retained earnings (accumulated losses)</b> | <b>Other comprehensive income</b> | <b>Shareholders' equity</b> | <b>Non-current interest</b> |
|-------------|-------------------------------------------------------|------------------------|-------------------------------------------------------------|---------------------------------------|-----------------------------------------------|-----------------------------------|-----------------------------|-----------------------------|
| 5.01        | Opening balances                                      | 4,540,000              | 30                                                          | -                                     | (1,301,961)                                   | 2,956,459                         | 6,194,528                   | 1,000,000                   |
| 5.03        | Adjusted opening balances                             | 4,540,000              | 30                                                          | -                                     | (1,301,961)                                   | 2,956,459                         | 6,194,528                   | 1,000,000                   |
| 5.05        | Total comprehensive income                            | -                      | -                                                           | -                                     | (347,298)                                     | 848,282                           | 500,984                     |                             |
| 5.05.01     | Profit (loss) for the year                            | -                      | -                                                           | -                                     | (347,298)                                     | -                                 | (347,298)                   |                             |
| 5.05.02     | Other comprehensive income                            | -                      | -                                                           | -                                     | -                                             | 848,282                           | 848,282                     |                             |
| 5.05.02.04  | Translation adjustments for the year                  | -                      | -                                                           | -                                     | -                                             | 82,130                            | 82,130                      |                             |
| 5.05.02.08  | Actuarial gains on pension plan, net of taxes         | -                      | -                                                           | -                                     | -                                             | 88                                | 88                          |                             |
| 5.05.02.09  | Available-for-sale assets, net of taxes               | -                      | -                                                           | -                                     | -                                             | 614,542                           | 614,542                     |                             |
| 5.05.02.10  | (Loss) / gain on the percentage change in investments | -                      | -                                                           | -                                     | -                                             | 2,814                             | 2,814                       |                             |

|            |                                                                            |           |    |   |             |           |           |     |
|------------|----------------------------------------------------------------------------|-----------|----|---|-------------|-----------|-----------|-----|
| 5.05.02.11 | (Loss) / gain on<br>hedge<br>accounting, net<br>of taxes                   | -         | -  | - | -           | 172,307   | 172,307   |     |
| 5.05.02.13 | (Loss) / gain on<br>hedge of net<br>investment in<br>foreign<br>operations | -         | -  | - | -           | (23,599)  | (23,599)  |     |
| 5.06       | Internal changes<br>in shareholders'<br>equity                             | -         | -  | - | -           | -         | -         |     |
| 5.06.04    | Non-controlling<br>interests in<br>affiliates                              | -         | -  | - | -           | -         | -         |     |
| 5.07       | Closing balance                                                            | 4,540,000 | 30 | - | (1,649,259) | 3,804,741 | 6,695,512 | 1,4 |

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

Quarterly Financial Information - September 30, 2017 – CIA SIDERURGICA NACIONAL

**Version:**  
**1****Consolidated Financial Statements / Statements of Changes in Equity - 01/01/2016 to 09/30/2016**  
**(R\$ thousand)**

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

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

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

Quarterly Financial Information - September 30, 2017 – CIA SIDERURGICA NACIONAL

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

| Code       | Description                          | Year to date                | Previous year               |
|------------|--------------------------------------|-----------------------------|-----------------------------|
|            |                                      | 01/01/2017 to<br>09/30/2017 | 01/01/2016 to<br>09/30/2016 |
| 7.01       | Revenues                             | 15,483,245                  | 14,377,707                  |
|            | Sales of products and rendering of   |                             |                             |
| 7.01.01    | services                             | 15,497,404                  | 14,404,107                  |
| 7.01.02    | Other revenues                       | 4,600                       | (13,914)                    |
|            | Allowance for (reversal of) doubtful |                             |                             |
| 7.01.04    | debts                                | (18,759)                    | (12,486)                    |
|            | Raw materials acquired from third    |                             |                             |
| 7.02       | parties                              | (10,324,959)                | (9,944,347)                 |
| 7.02.01    | Cost of sales and services           | (8,503,127)                 | (8,108,324)                 |
|            | Materials, electric power,           |                             |                             |
| 7.02.02    | outsourcing and other                | (1,794,938)                 | (1,792,772)                 |
| 7.02.03    | Impairment/recovery of assets        | (26,894)                    | (43,251)                    |
| 7.03       | Gross value added                    | 5,158,286                   | 4,433,360                   |
| 7.04       | Retentions                           | (1,123,076)                 | (956,715)                   |
|            | Depreciation, amortization and       |                             |                             |
| 7.04.01    | depletion                            | (1,123,076)                 | (956,715)                   |
| 7.05       | Wealth created                       | 4,035,210                   | 3,476,645                   |
| 7.06       | Value added received                 | 308,508                     | (527,636)                   |
| 7.06.01    | Equity in income of affiliates       | 98,500                      | 88,473                      |
| 7.06.02    | Finance income                       | 286,070                     | 522,995                     |
| 7.06.03    | Others                               | (76,062)                    | (1,139,104)                 |
| 7.06.03.01 | Others and exchange gains            | (76,062)                    | (1,139,104)                 |
| 7.07       | Wealth for distribution              | 4,343,718                   | 2,949,009                   |
| 7.08       | Wealth distributed                   | 4,343,718                   | 2,949,009                   |
| 7.08.01    | Personnel                            | 1,583,499                   | 1,521,714                   |
| 7.08.01.01 | Salaries and wages                   | 1,232,164                   | 1,218,725                   |
| 7.08.01.02 | Benefits                             | 275,415                     | 232,519                     |
| 7.08.01.03 | Severance payment (FGTS)             | 75,920                      | 70,470                      |
| 7.08.02    | Taxes, fees and contributions        | 1,194,709                   | 1,007,978                   |

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|               |                                                |           |             |
|---------------|------------------------------------------------|-----------|-------------|
| 7.08.02.01    | Federal                                        | 956,805   | 839,706     |
| 7.08.02.02    | State                                          | 221,413   | 153,521     |
| 7.08.02.03    | Municipal                                      | 16,491    | 14,751      |
| 7.08.03       | Remuneration on third-party capital            | 1,831,667 | 1,209,856   |
| 7.08.03.01    | Interest                                       | 2,101,671 | 2,470,533   |
| 7.08.03.02    | Leases                                         | 21,668    | 17,214      |
| 7.08.03.03    | Others                                         | (291,672) | (1,277,891) |
| 7.08.03.03.01 | Others and exchange losses                     | (291,672) | (1,277,891) |
| 7.08.04       | Remuneration on Shareholders' capital          | (266,157) | (797,325)   |
| 7.08.04.03    | Retained earnings (accumulated losses)         | (347,298) | (852,583)   |
| 7.08.04.04    | Non-controlling interests in retained earnings | 81,141    | 55,258      |
| 7.08.05       | Others                                         | -         | 6,786       |
| 7.08.05.01    | Gain (loss) on discontinued operations         | -         | 6,786       |

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

Quarterly Financial Information - September 30, 2017  
– CIA SIDERURGICA NACIONAL

**Version: 1**

**Comments on the Company's Consolidated Performance**

**Restatements of Results for the Third Quarter of 2017**

Companhia Siderúrgica Nacional (CSN) (B3 S.A. - BRASIL BOLSA BALCÃO : CSNA3) (NYSE: SID) discloses results for the third quarter of 2017 (3Q17). The information disclosed in Brazilian Reais and prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB); and also in accordance with accounting practices adopted in Brazil and fully convergent with international accounting standards, issued by the Accounting Pronouncements Committee (CPC) and referenced by the Brazilian Securities and Exchange Commission (CVM), pursuant to CVM Instruction 485 of 09/01/2010. The below text encompasses the Company's consolidated results for the third quarter of 2017 (3Q17) and comparisons are for the second quarter of 2017 (2Q17) and for the third quarter of 2016 (3Q16) without Metallic, unless otherwise specified. The Real/U.S. Dollar exchange rate was R\$3.1674 on September 30, 2017 and R\$3.3076 on June 30, 2017.

**Operating and Financial Highlights**

- **EBITDA totaled R\$1,213 million**, 35% up on 2Q17, accompanied by an EBITDA margin of 24%, 4.4 p.p. higher than in the same quarter of the previous year.
- **Net revenue stood at R\$4,810 million in 3Q17**, the highest output quarter since 2014.
- **Iron ore sales** reached **7,9 million tonnes, 2% higher** than in 2Q17.
- The net debt/EBITDA ratio closed 3Q17 at 5.5x.
- **Steel lower spending** with scheduled maintenance of LTQ2 and AF3.
- **Fall of R\$ 662 million in working capital**, with a focus on inventories reduction and a longer finance cycle.

|                                                |               |              |              |            |             |
|------------------------------------------------|---------------|--------------|--------------|------------|-------------|
| <b>Steel Sales (thousand t)</b>                | <b>1,171</b>  | <b>1,174</b> | <b>1,301</b> | <b>11%</b> | <b>11%</b>  |
| - Domestic Market                              | 62%           | 56%          | 62%          | 6%         | 0%          |
| - Overseas Subsidiaries                        | 34%           | 39%          | 33%          | -6%        | -1%         |
| - Exports                                      | 4%            | 5%           | 5%           | 0%         | 1%          |
| <b>Iron Ore Sales (thousand t)<sup>1</sup></b> | <b>10,230</b> | <b>7,818</b> | <b>7,953</b> | <b>2%</b>  | <b>-22%</b> |
| - Domestic Market                              | 11%           | 17%          | 17%          | 0%         | 6%          |
| - Exports                                      | 89%           | 83%          | 83%          | 0%         | -6%         |
| <b>Consolidated Results (R\$ Million)</b>      |               |              |              |            |             |
| Net Revenue                                    | 4,469         | 4,311        | 4,810        | 12%        | 8%          |
| Gross Profit                                   | 1,312         | 985          | 1,213        | 23%        | -8%         |
| Adjusted EBITDA                                | 1,239         | 896          | 1,213        | 35%        | -2%         |
| Adjusted Net Debt                              | 25,842        | 26,754       | 25,717       | -4%        | 0%          |
| Adjusted Cash Position                         | 5,663         | 4,545        | 4,358        | -4%        | -23%        |
| Net Debt / Adjusted EBITDA                     | 7.4x          | 5.7x         | 5.5x         | -0.19x     | -1.88x      |

Adjusted EBITDA is calculated based on net income/loss, plus depreciation and amortization, income tax, net financial result, results from investees and other operating revenue (expenses), and includes the proportionate share of EBITDA of the jointly-owned subsidiaries MRS Logística and CBSI. It has also included the Company's stakes of 100% in Congonhas Minérios, 37.27% in MRS and 50% in CBSI as of December 2015.

Adjusted Net Debt and Adjusted Cash Position include the stakes of 100% in Congonhas Minérios, 37.27% in MRS and 50% in CBS excluding Forfaiting and drawee risk operations.



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

Quarterly Financial Information - September 30, 2017  
– CIA SIDERURGICA NACIONAL

**Version: 1**

**CSN's Consolidated Results**

- **Net revenue** totaled R\$4,810 million in 3Q17, 12% up on 2Q17, due to higher steel product sales volume compared with the immediately previous quarter and the slight upturn in shipped volume in the mining segment, with an increase in ore prices.
- **COGS** came to R\$3,597 million in 3Q17, 8% higher than in the previous quarter, accompanying the increase in sales volume in the steel segment.
- **Gross profit** totaled R\$1,213 million, 23% higher on 2Q17, while the gross margin reached 25,2%, highlight with the strong results in the mining segment.
- **Selling, general and administrative expenses** amounted to R\$491 million in 3Q17, 17% less than in 2Q17, especially due to the lower share of iron ore CIF sales in the mix in the previous quarter.
- **Other operating income (expenses)** was a net expense of R\$98 million in 3Q17, in line with the previous quarter.
- In 3Q17, the **net financial result** was negative by R\$278 million, i) as a result of financial expenses of R\$348 million, partial compensated by the financial revenue of R\$71 million. The foreign exchange variation of the dollar-denominated debt was positive in R\$ 473 million.

|                                                   |              |              |              |
|---------------------------------------------------|--------------|--------------|--------------|
| <b>Financial Result - IFRS</b>                    | <b>(744)</b> | <b>(829)</b> | <b>(278)</b> |
| <b>Financial Revenue</b>                          | 139          | 84           | 71           |
| <b>Financial Expenses</b>                         | (884)        | (912)        | (348)        |
| <b>Financial Expenses (ex-exchange variation)</b> | (823)        | (683)        | (629)        |
| <b>Result with Exchange Variation</b>             | (60)         | (229)        | 280          |
| Monetary and Exchange Variation                   | (131)        | (461)        | 473          |
| Hedge Accounting                                  | 68           | 227          | (202)        |
| Derivative Result                                 | 3            | 5            | 10           |

- CSN's **equity result** was a positive R\$38 million in 3Q17, versus R\$40 million in 2Q17.

|                                               |           |           |           |             |            |
|-----------------------------------------------|-----------|-----------|-----------|-------------|------------|
| MRS Logística                                 | 42        | 54        | 54        | -           | 29%        |
| CBSI                                          | 1         | 1         | 1         | -           | -          |
| TLSA                                          | (6)       | (5)       | (11)      | 133%        | 76%        |
| Arvedi Metalfer BR                            | 2         | 1         | -         | -           | -          |
| Eliminations                                  | (13)      | (12)      | (6)       | (47%)       | (52%)      |
| Unrealized Profit                             | 1         | -         | -         | -           | -          |
| <b>Share of Profits (Losses) of Investees</b> | <b>26</b> | <b>39</b> | <b>38</b> | <b>(3%)</b> | <b>45%</b> |

- CSN recorded a third-quarter net income of R\$256 million, versus net loss of R\$640 million in 2Q17. In 3Q17 was reflected by a better operating margin in steel and mining, as well as financial results.

|                                                        |              |              |              |            |              |
|--------------------------------------------------------|--------------|--------------|--------------|------------|--------------|
| <b>Profit (Loss) for the Period</b>                    | <b>(67)</b>  | <b>(640)</b> | <b>256</b>   | <b>-</b>   | <b>-</b>     |
| (-) Depreciation                                       | 311          | 356          | 344          | (3%)       | 11%          |
| (+) Income Tax and Social Contribution                 | 123          | 145          | 128          | (12%)      | 4%           |
| (-) Net Financial Result                               | 744          | 829          | 278          | (66%)      | (63%)        |
| <b>EBITDA (CVM Instruction 527)</b>                    | <b>1,118</b> | <b>689</b>   | <b>1,006</b> | <b>46%</b> | <b>(10%)</b> |
| (+) Other Operating Income/Expenses                    | 8            | 99           | 98           | (1%)       | -            |
| (+) Share of Profit (Loss) of Investees                | (26)         | (39)         | (38)         | (3%)       | 46%          |
| (-) Proportionate EBITDA of Jointly-Owned Subsidiaries | 138          | 148          | 147          | (1%)       | 7%           |
| <b>Adjusted EBITDA</b>                                 | <b>1,232</b> | <b>896</b>   | <b>1,213</b> | <b>35%</b> | <b>(2%)</b>  |

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

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

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- **Adjusted EBITDA** amounted to R\$1,213 million in 3Q17, versus R\$896 million in the previous quarter, 35% up, accompanied by an adjusted EBITDA margin of 24%, due to higher performance of iron and steel.

<sup>1</sup>The adjusted EBITDA margin is calculated as the ratio between adjusted EBITDA and adjusted net revenue, considering the stakes of 100% in Congonhas Minérios, 37.27% in MRS and 50% in CBSI.

**Debt**

The adjusted amounts of EBITDA, debt and cash include the stakes of 100% in Congonhas Minérios, 37.27% in MRS and 50% in CBSI, as well as financial investments used as collateral for exchange operations on the B3 S.A. - BRASIL BOLSA BALCÃO . On June 30, 2017, consolidated net debt totaled R\$25,717 million, while the net debt/EBITDA ratio, calculated based on LTM adjusted EBITDA, stood at 5.5x.



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**Version: 1****Foreign Exchange Exposure**

The FX exposure of our consolidated balance sheet on September 30, 2017 was US\$742 million, as shown in the table below.

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

|                                                                |                |                |
|----------------------------------------------------------------|----------------|----------------|
| Cash                                                           | 890            | 846            |
| Accounts Receivable                                            | 404            | 387            |
| Others                                                         | 2              | 3              |
| <b>Total Assets</b>                                            | <b>1,296</b>   | <b>1,236</b>   |
| Borrowings and Financing                                       | (4,324)        | (4,329)        |
| Suppliers                                                      | (70)           | (37)           |
| Other Liabilities                                              | (13)           | (5)            |
| <b>Total Liabilities</b>                                       | <b>(4,407)</b> | <b>(4,370)</b> |
| <b>Foreign Exchange Exposure</b>                               | <b>(3,110)</b> | <b>(3,135)</b> |
| Notional Amount of Derivatives Contracted, Net                 | -              | -              |
| Cash Flow Hedge Accounting                                     | 1,421          | 1,393          |
| <b>Net Foreign Exchange Exposure</b>                           | <b>(1,689)</b> | <b>(1,742)</b> |
| Perpetual Bonds                                                | 1,000          | 1,000          |
| <b>Net Foreign Exchange Exposure excluding Perpetual Bonds</b> | <b>(689)</b>   | <b>(742)</b>   |

## Capex

CSN invested R\$293 million in 3Q17. The cumulative amount in 2017 was much lower than 2016.

|                           |            |            |            |
|---------------------------|------------|------------|------------|
| Steel                     | 133        | 102        | 119        |
| Mining                    | 56         | 106        | 115        |
| Cement                    | 157        | 20         | 34         |
| Logistics                 | 36         | 11         | 19         |
| Other                     | 0          | 0          | 6          |
| <b>Total Capex - IFRS</b> | <b>382</b> | <b>239</b> | <b>293</b> |

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**Working Capital**

Working capital invested in the Company's business totaled R\$2,935 million in 3Q17, R\$662 million less than in 2Q17, chiefly due to the decrease in inventories and accounts receivable R\$ 199 million and R\$ 174 million respectively. On a same comparison basis, the average receivable period decreased by four days, while inventory turnover fell by nine days and the average payment period moved up by two days.

In order to calculate working capital, CSN adjusts its assets and liabilities as shown below:

- Accounts Receivable: Excludes Dividends Receivable, Advances to Employees and Other Credits.
- Inventories: Includes Estimated Losses and excludes Spare Parts, which is not part of the cash conversion cycle, and will be subsequently booked under Fixed Assets when consumed.
- Recoverable Taxes: Composed only by the Income (IRPJ) and Social Contribution (CSLL) Taxes amount included in Recoverable Taxes.
- Taxes Payable: Composed of Taxes Payable under Current Liabilities plus Taxes in Installments.
- Advances from Clients: Subaccount of Other Liabilities recorded under Current Liabilities.
- Suppliers: Includes Forfeiting and Drawee Risk.

|                             |              |              |              |              |            |
|-----------------------------|--------------|--------------|--------------|--------------|------------|
| <b>Assets</b>               | <b>4,953</b> | <b>6,252</b> | <b>5,868</b> | <b>(383)</b> | <b>915</b> |
| Accounts Receivable         | 1,789        | 2,300        | 2,127        | (174)        | 338        |
| Inventories                 | 3,002        | 3,744        | 3,545        | (199)        | 543        |
| Recoverable Taxes           | 162          | 207          | 196          | (11)         | 34         |
| <b>Liabilities</b>          | <b>2,287</b> | <b>2,655</b> | <b>2,933</b> | <b>278</b>   | <b>646</b> |
| Suppliers                   | 1,690        | 2,078        | 2,250        | 172          | 560        |
| Payroll and Related Charges | 287          | 294          | 296          | 2            | 10         |
| Taxes Payable               | 248          | 183          | 279          | 96           | 31         |
| Advances from Clients       | 63           | 100          | 108          | 9            | 45         |
| <b>Working Capital</b>      | <b>2,666</b> | <b>3,597</b> | <b>2,935</b> | <b>(662)</b> | <b>269</b> |
|                             |              |              |              |              |            |
| Receivables                 | 34           | 41           | 37           | (4)          | 3          |
| Supplier Payment            | 49           | 59           | 61           | 2            | 12         |
| Inventories                 | 87           | 106          | 97           | (9)          | 10         |
| <b>Financial Cycle</b>      | <b>72</b>    | <b>88</b>    | <b>73</b>    | <b>(15)</b>  | <b>1</b>   |

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

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**Results by Segment**

The Company maintains integrated operations in five business segments: Steel, Mining, Logistics, Cement and Energy.

The main assets and/or companies comprising each segment are presented below:

Notes: As of 2013, the Company ceased the proportional consolidation of its jointly-owned subsidiaries Namisa, MRS and CBSI. For the purpose of preparing and presenting the information by business segment, Management opted to maintain the proportional consolidation of its jointly-owned subsidiaries, in line with historical data. In the reconciliation of CSN's consolidated results, these companies' results are eliminated in the "Corporate Expenses/Elimination" column.

<sup>3</sup>Since the end of 2015 results, after the combination of CSN's mining assets (Casa de Pedra, Namisa and Tecar), the consolidated result have included all the information related to this new company.

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## **Steel**

According to the World Steel Association (WSA), global crude steel production totaled 1.1 billion tonnes until August 2017, 4.9% more than in the same period last year. According to the Brazilian Steel Institute – IABr, domestic crude steel production came to 22.5 million tonnes, 9.3% up. Apparent steel consumption grew by 4.5%, to 12.6 million tonnes, with domestic sales of 11 million tonnes and imports of 1.6 million tonnes. Exports totaled 9.8 million tonnes, 12.9% more than in the same period last year. According to INDA (the Brazilian Steel Distributors' Association), in the first eight months, steel purchases by distributors declined by 1.9% year-on-year, totaling 1.9 million tonnes. Inventories stood at 897,500 tonnes at the end of August, 2.7% more than in the previous month, while inventory turnover fell to 3 months.

## Automotive

According to ANFAVEA (the Auto Manufacturers' Association), vehicle production totaled 1.9 million units in the first nine months of 2017, 27% up on the same period in 2016. In the same period, new light car, commercial vehicle, truck and bus licensing increased by 11% to 1.4 million units.

## Construction

According to ABRAMAT (the Construction Material Manufacturers' Association), sales of building materials fell by 6.1% in the year through August 2017 over the same period in 2016.

## Home Appliances

According to IBGE (the Brazilian Institute of Geography and Statistics), home appliance production in the year through August increased by 10.1% over the same period last year.

## Results from CSN's Steel Operation

- Total sales came to 1,301 tonnes in 3Q17, 11% higher than 2Q17, broken down as follows: 62% from the domestic market, 32% from our subsidiaries abroad and 6% from exports.
- In 3Q17, CSN's **domestic** steel sales came to 802,000 tonnes, 23% higher than in 2Q17. Of this total, 730,000 tonnes corresponded to flat steel and 72,000 tonnes to long steel.

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- **Foreign** steel sales amounted to 499,000 tonnes in 3Q17, 4% down on the previous three months. Of this total, exports reached 74,000 tonnes, the overseas subsidiaries sold 425,000 tonnes, 155,000 of which by LLC, 177,000 by SWT and 92,000 by Lusosider.

- In the third quarter, CSN maintained its high **share of coated products** as a percentage of total sales volume, following the strategy of adding more value to its product mix. Sales of coated products such as galvanized items and tin plate accounted for 56% of flat steel sales, considering all the markets in which the Company operates. The **foreign market** was one of

the quarter's highlights, with the share of coated

products remaining high, at 88% in 3Q17.

- **Net revenue** totaled R\$3,399 million in 3Q17, 11% up on 2Q17. **Net average revenue**

**per tonne** stood at R\$2,519, in line with 2Q17.

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- The **slab production** reached 1.1 million tonnes in 3Q17, in line with 2Q17. Flat rolled steel production totaled 903,000 tonnes.

|                                                      |            |              |              |       |       |
|------------------------------------------------------|------------|--------------|--------------|-------|-------|
| Total Slabs (President Vargas Plant + Third Parties) | <b>857</b> | <b>1,108</b> | <b>1,069</b> | (4%)  | 25%   |
| Slab Production                                      | 738        | 1,070        | 1,065        | 0%    | 44%   |
| Third-Party Slabs                                    | 119        | 38           | 4            | (89%) | (96%) |
| Total Rolled Flat Steel                              | 835        | 943          | 903          | (4%)  | 8%    |
| Total Long Products                                  | 90         | 56           | 50           | (10%) | (44%) |

- **COGS** moved up by 8% over the previous quarter, to R\$2,845 million, chiefly due the higher sale volume.

- The **production cost** amounted to R\$1,906 million in 3Q17, 9% more than in 2Q17, particularly due to the better prices in purchase of raw material, especially to ore price, increased own consumption of coke, in addition to the end of maintenance of the blast furnace #3 and the hot strip mill.

- The **slab production cost** came to R\$1,286/t, 9% down on 2Q's R\$1,414.

- **Adjusted EBITDA** amounted to R\$465 million in 3Q17, 42% up on the R\$327 million recorded in 2Q17, accompanied by a 3 p.p. incline the quarter before. Adjusted EBITDA margin increased to 13.7%, 3p.p. higher than in the previous quarter.

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**Mining**

After the sharp drop in prices in 2Q17, the closure of induction furnaces in China was a result of a decrease in steel supply, raising the utilization levels of the plants' installed capacity and margins. In this context, the commodity's price averaged US\$70.90/dmt (Platts, Fe62%, N. China) in 3Q17, 13% up on the previous quarter.

In 3Q17, seaborne freight charges continued positively impacted by higher export volumes and, additionally, a recovery in oil prices. In this scenario, maritime freight costs on Route CI-C3 (Tubarão-Qingdao) averaged US\$15.13/t in 3Q17, 12% up on 2Q17.

Results from CSN's Mining Operations

- In 3Q17, **iron ore production** totaled 7.7 million tonnes, 3% down on 2Q17, 1.4 million tonnes volume was purchased by third parties.
- Iron ore **sales** reached 7.9 million tonnes in 3Q17, 2% up on 2Q17. In the quarter, 1.3 million tonnes from CSN Mineração were sold to CSN's Presidente Vargas Plant.

- **Net revenue** from mining operations totaled R\$1,204 million, 13% higher than in 2Q17. CFR+FOB unit revenue stood at US\$55,7/t, 13% more than in 2Q17, while the iron ore price index (Platts, 62% Fe, N. China) also fell by 13% in the same period.
- Mining **COGS** came to R\$719 million in 3Q17, 3% lower than in 2Q17.
- **Adjusted EBITDA** totaled R\$568 million in 3Q17, 39% up on 2Q17, with an adjusted EBITDA margin of 47%, 8.9 p.p. more than in 2Q17.

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**(CFR + FOB\* - US\$/wmt delivered to China)**

The table above shows the price of the two modalities, CFR+FOB.

**Logistics**

**Railway Logistics: Net revenue** stood at R\$364 million in 3Q17, generating **EBITDA** of R\$164 million, accompanied by an **EBITDA margin** of 45%.

**Port Logistics:** Sepetiba Tecon handled nearly 51,000 containers, in addition to 250,000 tonnes of steel products. **Net revenue** totaled R\$60 million, generating **EBITDA** of R\$21 million, accompanied by an **EBITDA margin** of 35%.

## Cement

Preliminary figures from SNIC (the Cement Industry Association) indicate domestic cement sales of 40.5 million tonnes from January to September 2017, 7.4% less than in the same period the year before.

### Results from CSN's Cement Operations

In 3Q17, **cement sales** totaled 982,000 tonnes, 17% up on 2Q17, while **net revenue** amounted to R\$142 million.

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## **Energy**

According to the Energy Research Company (EPE), the trend of stability in the energy market continued in August, with consumption edging down 0.1% year-over-year, to 37,583 GWh. In the year through August, consumption remained in line with the same period last year. Considering the Brazilian regions, the South grew by 4.0% and the North by 3.4%, while the Northeast fell by 2.1%, the Southeast by 1.3% and the Midwest by 0.1%. The captive market of the distribution companies fell by 6.3% in the month, while free consumption increased by 15.3%.

### Results from CSN's Energy Operations

In 3Q17, **net revenue** from energy operations totaled R\$103 million, **EBITDA** stood at R\$27 million and **EBITDA margin** was 26.5%.

## **Capital Market**

CSN's shares appreciated by 32% in 3Q17, while the IBOVESPA moved up by 17%. Daily traded volume on the B3 S.A. - BRASIL BOLSA BALCÃO averaged R\$72.6 million. On the New York Stock Exchange (NYSE), CSN's American Depositary Receipts (ADRs) appreciated by 17%, versus the Dow Jones' 4% appreciation. On the NYSE, daily traded volume of CSN's ADRs averaged US\$7.4 million.

|                                                                |                  |
|----------------------------------------------------------------|------------------|
| <b>Number of shares in thousands</b>                           | <b>1,387,524</b> |
| <b>Market Cap:</b>                                             |                  |
| Closing price (R\$/share)                                      | 9.61             |
| Closing price (US\$/ADR)                                       | 2.96             |
| Market cap (R\$ million)                                       | 13,334           |
| Market cap (US\$ million)                                      | 4,107            |
| <b>Total return including dividends and interest on equity</b> |                  |
| CSNA3                                                          | 32%              |
| SID                                                            | 32%              |
| Ibovespa                                                       | 17%              |
| Dow Jones                                                      | 4%               |
| <b>Volume</b>                                                  |                  |
| Daily average (thousand shares)                                | 8,311            |
| Daily average (R\$ thousand)                                   | 72,650           |
| Daily average (thousand ADRs)                                  | 2,684            |
| Daily average (US\$ thousand)                                  | 7,405            |
| <i>Source: Bloomberg</i>                                       |                  |

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

**1. DESCRIPTION OF BUSINESS**

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

CSN is listed on the São Paulo Stock Exchange (B3 - Brasil, Bolsa, Balcão) and on the New York Stock Exchange (NYSE). Accordingly, the Company reports its information to the Brazilian Securities and Exchange Commission (CVM) and the U.S. Securities and Exchange Commission (SEC).

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

- **Steel:**

The Company’s main industrial facility is the Presidente Vargas steelworks (“UPV”), located in the city of Volta Redonda, State of Rio de Janeiro. This segment consolidates all 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 providing excellent services to end consumers. Its steel is used in home appliances, civil construction and automobile industries.

- **Mining:**

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

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

The Company's mining activities also comprise exploitation of tin in the State of Rondônia, to supply the needs of the UPV. The surplus of these raw materials is sold to subsidiaries and third parties.

- **Cement:**

CSN entered the cement market boosted by the synergy between this activity and its existing businesses. Next to the Presidente Vargas Steelworks (UPV) in Volta Redonda (RJ), the Company installed a new business unit that produces CP-III type cement using slag produced by the UPV's blast furnaces. It also exploits limestone and dolomite at the Arcos unit in the State of Minas Gerais, to meet the needs of the UPV and of the cement plant.

In the second half of 2016, the Company started the operation of a new clinker kiln in Arcos, where it already operates a clinker kiln using limestone from a Company's mine and two cement mills. With this project, the cement production capacity in the Southeast may reach 4.4 million tons per year. In a later stage, the Company evaluates the implementation of an advanced milling unit, adding another 1 million tons.



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- **Logistics**

*Railroads:*

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

*Ports:*

The Company operates in the State of Rio de Janeiro, through its subsidiary Sepetiba Tecon S.A., the Container Terminal (Tecon) and through its subsidiary CSN Mineração S.A., TECAR, both at the Itaguaí Port. Located in the Bay of Sepetiba, they have privileged highway, railroad and maritime access.

At Tecon, shipment of CSN’s steel products, movement of containers, storage, consolidation and deconsolidation of cargo are carried out and, at Tecar, the shipment of iron ore to overseas market and the unloading of coal and other products, such as petroleum coke, sulfur and zinc concentrate for our own use and for several customers.

- **Energy:**

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

Note 24 - "Segment Information" details the financial information per CSN's business segment.

- **Going Concern**

In 2017, the Company paid, including principal and interest, approximately R\$4 billion of its borrowings and financing. During 2018 the borrowings are expected to be paid and, including interest to be incurred next year, amount to approximately R\$7.7 billion.

The financial leverage may adversely affect the businesses, financial conditions and operating results, entailing the following:

- Allocation of a substantial part of the cash generated from operations for repayment of the borrowings and financing.
- Exposure to (i) fluctuations in interest rates due to the renegotiation of debts and eventual new borrowings taken, and (ii) fluctuations in exchange rates since a significant part of the borrowings and financing is denominated in foreign currency.
- Increase in economic and financial vulnerability due to adverse conditions of the industry and segment, limiting the funds available in the short term, considering the high financial leverage and the expected cash disbursements;
- Limitation of the Company's ability to enter into new businesses (acquisitions) until the financial leverage is reduced;
- Limitation of the Company's ability to obtain new credit lines under more favorable interest conditions due to the risks associated to the current financial leverage.



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The Company's ability to continue as a going concern depends, therefore, on the achievement of operating targets defined by Management, and on the refinancing of existing debts and/or actions related to financial deleveraging.

In addition to the continuous focus on operating income improvement, Management has various initiatives in progress to increase the Company's liquidity through the extension of payment terms of borrowings and financing.

This plan was started in 2015 with the renegotiation of R\$ 2.5 billion with Caixa Econômica Federal and R\$ 2.2 billion with Banco do Brasil S.A, postponing the maturities from 2016 and 2017 to 2018 through 2022. In 2016, the Company extended the installments of certain NCE contracts amounting to R\$ 100 million and prepayments of US\$ 66 million with Bradesco, postponing the maturities from 2016 to 2019. For 2017, Management remains committed to the plan to extend its debt payment term, mainly those of short term, seeking the renegotiation of borrowings and financing in the amount of R\$ 1.5 billion.

Additionally, Management studies financial deleveraging alternatives based on the disposal of non-strategic assets; however, it is not possible to affirm that these assets will occur within a twelve-month period. Thus, the Company did not segregate and did not reclassify any assets in the financial statements as discontinued operations in accordance with CPC 31 (IFRS 5).

Based on Management's cash flow projections that covered the operating period until December 2018, which depend on factors such as the achievement of production targets, sales volumes and prices, as well as on renegotiations of borrowings and financing, Management believes that the Company has the appropriate resources to continue as a going concern in a reasonably foreseeable period of time. Accordingly, the Company's financial information for the quarter ended September 30, 2017 has been prepared on the assumption that the Company will continue as a going concern.

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

### **2.a) Basis of preparation**

The Group's parent company and consolidated condensed interim financial information ("condensed quarterly information") has been prepared in accordance with International Financial Reporting Standards ("IFRS"), implemented in Brazil through the Accounting Pronouncements Committee ("CPC"), approved by the Brazilian Securities and Exchange Commission ("CVM") and the Federal Accounting Council ("CFCFV"). All the relevant information of the interim financial statements, and only this information, is being disclosed and corresponds to the information used by the Company's management in its activities.

The condensed interim financial information has been prepared and is being presented in accordance with CPC 21 (R1) - "Interim Financial Reporting" and IAS 34 - "Interim Financial Reporting", consistently with the standards issued by the CVM.

The significant accounting policies applied in this condensed interim financial information are consistent with the policies described in Note 2 to the Company's financial statements for the year ended December 31, 2016, filed with CVM.

This condensed interim financial information does not include all requirements of annual or full financial statements and, accordingly, should be read in conjunction with the Company's financial statements for the year ended December 31, 2016.

Therefore, in this condensed interim financial information the following notes are not repeated, either due to redundancy or to the materiality in relation to those already presented in the annual financial statements:

Note 02 – Summary of significant accounting policies

Note 03 – Business combination

Note 04 - Noncurrent assets held for sale and results from discontinued operations



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Note 10 - Investments

Note 17 - Taxes in installments

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

Note 28 - Employee benefits

Note 30 – Commitments

The parent company and consolidated condensed interim financial information was approved by Management on December 22, 2017.

**2.b) Basis of presentation**

The consolidated condensed interim financial information is presented in Brazilian reais, which is the Company's principal functional currency and the Group's presentation currency.

Transactions in foreign currencies are translated into the functional currency using the exchange rates in effect at the dates of the transactions or valuations when items are remeasured. The asset and liability balances are translated at the exchange rates prevailing at the end of the reporting period. As of September 30, 2017, US\$1 is equivalent to R\$3.1680 (R\$3.2591 as of December 31, 2016) and €1 is equivalent to R\$3.7430 (R\$3.4384 as of December 31, 2016), according to the rates obtained from the Central Bank of Brazil website.

## **2.c) Basis of consolidation**

The accounting policies have been consistently applied to all consolidated companies. The consolidated condensed interim financial information for the period ended September 30, 2017 and year ended December 31, 2016 includes the following direct and indirect subsidiaries and joint ventures, as well as the exclusive funds, as described below:

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- Companies**

| <b>Companies</b>                                             | <b>Equity interests (%)</b> |                                 |
|--------------------------------------------------------------|-----------------------------|---------------------------------|
|                                                              | <b>9/30/2017</b>            | <b>12/31/2016 Core business</b> |
| <b>Direct interest in subsidiaries: full consolidation</b>   |                             |                                 |
| CSN Islands VII Corp.                                        | 100.00                      | 100.00 Financial transaction    |
| CSN Islands XI Corp.                                         | 100.00                      | 100.00 Financial transaction    |
| CSN Islands XII Corp.                                        | 100.00                      | 100.00 Financial transaction    |
| CSN Minerals S.L.U.                                          | 100.00                      | 100.00 Equity interests         |
| CSN Export Europe, S.L.U.                                    | 100.00                      | 100.00 Financial transaction    |
| CSN Metals S.L.U.                                            | 100.00                      | 100.00 Equity interests and     |
| CSN Americas S.L.U.                                          | 100.00                      | 100.00 Equity interests and     |
| CSN Steel S.L.U.                                             | 100.00                      | 100.00 Equity interests and     |
| TdBB S.A (*)                                                 | 100.00                      | 100.00 Equity interests         |
| Sepetiba Tecon S.A.                                          | 99.99                       | 99.99 Port services             |
| Minérios Nacional S.A.                                       | 99.99                       | 99.99 Mining and Equity in      |
| Companhia Florestal do Brasil                                | 99.99                       | 99.99 Reforestation             |
| Estanho de Rondônia S.A.                                     | 99.99                       | 99.99 Tin Mining                |
| Companhia Metalúrgica Prada                                  | 99.99                       | 99.99 Manufacture of com        |
| CSN Gestão de Recursos Financeiros Ltda. (*)                 | 99.99                       | 99.99 Management of fun         |
| CSN Mineração S.A.                                           | 87.52                       | 87.52 Mining and Equity in      |
| CSN Energia S.A. <sup>(1)</sup>                              | 99.99                       | 100.00 Sale of electric pow     |
| FTL - Ferrovia Transnordestina Logística S.A.                | 90.78                       | 90.78 Railroad logistics        |
| Nordeste Logística S.A.                                      | 99.99                       | 99.99 Port services             |
| CGPAR - Construção Pesada S.A. <sup>(2)</sup>                |                             | 100.00 Mining support serv      |
| <b>Indirect interest in subsidiaries: full consolidation</b> |                             |                                 |
| Companhia Siderúrgica Nacional LLC                           | 100.00                      | 100.00 Steel                    |
| CSN Europe Lda. <sup>(3)</sup>                               |                             | 100.00 Financial transaction    |

|                                                                         |        |        |                       |
|-------------------------------------------------------------------------|--------|--------|-----------------------|
| CSN Ibéria Lda. <sup>(3)</sup>                                          |        | 100.00 | Financial transaction |
| Lusosider Projectos Siderúrgicos S.A.                                   | 99.94  | 99.94  | Equity interests and  |
| Lusosider Aços Planos, S. A.                                            | 99.99  | 99.99  | Steel and Equity int  |
| CSN Resources S.A.                                                      | 100.00 | 100.00 | Financial transaction |
| Companhia Brasileira de Latas                                           | 100.00 | 100.00 | Sale of cans and co   |
| Companhia de Embalagens Metálicas MMSA                                  | 99.67  | 99.67  | Production and sale   |
| Companhia de Embalagens Metálicas - MTM                                 | 99.67  | 99.67  | Production and sale   |
| CSN Steel Holdings 1, S.L.U.                                            | 100.00 | 100.00 | Financial transaction |
| CSN Productos Siderúrgicos S.L.                                         | 100.00 | 100.00 | Financial transaction |
| Stalhwerk Thüringen GmbH                                                | 100.00 | 100.00 | Production and sale   |
| CSN Steel Sections UK Limited (*)                                       | 100.00 | 100.00 | Sale of long steel    |
| CSN Steel Sections Polska Sp.Z.o.o                                      | 100.00 | 100.00 | Financial transaction |
| CSN Asia Limited                                                        | 100.00 | 100.00 | Commercial repres     |
| Namisa International Minérios SLU                                       | 87.52  | 87.52  | Financial transaction |
| CSN Mining GmbH                                                         | 87.52  | 87.52  | Financial transaction |
| CSN Mining Asia Limited                                                 | 87.52  | 87.52  | Commercial repres     |
| Aceros México CSN                                                       | 100.00 | 100.00 | Commercial repres     |
|                                                                         |        |        | activities            |
|                                                                         | 99.94  |        | Steel, industrial and |
| Lusosider Ibérica S.A. (1)                                              |        |        | interests             |
| CSN Mining Portugal, Unipessoal Lda. (1)                                | 87.52  |        | Commercial repres     |
| <b>Direct interest in joint operations: proportionate consolidation</b> |        |        |                       |
| Itá Energética S.A.                                                     | 48.75  | 48.75  | Electric power gene   |
| Consórcio da Usina Hidrelétrica de Igarapava                            | 17.92  | 17.92  | Electric power cons   |
| <b>Direct interest in joint ventures: equity method</b>                 |        |        |                       |
| MRS Logística S.A.                                                      | 18.64  | 18.64  | Railroad transporta   |
| Aceros Del Orinoco S.A.                                                 | 31.82  | 31.82  | Dormant company       |
| CBSI - Companhia Brasileira de Serviços de Infraestrutura               | 50.00  | 50.00  | Equity interests and  |
| Transnordestina Logística S.A.                                          | 46.30  | 49.02  | Railroad logistics    |
| <b>Indirect interest in joint ventures: equity method</b>               |        |        |                       |
| MRS Logística S.A.                                                      | 16.30  | 16.30  | Railroad transporta   |
| <b>Direct interest in associates: equity method</b>                     |        |        |                       |
| Arvedi Metalfer do Brasil S.A.                                          | 20.00  | 20.00  | Metallurgy and Equ    |

(\*) Dormant companies, therefore, they are presented in note 8.a., where information on companies accounted for under the equity method is disclosed;

(1) Transfer of shares;

(2) Company sold to the subsidiary CSN Mineração and subsequently merged in August 2017;

(3) Companies liquidated in July 2017.



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• **Exclusive funds**

| Exclusive funds                                     | Equity interests (%) |            | Core business   |
|-----------------------------------------------------|----------------------|------------|-----------------|
|                                                     | 09/30/2017           | 12/31/2016 |                 |
| Direct interest: full consolidation                 |                      |            |                 |
| Diplic II - Private credit balanced mutual fund     | 100.00               | 100.00     | Investment fund |
| Caixa Vértice - Private credit balanced mutual fund | 100.00               | 100.00     | Investment fund |
| VR1 - Private credit balanced mutual fund           | 100.00               | 100.00     | Investment fund |

**2.d) Restatement of account balances as of September 2016**

The Company reclassified the cash flow hedge result in the third quarter of 2016 from finance income to other operating expenses in the amount of R\$26,472 (in line with the classification used in 2017).

The effects of the reclassifications are shown below:

**Consolidated**

**Parent Company**  
**09/30/2016**

| 09/30/2016                                              |                              |                   |                    |                              |                   |                    |
|---------------------------------------------------------|------------------------------|-------------------|--------------------|------------------------------|-------------------|--------------------|
|                                                         | As<br>originally<br>reported | Reclassifications | Restated           | As<br>originally<br>reported | Reclassifications | Restated           |
| <b>Net Revenue</b>                                      | <b>12,630,353</b>            |                   | <b>12,630,353</b>  | <b>6,457,435</b>             |                   | <b>6,457,435</b>   |
| <b>Cost of goods sold</b>                               | <b>(9,470,412)</b>           |                   | <b>(9,470,412)</b> | <b>(5,370,811)</b>           |                   | <b>(5,370,811)</b> |
| <b>Operating Income (expenses)</b>                      | <b>(1,840,607)</b>           | <b>(26,472)</b>   | <b>(1,867,079)</b> | <b>(1,337,554)</b>           | <b>(26,472)</b>   | <b>(1,364,026)</b> |
| Selling Expenses                                        | (1,247,971)                  |                   | (1,247,971)        | (448,060)                    |                   | (448,060)          |
| General and administrative expenses                     | (382,114)                    |                   | (382,114)          | (283,481)                    |                   | (283,481)          |
| Equity Results                                          | 88,473                       |                   | 88,473             | (493,617)                    |                   | (493,617)          |
| Other Operating income (expenses), net                  | (298,995)                    | (26,472)          | (325,467)          | (112,396)                    | (26,472)          | (138,868)          |
| <b>Income before financial results</b>                  | <b>1,319,334</b>             | <b>(26,472)</b>   | <b>1,292,862</b>   | <b>(250,930)</b>             | <b>(26,472)</b>   | <b>(277,402)</b>   |
| Financial results, net                                  | (1,845,256)                  | 26,472            | (1,818,784)        | (600,636)                    | 26,472            | (574,164)          |
| <b>Income before income tax and social contribution</b> | <b>(525,922)</b>             |                   | <b>(525,922)</b>   | <b>(851,566)</b>             |                   | <b>(851,566)</b>   |
| Income tax and social contribution                      | (264,617)                    |                   | (264,617)          | 5,769                        |                   | 5,769              |
| <b>Profit (loss) from continued operations</b>          | <b>(790,539)</b>             |                   | <b>(790,539)</b>   | <b>(845,797)</b>             |                   | <b>(845,797)</b>   |
| <b>Profit (loss) from discontinued operations</b>       | <b>(6,786)</b>               |                   | <b>(6,786)</b>     | <b>(6,786)</b>               |                   | <b>(6,786)</b>     |
| <b>Net income (loss) for the year</b>                   | <b>(797,325)</b>             |                   | <b>(797,325)</b>   | <b>(852,583)</b>             |                   | <b>(852,583)</b>   |
| <b>Attributable to:</b>                                 | <b>(852,583)</b>             |                   | <b>(852,583)</b>   | <b>(852,583)</b>             |                   | <b>(852,583)</b>   |
| Participation of controlling interest                   | 55,258                       |                   | 55,258             |                              |                   |                    |
| Participation of non-controlling                        | <b>(797,325)</b>             |                   | <b>(797,325)</b>   | <b>(852,583)</b>             |                   | <b>(852,583)</b>   |

interest

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**Version: 1****3. CASH AND CASH EQUIVALENTS**

|                                     | <b>Consolidated</b> |                   | <b>Parent Company</b> |                   |
|-------------------------------------|---------------------|-------------------|-----------------------|-------------------|
|                                     | <b>9/30/2017</b>    | <b>12/31/2016</b> | <b>9/30/2017</b>      | <b>12/31/2016</b> |
| <b>Current</b>                      |                     |                   |                       |                   |
| <b>Cash and cash equivalents</b>    |                     |                   |                       |                   |
| <b>Cash and banks</b>               | <b>234,663</b>      | <b>502,480</b>    | <b>39,888</b>         | <b>30,308</b>     |
| <b>Short-term investments</b>       |                     |                   |                       |                   |
| <b>In Brazil:</b>                   |                     |                   |                       |                   |
| Government securities               | 49,636              | 17,929            | 2,745                 | 17,178            |
| Private securities                  | 431,024             | 1,390,707         | 286,920               | 1,216,461         |
|                                     | <b>480,660</b>      | <b>1,408,636</b>  | <b>289,665</b>        | <b>1,233,639</b>  |
| <b>Abroad:</b>                      |                     |                   |                       |                   |
| Time deposits                       | 2,666,109           | 2,960,046         | 338,885               | 202,799           |
| <b>Total short-term investments</b> | <b>3,146,769</b>    | <b>4,368,682</b>  | <b>628,550</b>        | <b>1,436,438</b>  |
| <b>Cash and cash equivalents</b>    | <b>3,381,432</b>    | <b>4,871,162</b>  | <b>668,438</b>        | <b>1,466,746</b>  |

The funds available at the parent company and subsidiaries established in Brazil are basically invested in investment funds, considered exclusive, and their financial statements were consolidated into the Company's statements. The funds include repurchase agreements backed by private and government securities, with fixed rate income 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. The funds are managed by BNY Mellon Serviços Financeiros DTVM S.A. and Caixa Econômica Federal (CEF) and their assets collateralize any losses on investments and transactions carried out. The investments in funds were consolidated.

A significant part of the funds is invested abroad in time deposits in banks considered by management as top rated banks and the returns are based on fixed interest rates.

#### 4. SHORT-TERM INVESTMENTS

|                                       | <b>Consolidated</b> |                   | <b>Parent Company</b> |                   |
|---------------------------------------|---------------------|-------------------|-----------------------|-------------------|
|                                       | <b>9/30/2017</b>    | <b>12/31/2016</b> | <b>9/30/2017</b>      | <b>12/31/2016</b> |
| CDB - Bank certificate of deposit (1) | 708,282             | 658,476           | 708,282               | 658,476           |
| Government securities (2)             | 49,056              | 101,915           | 18,459                | 99,957            |
|                                       | <b>757,338</b>      | <b>760,391</b>    | <b>726,741</b>        | <b>758,433</b>    |

1. Financial investment linked to Bank Certificate of Deposit to secure a letter of guarantee.

2. In 2017, financial investment in Government Securities managed by its exclusive funds, which secures the CDI interest rate futures contracts in the period as detailed in note 12 (b).

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**Version: 1****5. TRADE RECEIVABLES**

|                                      | <b>Consolidated</b> |                   | <b>Parent Company</b> |                   |
|--------------------------------------|---------------------|-------------------|-----------------------|-------------------|
|                                      | <b>9/30/2017</b>    | <b>12/31/2016</b> | <b>9/30/2017</b>      | <b>12/31/2016</b> |
| <b>Trade receivables</b>             |                     |                   |                       |                   |
| <b>Third parties</b>                 |                     |                   |                       |                   |
| Domestic market                      | 1,191,309           | 1,027,639         | 981,900               | 733,608           |
| Foreign market                       | 1,007,669           | 919,936           | 77,605                | 67,652            |
|                                      | <b>2,198,978</b>    | <b>1,947,575</b>  | <b>1,059,505</b>      | <b>801,260</b>    |
| Allowance for doubtful accounts      | (190,963)           | (172,782)         | (139,567)             | (124,351)         |
|                                      | <b>2,008,015</b>    | <b>1,774,793</b>  | <b>919,938</b>        | <b>676,909</b>    |
| Related parties (note 17 a)          | 118,696             | 129,837           | 1,045,864             | 1,034,098         |
|                                      | <b>2,126,711</b>    | <b>1,904,630</b>  | <b>1,965,802</b>      | <b>1,711,007</b>  |
| <b>Other receivables</b>             |                     |                   |                       |                   |
| Dividends receivable (note 17 a) (*) | 74,911              | 37,679            | 875,707               | 873,473           |
| Advances to employees                | 22,258              | 34,607            | 12,432                | 21,953            |
| Other receivables                    | 16,495              | 20,300            | 14,407                | 18,420            |
|                                      | <b>113,664</b>      | <b>92,586</b>     | <b>902,546</b>        | <b>913,846</b>    |
|                                      | <b>2,240,375</b>    | <b>1,997,216</b>  | <b>2,868,348</b>      | <b>2,624,853</b>  |

(\*) Refers mainly to dividends receivable from CSN Mineração S.A. amounting to R\$ 837,084.

In accordance with the internal sales policy the Group carries out transactions of 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 receivables and becomes entirely free from the credit risk of the transaction. This transaction totals R\$244,738 as of September 30, 2017 (R\$263,644 as of December 31, 2016), less the trade receivables.

The gross balance of receivables from third parties is comprised as follows:

|                         | <b>9/30/2017</b> | <b>Consolidated<br/>12/31/2016</b> | <b>9/30/2017</b> | <b>Parent Company<br/>12/31/2016</b> |
|-------------------------|------------------|------------------------------------|------------------|--------------------------------------|
| Current                 | 1,368,035        | 1,381,255                          | 434,332          | 404,259                              |
| Past-due up to 180 days | 304,976          | 245,012                            | 187,148          | 139,036                              |
| Past-due over 180 days  | 525,967          | 321,308                            | 438,025          | 257,965                              |
|                         | <b>2,198,978</b> | <b>1,947,575</b>                   | <b>1,059,505</b> | <b>801,260</b>                       |

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

|                         | <b>9/30/2017</b> | <b>Consolidated<br/>12/31/2016</b> | <b>9/30/2017</b> | <b>Parent Company<br/>12/31/2016</b> |
|-------------------------|------------------|------------------------------------|------------------|--------------------------------------|
| <b>Opening balance</b>  | <b>(172,782)</b> | <b>(151,733)</b>                   | <b>(124,351)</b> | <b>(112,502)</b>                     |
| Estimated losses        | (34,323)         | (25,474)                           | (28,651)         | (16,347)                             |
| Recovery of receivables | 16,142           | 4,425                              | 13,435           | 4,498                                |
| <b>Closing balance</b>  | <b>(190,963)</b> | <b>(172,782)</b>                   | <b>(139,567)</b> | <b>(124,351)</b>                     |

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**Version: 1****6. INVENTORIES**

|                          | <b>Consolidated</b> |                   | <b>Parent Company</b> |                   |
|--------------------------|---------------------|-------------------|-----------------------|-------------------|
|                          | <b>9/30/2017</b>    | <b>12/31/2016</b> | <b>9/30/2017</b>      | <b>12/31/2016</b> |
| Finished goods           | 1,154,240           | 1,183,619         | 868,812               | 784,130           |
| Work in progress         | 1,032,344           | 674,860           | 860,254               | 557,598           |
| Raw materials            | 1,006,595           | 1,124,158         | 614,359               | 767,020           |
| Spare Parts              | 823,958             | 824,478           | 434,788               | 412,206           |
| Iron ore                 | 346,294             | 255,029           | 13,640                | 18,899            |
| Advances to suppliers    | 5,838               | 3,168             | 4,048                 | 1,689             |
| (-) Provision for losses | (122,811)           | (101,176)         | (47,827)              | (37,312)          |
|                          | <b>4,246,458</b>    | <b>3,964,136</b>  | <b>2,748,074</b>      | <b>2,504,230</b>  |

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

|                                                      | <b>Consolidated</b> |                   | <b>Parent Company</b> |                   |
|------------------------------------------------------|---------------------|-------------------|-----------------------|-------------------|
|                                                      | <b>9/30/2017</b>    | <b>12/31/2016</b> | <b>9/30/2017</b>      | <b>12/31/2016</b> |
| <b>Opening balance</b>                               | <b>(101,176)</b>    | <b>(111,427)</b>  | <b>(37,312)</b>       | <b>(40,462)</b>   |
| Reversal / (losses) for slow-moving and obsolescence | (21,635)            | 10,251            | (10,515)              | 3,150             |
| <b>Closing balance</b>                               | <b>(122,811)</b>    | <b>(101,176)</b>  | <b>(47,827)</b>       | <b>(37,312)</b>   |

**7. OTHER CURRENT AND NONCURRENT ASSETS**

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

|                                               | <b>Current</b>    |                   | <b>Consolidated<br/>Non-current</b> |                   | <b>Current</b>    |                   | <b>Parent Company<br/>Non-current</b> |                   |
|-----------------------------------------------|-------------------|-------------------|-------------------------------------|-------------------|-------------------|-------------------|---------------------------------------|-------------------|
|                                               | <b>09/30/2017</b> | <b>12/31/2016</b> | <b>09/30/2017</b>                   | <b>12/31/2016</b> | <b>09/30/2017</b> | <b>12/31/2016</b> | <b>09/30/2017</b>                     | <b>12/31/2016</b> |
| Judicial deposits (note 15)                   |                   |                   | 364,884                             | 331,258           |                   |                   | 292,179                               | 273,038           |
| Credits with the PGFN (1)                     |                   |                   | 46,774                              | 46,774            |                   |                   | 46,774                                | 46,774            |
| Recoverable taxes (2)                         | 878,629           | 780,715           | 399,146                             | 386,872           | 519,080           | 471,955           | 218,545                               | 178,773           |
| Prepaid expenses                              | 74,038            | 27,011            | 32,786                              | 20,421            | 21,074            | 2,785             | 11,899                                |                   |
| Actuarial asset - related party (note 17 a)   |                   |                   | 95,701                              | 119,854           |                   |                   | 90,676                                | 109,106           |
| Derivative financial instruments (Note 12 I)  | 79                | 2,298             |                                     |                   |                   |                   |                                       |                   |
| Exclusive funds                               |                   |                   |                                     |                   | 79                |                   |                                       |                   |
| Securities held for trading (note 12 I)       | 3,084             | 2,966             |                                     |                   | 2,918             | 2,818             |                                       |                   |
| Iron ore inventory (3)                        |                   |                   | 144,499                             | 144,499           |                   |                   |                                       |                   |
| Northeast Investment Fund – FINOR             |                   |                   | 26,598                              | 26,598            |                   |                   | 26,598                                | 26,598            |
| Other receivables (note 12 I)                 |                   |                   | 15,195                              | 15,291            |                   |                   | 1,400                                 | 2,847             |
| Loans with related parties (note 17 a e 12 I) | 2,382             |                   | 502,976                             | 479,960           | 34,038            | 25,602            | 394,446                               | 375,716           |
| Other receivables from related                | 3,576             | 5,768             | 30,895                              | 32,020            | 20,942            | 132,384           | 330,946                               | 311,414           |

parties (note  
17 a)

|        |                  |                |                  |                  |                |                |                  |                  |
|--------|------------------|----------------|------------------|------------------|----------------|----------------|------------------|------------------|
| Others | 66,452           | 33,255         | 67,691           | 72,273           |                |                | 67,191           | 71,696           |
|        | <b>1,028,240</b> | <b>852,013</b> | <b>1,727,145</b> | <b>1,675,820</b> | <b>598,131</b> | <b>635,544</b> | <b>1,480,654</b> | <b>1,395,962</b> |

1. Refers to the excess of judicial deposit originated by the 2009 REFIS program (Tax Debt Refinancing Program). After the settlement of the program amount, the balance of one of the lawsuits was withdrawn by the Company with a court authorization.

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

3. Long-term iron ore inventories that will be used after the implementation of the processing plant, generating as final product the pellet feed, expected to start operating in the second half of 2018.

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**8. INVESTMENTS**

The information on the activities of subsidiaries, joint ventures, joint operations, associates and other investments did not have any changes in relation to that disclosed in the Company's financial statements as of December 31, 2016 and, accordingly, the Company decided not to repeat it in the condensed interim financial information as of September 30, 2017.

- **Events Occurred in 2017**

**Disposal of Subsidiary - CGPAR Construção Pesada - “CGPAR”**

In July 2017, the Company completed the sale of its subsidiary CGPAR CONSTRUÇÃO PESADA S.A. to CSN Mineração, company also under the Company's control. The transaction price was R\$99,452.

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**Version: 1****8.a) Direct interests in subsidiaries, joint ventures, joint operations, associates and other investments**

| Companies                           | Number of shares held<br>by CSN in units |           | %<br>Direct<br>equity<br>interest | Participation In |             |                         | 09/30/2017                     | %<br>Direct<br>equity<br>interest |
|-------------------------------------|------------------------------------------|-----------|-----------------------------------|------------------|-------------|-------------------------|--------------------------------|-----------------------------------|
|                                     |                                          |           |                                   | Assets           | Liabilities | Shareholders'<br>equity | Profit<br>(loss) for<br>period |                                   |
|                                     | Common                                   | Preferred |                                   |                  |             |                         |                                |                                   |
| Investments under the equity method |                                          |           |                                   |                  |             |                         |                                |                                   |
| Subsidiaries                        |                                          |           |                                   |                  |             |                         |                                |                                   |
| CSN Islands VII Corp.               | 20,001,000                               |           | 100.00                            | 5,284,720        | 5,380,335   | (95,615)                | (303,381)                      | 100.00                            |
| CSN Islands IX Corp. <sup>(1)</sup> |                                          |           |                                   |                  |             |                         |                                |                                   |
| CSN Islands XI Corp.                | 50,000                                   |           | 100.00                            | 2,384,593        | 2,409,929   | (25,336)                | (46,032)                       | 100.00                            |
| CSN Islands XII Corp.               | 1,540                                    |           | 100.00                            | 2,102,156        | 3,172,314   | (1,070,158)             | (50,859)                       | 100.00                            |
| CSN Minerals S.L.U.                 | 3,500                                    |           | 100.00                            | 3,089,582        | 19,787      | 3,069,795               | 154,274                        | 100.00                            |
| CSN Export Europe, S.L.U.           | 3,500                                    |           | 100.00                            | 632,678          | 7,851       | 624,827                 | (11,458)                       | 100.00                            |
| CSN Metals S.L.U.                   | 16,504,020                               |           | 100.00                            | 588,812          | 12,770      | 576,042                 | (19,128)                       | 100.00                            |
| CSN Americas S.L.U.                 | 3,500                                    |           | 100.00                            | 1,452,870        | 10,080      | 1,442,790               | 134,055                        | 100.00                            |
| CSN Steel S.L.U.                    | 22,042,688                               |           | 100.00                            | 2,245,818        | 1,502,031   | 743,787                 | 44,545                         | 100.00                            |
| Sepetiba Tecon S.A.                 | 254,015,052                              |           | 99.99                             | 463,519          | 167,067     | 296,452                 | 19,905                         | 99.99                             |
| Minérios Nacional S.A.              | 66,393,587                               |           | 99.99                             | 89,269           | 44,999      | 44,270                  | (9,626)                        | 99.99                             |

|                                                                       |             |           |       |                   |                   |                   |                |        |
|-----------------------------------------------------------------------|-------------|-----------|-------|-------------------|-------------------|-------------------|----------------|--------|
| Fair Value -<br>Minérios<br>Nacional                                  |             |           |       |                   | 2,123,507         |                   |                |        |
| Estanho de<br>Rondônia S.A.                                           | 121,861,697 |           | 99.99 | 43,278            | 40,093            | 3,185             | (8,079)        | 99.99  |
| Companhia<br>Metalúrgica<br>Prada                                     | 313,651,399 |           | 99.99 | 714,808           | 596,512           | 118,296           | (30,532)       | 99.99  |
| CSN Mineração<br>S.A.                                                 | 158,419,480 |           | 87.52 | 14,035,504        | 5,321,094         | 8,714,410         | 617,692        | 87.52  |
| CSN Energia<br>S.A.                                                   | 43,149      |           | 99.99 | 130,151           | 53,306            | 76,845            | 42,732         | 100.00 |
| FTL - Ferrovia<br>Transnordestina<br>Logística S.A.                   | 395,302,149 |           | 90.78 | 429,212           | 137,568           | 291,644           | (66,241)       | 90.78  |
| Companhia<br>Florestal do<br>Brasil                                   | 38,364,462  |           | 99.99 | 35,111            | 5,815             | 29,296            | (3,379)        | 99.99  |
| Nordeste<br>Logística<br>CGPAR -<br>Construção<br>Pesada S.A.         | 99,999      |           | 99.99 | 80                | 55                | 25                | (1)            | 99.99  |
| Fair Value fixed<br>assets -<br>CGPAR                                 |             |           |       |                   |                   |                   | (3,940)        |        |
|                                                                       |             |           |       | <b>33,722,161</b> | <b>18,881,606</b> | <b>16,964,062</b> | <b>461,270</b> |        |
| <b>Joint-venture and<br/>Joint-operation</b>                          |             |           |       |                   |                   |                   |                |        |
| Itá Energética<br>S.A.                                                | 253,606,846 |           | 48.75 | 267,692           | 15,879            | 251,813           | 7,793          | 48.75  |
| MRS Logística<br>S.A.                                                 | 26,611,282  | 2,673,312 | 18.64 | 1,500,161         | 829,665           | 670,496           | 73,310         | 18.64  |
| CBSI -<br>Companhia<br>Brasileira de<br>Serviços de<br>Infraestrutura | 1,876,146   |           | 50.00 | 18,079            | 14,264            | 3,815             | 1,805          | 50.00  |
| Transnordestina<br>Logística S.A.                                     | 24,168,304  |           | 46.28 | 3,752,120         | 2,547,903         | 1,204,217         | (19,347)       | 49.00  |
| Fair Value allocated to TLSA in<br>loss of control                    |             |           |       |                   |                   | 271,116           |                |        |
|                                                                       |             |           |       | <b>5,538,052</b>  | <b>3,407,711</b>  | <b>2,401,457</b>  | <b>63,561</b>  |        |
| <b>Associates</b>                                                     |             |           |       |                   |                   |                   |                |        |
| Arvedi Metalfer<br>do Brasil                                          | 46,994,971  |           | 20.00 | 52,802            | 28,308            | 24,494            | 447            | 20.00  |
|                                                                       |             |           |       | <b>52,802</b>     | <b>28,308</b>     | <b>24,494</b>     | <b>447</b>     |        |
| <b>Classified as available for<br/>sale (note 12 I)</b>               |             |           |       |                   |                   |                   |                |        |
| Usiminas                                                              |             |           |       |                   |                   | 1,966,027         |                |        |

|                                                           |  |                   |                |
|-----------------------------------------------------------|--|-------------------|----------------|
| Panatlântica                                              |  | 22,783            |                |
|                                                           |  | <b>1,988,810</b>  |                |
| <b>Others</b>                                             |  |                   |                |
| <b>Investments</b>                                        |  |                   |                |
| Revenue from subsidiaries' inventories                    |  | (83,982)          | 25,865         |
| Others (3)                                                |  | 63,542            | (92)           |
|                                                           |  | <b>(20,440)</b>   | <b>25,773</b>  |
| <b>Total Investments</b>                                  |  | <b>21,358,383</b> | <b>551,051</b> |
| <b>Classification of investments in the balance sheet</b> |  |                   |                |
| Investments in assets                                     |  | 22,549,492        |                |
| Investment with equity deficit                            |  | (1,191,109)       |                |
|                                                           |  | <b>21,358,383</b> |                |

(1) Company liquidated in 2016;

(2) Company sold in July 2017 to the subsidiary CSN Mineração.

(3) Refers mainly to the goodwill of the subsidiary Cia Metalúrgica Prada amounting to R\$63,509.

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

**8.b) Movement in investments in subsidiaries, joint ventures, joint operations, associates and other investments**

|                                                                                 | <b>Consolidated</b> |                   | <b>Parent Company</b> |                   |
|---------------------------------------------------------------------------------|---------------------|-------------------|-----------------------|-------------------|
|                                                                                 | <b>9/30/2017</b>    | <b>12/31/2016</b> | <b>9/30/2017</b>      | <b>12/31/2016</b> |
| <b>Opening balance</b>                                                          | <b>4,568,451</b>    | <b>3,998,239</b>  | <b>21,684,209</b>     | <b>24,422,283</b> |
| Classified in assets - Investments                                              | 4,568,451           | 3,998,239         | 22,703,508            | 25,517,369        |
| Classified in liabilities - Provision for investments with equity deficit       |                     |                   | (1,019,299)           | (1,095,086)       |
| <b>Opening balance</b>                                                          | <b>4,568,451</b>    | <b>3,998,239</b>  | <b>21,684,209</b>     | <b>24,422,283</b> |
| Capital increase/acquisition of shares                                          | 20,264              | 190,651           | 30,108                | 242,854           |
| Dividends <sup>(1)</sup>                                                        | (36,959)            | (36,765)          | (1,497,680)           | (2,469,827)       |
| Comprehensive income <sup>(2)</sup>                                             | 617,450             | 713,442           | 690,147               | 314,230           |
| Equity pickup <sup>(3)</sup>                                                    | 129,396             | 108,031           | 551,051               | (370,343)         |
| Reclassification of Metalic's investment on September 30, 2016 to held for sale |                     |                   |                       | (123,290)         |
| Reclassification of Metalic's result to discontinued operations                 |                     |                   |                       | (6,786)           |
| Acquisition of 50% interest in CGPAR                                            |                     |                   |                       | 8,608             |
|                                                                                 |                     |                   |                       | 57,889            |

Fair value of property, plant and  
equipment - Acquisition of control  
- CGPAR

|                                                                     |                  |                  |                   |                   |
|---------------------------------------------------------------------|------------------|------------------|-------------------|-------------------|
| Amortization of fair value -<br>Investment in MRS                   | (8,810)          | (11,746)         |                   |                   |
| Amortization of fair value -<br>Investment in CGPAR                 |                  | (3,940)          |                   |                   |
| Impairment of the Fair Value of<br>Transnordestina                  |                  | (387,989)        |                   | (387,989)         |
| Sale of investment of CGPAR                                         |                  |                  | (99,452)          |                   |
| Others                                                              | 3,452            | (1,472)          |                   | (3,420)           |
| <b>Closing balance</b>                                              | <b>5,293,244</b> | <b>4,568,451</b> | <b>21,358,383</b> | <b>21,684,209</b> |
| Classified in assets - Investments                                  | 5,293,244        | 4,568,451        | 22,549,492        | 22,703,508        |
| Classified in liabilities - Provision for investment with<br>equity |                  |                  | (1,191,109)       | (1,019,299)       |
| deficit                                                             |                  |                  |                   |                   |
| <b>Closing balance</b>                                              | <b>5,293,244</b> | <b>4,568,451</b> | <b>21,358,383</b> | <b>21,684,209</b> |

1. In 2017, refers to the allocation of dividends of subsidiaries CSN Minerals, CSN Steel, CSN Americas, CSN Metals, CSN Energia, Itá Energética and MRS Logística.

2. Refers to the mark-to-market of investments classified as available for sale and translation to reporting currency of the foreign investment whose functional currency is not the Real, actuarial gain/loss and gain/loss on investment hedge from investments accounted for under the equity method.

3. The reconciliation of the equity in results of joint ventures and associates and the amount recorded in the statement of income are presented below and derive from the elimination of results of CSN's transactions with these companies:

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|                                                           | <b>9/30/2017</b> | <b>Consolidated<br/>9/30/2016</b> |
|-----------------------------------------------------------|------------------|-----------------------------------|
| <b>Equity in results of affiliated companies</b>          |                  |                                   |
| MRS Logística S.A.                                        | 146,583          | 135,480                           |
| CBSI - Companhia Brasileira de Serviços de Infraestrutura | 1,805            | 1,942                             |
| Transnordestina                                           | (19,347)         | (17,122)                          |
| Arvedi Metalfer do Brasil                                 | 447              | 1,795                             |
| Others                                                    | (92)             | 727                               |
|                                                           | <b>129,396</b>   | <b>122,822</b>                    |
| <b>Eliminations</b>                                       |                  |                                   |
| To cost of sales                                          | (33,463)         | (33,712)                          |
| To taxes                                                  | 11,377           | 11,462                            |
| <b>Others</b>                                             |                  |                                   |
| Amortization of fair value - Investment in MRS            | (8,810)          | (8,810)                           |
| Others                                                    |                  | (3,289)                           |
| <b>Adjusted Equity in results</b>                         | <b>98,500</b>    | <b>88,473</b>                     |

**8.c) Investments in joint ventures and joint operations**

The balances of the balance sheet and statement of income of joint ventures are presented below and refer to 100% of the companies' results:

|                      | <b>09/30/2017</b>      |                        |                        |
|----------------------|------------------------|------------------------|------------------------|
| <b>Joint-Venture</b> | <b>Joint-Operation</b> | <b>Joint-Operation</b> | <b>Joint-Operation</b> |

| Equity interest (%)                     | MRS Logística<br>34.94% | CBSI<br>50.00% | Transnordestina Logística<br>46.30% | Itá Energética<br>48.75% | MRS Logística<br>34.94% | CBSI<br>50.00% | Transnordestina Logística<br>49.02% | Itá |
|-----------------------------------------|-------------------------|----------------|-------------------------------------|--------------------------|-------------------------|----------------|-------------------------------------|-----|
| <b>Balance sheet</b>                    |                         |                |                                     |                          |                         |                |                                     |     |
| <b>Current assets</b>                   |                         |                |                                     |                          |                         |                |                                     |     |
| Cash and cash equivalents               | 585,198                 | 2,887          | 1,532                               | 14,130                   | 345,164                 | 2,925          | 1,899                               |     |
| Advance to suppliers                    | 14,334                  | 316            |                                     | 94                       | 7,452                   | 951            |                                     |     |
| Other current assets                    | 536,212                 | 29,830         | 51,950                              | 15,795                   | 406,170                 | 19,603         | 54,652                              |     |
| <b>Total current assets</b>             | <b>1,135,744</b>        | <b>33,033</b>  | <b>53,482</b>                       | <b>30,019</b>            | <b>758,786</b>          | <b>23,479</b>  | <b>56,551</b>                       |     |
| <b>Non-current assets</b>               |                         |                |                                     |                          |                         |                |                                     |     |
| Other non-current assets                | 679,044                 | 550            | 257,125                             | 27,839                   | 598,577                 | 234            | 261,292                             |     |
| Investments, PP&E and intangible assets | 6,233,545               | 2,576          | 7,793,342                           | 491,253                  | 6,215,442               | 3,434          | 7,407,189                           |     |
| <b>Total non-current assets</b>         | <b>6,912,589</b>        | <b>3,126</b>   | <b>8,050,467</b>                    | <b>519,092</b>           | <b>6,814,019</b>        | <b>3,668</b>   | <b>7,668,481</b>                    |     |
| <b>Total Assets</b>                     | <b>8,048,333</b>        | <b>36,159</b>  | <b>8,103,949</b>                    | <b>549,111</b>           | <b>7,572,805</b>        | <b>27,147</b>  | <b>7,725,032</b>                    |     |
| <b>Current liabilities</b>              |                         |                |                                     |                          |                         |                |                                     |     |
| Borrowings and financing                | 760,278                 |                | 50,193                              |                          | 653,491                 |                | 76,441                              |     |
| Other current liabilities               | 1,172,314               | 28,528         | 127,054                             | 29,263                   | 740,319                 | 23,034         | 134,747                             |     |
| <b>Total current liabilities</b>        | <b>1,932,592</b>        | <b>28,528</b>  | <b>177,247</b>                      | <b>29,263</b>            | <b>1,393,810</b>        | <b>23,034</b>  | <b>211,188</b>                      |     |
| <b>Non-current liabilities</b>          |                         |                |                                     |                          |                         |                |                                     |     |
| Borrowings and financing                | 1,938,117               |                | 5,325,794                           |                          | 2,176,357               |                | 5,024,404                           |     |
| Other non-current liabilities           | 580,425                 |                |                                     | 3,309                    | 699,830                 |                |                                     |     |
| <b>Total non-current liabilities</b>    | <b>2,518,542</b>        |                | <b>5,325,794</b>                    | <b>3,309</b>             | <b>2,876,187</b>        |                | <b>5,024,404</b>                    |     |
| <b>Shareholders' equity</b>             | <b>3,597,199</b>        | <b>7,631</b>   | <b>2,600,908</b>                    | <b>516,539</b>           | <b>3,302,808</b>        | <b>4,113</b>   | <b>2,489,440</b>                    |     |
|                                         | <b>8,048,333</b>        | <b>36,159</b>  | <b>8,103,949</b>                    | <b>549,111</b>           | <b>7,572,805</b>        | <b>27,147</b>  | <b>7,725,032</b>                    |     |

**Total  
liabilities and  
shareholders'  
equity**

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|                                                         | 01/01/2017 a 09/30/2017 |                |                                     |                          | 01/01/2017 a 09/30/2017 |                |                                     |                 |
|---------------------------------------------------------|-------------------------|----------------|-------------------------------------|--------------------------|-------------------------|----------------|-------------------------------------|-----------------|
|                                                         | <i>Joint-Venture</i>    |                | <i>Joint-Operation</i>              |                          | <i>Joint-Venture</i>    |                | <i>Joint-Operation</i>              |                 |
| Equity interest (%)                                     | MRS Logística<br>34.94% | CBSI<br>50.00% | Transnordestina Logística<br>46.30% | Itá Energética<br>48.75% | MRS Logística<br>34.94% | CBSI<br>50.00% | Transnordestina Logística<br>49.02% |                 |
| <b>Statements of Income</b>                             |                         |                |                                     |                          |                         |                |                                     |                 |
| Net revenue                                             | 2,588,815               | 102,977        |                                     | 25                       | 124,778                 | 2,469,568      | 90,745                              |                 |
| Cost of sales and services                              | (1,695,291)             | (90,550)       |                                     |                          | (57,498)                | (1,635,014)    | (78,333)                            |                 |
| Gross profit                                            | <b>893,524</b>          | <b>12,427</b>  |                                     | <b>25</b>                | <b>67,280</b>           | <b>834,554</b> | <b>12,412</b>                       |                 |
| (Expenses) and operating revenues                       | (145,206)               | (6,161)        | (31,704)                            | (43,459)                 | (92,797)                | (6,399)        |                                     | (19,083)        |
| Financial income (expenses), net                        | (147,755)               | (817)          | (10,106)                            | 372                      | (183,580)               | (1,339)        |                                     | (13,131)        |
| <b>Income before income tax and social contribution</b> | <b>600,563</b>          | <b>5,449</b>   | <b>(41,785)</b>                     | <b>24,193</b>            | <b>558,177</b>          | <b>4,674</b>   |                                     | <b>(32,214)</b> |
| Current and deferred income tax and social contribution | (207,257)               | (1,838)        |                                     | (8,208)                  | (194,663)               | (790)          |                                     |                 |
| <b>Profit / (loss) for the period</b>                   | <b>393,306</b>          | <b>3,611</b>   | <b>(41,785)</b>                     | <b>15,985</b>            | <b>363,514</b>          | <b>3,884</b>   |                                     | <b>(32,214)</b> |

- TRANSNORDESTINA LOGÍSTICA S.A. ("TLSA")

TLSA is primarily engaged in the public service operation and development of a railroad network in the Northeast of Brazil, comprising the rail links Velha-Salgueiro, Salgueiro-Trindade, Trindade-Eliseu Martins, Salgueiro- Porto de Suape, and Missão Velha-Porto de Pecém ("Railway System II").

It is in pre-operational phase and will continue as such until the completion of Railway System II. The approved schedule, which estimated the completion of the work by January 2017, is currently under review and discussion with the responsible agencies; however, Management believes that new deadlines for project completion will not have material adverse effects on the expected return on the investment. After analyzing this matter, Management considered as appropriate the use of the accounting basis of operational continuity (going concern) of the project in the preparation of its financial statements.

During 2017, the other shareholders of TLSA subscribed 5,708,087 shares in the amount of R\$723,858, diluting CSN's interest in TLSA's capital to 46.30%. As a result of the transactions described above and the change in the shareholders' interest in TLSA's capital in 2017, the Company recognized a gain of R\$2,814 in shareholders' equity under other comprehensive income.

Even though as of December 31, 2016 the Company reports negative net working capital of R\$ 182,339, Management counts on the funds from its shareholders and third parties for completion of the work, which are expected to be available based on agreements previously entered into and recent discussions between the involved parties. After analyzing this matter, Management considered as appropriate the use of the accounting basis of operational continuity (going concern) of the project in the preparation of the financial statements for the year ended December 31, 2016.

Accordingly, TLSA conducted an impairment test of its long-lived assets using the discounted cash flow method. In order to perform the test, TLSA adopted the following main assumptions:



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**Measurement of recoverable amount:**

| <b>Cash flow projection</b> | <b>Until 2057</b>                                                                                      |
|-----------------------------|--------------------------------------------------------------------------------------------------------|
| Gross margin                | Estimated based on market study to capture cargo and operating costs according to market trend studies |
| Cost estimate               | Costs based on study and market trends                                                                 |
| Growth rate in perpetuity   | Growth rate was not considered because the model projection is until the end of the concession.        |
| Discount rate               | Ranges from 4.25% to 7.90% in real terms.                                                              |

In addition, CSN, as an investor, conducted an impairment test of its interest in TLISA, based on TLISA's dividend payment capacity, a methodology known as Dividend Discount Model, or DDM, to remunerate the capital invested by its shareholders. In order to conduct this test, some factors were taken into account, such as:

Another important aspect that was considered in the impairment analysis of CSN's investment in TLISA was the need to apply an additional risk percentage to the discount rate in addition to that already used to determine TLISA's discounted cash flow. Due to the sharing of investor risks and the fact that the asset that is being tested represents the cash-generating unit, which in turn equals the legal entity, the risk determined by CSN's management is the same as that applied by TLISA in the evaluation of the investment, and therefore an additional risk factor to the model would not apply.

As a result of the test performed, the Company recognized in 2016 a loss on the surplus value of TLISA's investment in the amount of R\$ 387,989 recorded in other operating expenses and R \$ 131,916 in deferred

taxes.

## 9. PROPERTY, PLANT AND EQUIPMENT

The information on property, plant and equipment has not changed significantly in relation to that disclosed in the Company's financial statements as of December 31, 2016.

|                                                 |                |                                 |                                           |                              |                             | Consolidated   |                   |
|-------------------------------------------------|----------------|---------------------------------|-------------------------------------------|------------------------------|-----------------------------|----------------|-------------------|
|                                                 | Land           | Buildings and<br>Infrastructure | Machinery,<br>equipment<br>and facilities | Furniture<br>and<br>fixtures | Construction<br>in progress | Other (*)      | Total             |
| <b>Balance at<br/>December 31, 2016</b>         | <b>264,629</b> | <b>2,815,679</b>                | <b>12,369,630</b>                         | <b>33,163</b>                | <b>2,260,864</b>            | <b>391,914</b> | <b>18,135,879</b> |
| Cost                                            | 264,629        | 3,637,903                       | 20,712,371                                | 173,821                      | 2,260,864                   | 676,529        | 27,726,117        |
| Accumulated<br>depreciation                     |                | (822,224)                       | (8,342,741)                               | (140,658)                    |                             | (284,615)      | (9,590,238)       |
| <b>Balance at<br/>December 31, 2016</b>         | <b>264,629</b> | <b>2,815,679</b>                | <b>12,369,630</b>                         | <b>33,163</b>                | <b>2,260,864</b>            | <b>391,914</b> | <b>18,135,879</b> |
| Effect of<br>foreign<br>exchange<br>differences | 4,985          | 12,087                          | 37,792                                    | 339                          | 1,545                       | (452)          | 56,296            |
| Acquisitions                                    | 4,814          | 419                             | 66,242                                    | 518                          | 641,330                     | 6,811          | 720,134           |
| Capitalized<br>interest (notes<br>23 and 27)    |                |                                 |                                           |                              | 73,955                      |                | 73,955            |
| Write - offs                                    | 660            | 31,093                          | (50,067)                                  | (38)                         | (2,281)                     | (897)          | (21,530)          |
| Depreciation                                    |                | (121,230)                       | (913,867)                                 | (4,272)                      |                             | (36,433)       | (1,075,802)       |
| Transfers to<br>other asset<br>categories       | 2,635          | 66,384                          | 542,318                                   | 2,796                        | (566,782)                   | (47,351)       |                   |
| Transfers to<br>intangible<br>assets            |                |                                 |                                           |                              | (22,584)                    | (3,596)        | (26,180)          |
| Others                                          |                |                                 | 2,139                                     |                              | 10,928                      |                | 13,067            |
| <b>Balance at<br/>September</b>                 | <b>277,723</b> | <b>2,804,432</b>                | <b>12,054,187</b>                         | <b>32,506</b>                | <b>2,396,975</b>            | <b>309,996</b> | <b>17,875,819</b> |

**30, 2017**

|                          |         |           |             |           |           |           |              |
|--------------------------|---------|-----------|-------------|-----------|-----------|-----------|--------------|
| Cost                     | 277,723 | 3,782,163 | 21,565,441  | 178,246   | 2,396,975 | 558,928   | 28,759,476   |
| Accumulated depreciation |         | (977,731) | (9,511,254) | (145,740) |           | (248,932) | (10,883,657) |

**Balance at**

|                           |                |                  |                   |               |                  |                |                   |
|---------------------------|----------------|------------------|-------------------|---------------|------------------|----------------|-------------------|
| <b>September 30, 2017</b> | <b>277,723</b> | <b>2,804,432</b> | <b>12,054,187</b> | <b>32,506</b> | <b>2,396,975</b> | <b>309,996</b> | <b>17,875,819</b> |
|---------------------------|----------------|------------------|-------------------|---------------|------------------|----------------|-------------------|

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|                                        | Land          | Buildings and Infrastructure | Machinery, equipment and facilities | Furniture and fixtures | Construction in progress | Other (*)    | Parent Company<br>Total |
|----------------------------------------|---------------|------------------------------|-------------------------------------|------------------------|--------------------------|--------------|-------------------------|
| <b>Balance at December 31, 2016</b>    | <b>83,350</b> | <b>1,093,806</b>             | <b>7,447,653</b>                    | <b>15,014</b>          | <b>934,587</b>           | <b>5,716</b> | <b>9,580,126</b>        |
| Cost                                   | 83,350        | 1,275,784                    | 12,567,114                          | 114,141                | 934,587                  | 116,987      | 15,091,963              |
| Accumulated depreciation               |               | (181,978)                    | (5,119,461)                         | (99,127)               |                          | (111,271)    | (5,511,837)             |
| <b>Balance at December 31, 2016</b>    | <b>83,350</b> | <b>1,093,806</b>             | <b>7,447,653</b>                    | <b>15,014</b>          | <b>934,587</b>           | <b>5,716</b> | <b>9,580,126</b>        |
| Acquisitions                           | 4,814         | 419                          | 29,937                              | 174                    | 319,637                  | 960          | 355,941                 |
| Capitalized interest (notes 23 and 27) |               |                              |                                     |                        | 17,800                   |              | 17,800                  |
| Write - offs                           | 453           | 24,823                       | (22,370)                            | (34)                   | (2,281)                  | (2)          | 589                     |
| Depreciation                           |               | (24,347)                     | (455,676)                           | (2,072)                |                          | (4,184)      | (486,279)               |
| Transfers to other assets categories   | 2,449         | 37                           | 400,864                             | 596                    | (407,730)                | 3,784        |                         |
| Transfers to intangible assets         |               |                              |                                     |                        | (22,584)                 | (3,596)      | (26,180)                |
| Others                                 |               |                              | 4,721                               |                        | 11,302                   |              | 16,023                  |
|                                        | <b>91,066</b> | <b>1,094,738</b>             | <b>7,405,129</b>                    | <b>13,678</b>          | <b>850,731</b>           | <b>2,678</b> | <b>9,458,020</b>        |

**Balance at  
September 30,  
2017**

|                                          |               |                  |                  |               |                |              |                  |
|------------------------------------------|---------------|------------------|------------------|---------------|----------------|--------------|------------------|
| Cost                                     | 91,066        | 1,319,202        | 13,136,266       | 114,353       | 850,731        | 117,542      | 15,629,160       |
| Accumulated depreciation                 |               | (224,464)        | (5,731,137)      | (100,675)     |                | (114,864)    | (6,171,140)      |
| <b>Balance at<br/>September 30, 2017</b> | <b>91,066</b> | <b>1,094,738</b> | <b>7,405,129</b> | <b>13,678</b> | <b>850,731</b> | <b>2,678</b> | <b>9,458,020</b> |

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

The assumptions used for the impairment test in December 2016 are still effective and there is not factor that justifies the recognition of impairment in the quarter.

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

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|                                       |                                                                  | Start date | Completion date | Consolidated     |                  |
|---------------------------------------|------------------------------------------------------------------|------------|-----------------|------------------|------------------|
| Project description                   |                                                                  |            |                 | 09/30/2017       | 12/31/2016       |
| <b>Logistics</b>                      |                                                                  |            |                 |                  |                  |
|                                       | Current investments for maintenance of current operations.       |            |                 | 129,117          | 103,284          |
|                                       |                                                                  |            |                 | <b>129,117</b>   | <b>103,284</b>   |
| <b>Mining</b>                         |                                                                  |            |                 |                  |                  |
|                                       | Expansion of Casa de Pedra Mine capacity production.             | 2007       | 2018            | (1) 740,301      | 689,160          |
|                                       | Expansion of TECAR export capacity.                              | 2009       | 2020            | (2) 271,405      | 253,545          |
|                                       | Current investments for maintenance of current operations.       |            |                 | 372,878          | 261,056          |
|                                       |                                                                  |            |                 | <b>1,384,584</b> | <b>1,203,761</b> |
| <b>Steel</b>                          |                                                                  |            |                 |                  |                  |
|                                       | Supply of 16 torpedo's cars for operation in the steel industry. | 2008       | 2019            | 98,292           | 91,779           |
|                                       | Current investments for maintenance of current operations.       |            |                 | (3) 203,545      | 307,448          |
|                                       |                                                                  |            |                 | <b>301,837</b>   | <b>399,227</b>   |
| <b>Cement</b>                         |                                                                  |            |                 |                  |                  |
|                                       | Construction of cement plants.                                   | 2011       | 2020            | (4) 548,022      | 529,631          |
|                                       | Current investments for maintenance of current operations.       |            |                 | 33,415           | 24,961           |
|                                       |                                                                  |            |                 | <b>581,437</b>   | <b>554,592</b>   |
| <b>Total Construction in Progress</b> |                                                                  |            |                 | <b>2,396,975</b> | <b>2,260,864</b> |

(1) Estimated completion date of the Central Plant Step 1;

(2) Estimated completion date of phase 60 Mtpa;

- (3) Refers substantially to renovation of coke ovens batteries and reuse of carbo-chemical cooling water;
- (4) Refers substantially to the acquisition of new Integrated Cement Plants.

The estimated useful lives are as follows:

|                                     | <b>Consolidated</b> |                   | <b>Parent Company</b> |                   |
|-------------------------------------|---------------------|-------------------|-----------------------|-------------------|
| <i><b>In Years</b></i>              | <b>9/30/2017</b>    | <b>12/31/2016</b> | <b>9/30/2017</b>      | <b>12/31/2016</b> |
| Buildings                           | 39                  | 41                | 41                    | 42                |
| Machinery, equipment and facilities | 21                  | 18                | 23                    | 19                |
| Furniture and fixtures              | 12                  | 12                | 12                    | 11                |
| Others                              | 15                  | 14                | 12                    | 11                |

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**Version: 1****10. INTANGIBLE ASSETS**

|                                              | Consolidated     |                        |               |                        |                         |            |                  |               |               |
|----------------------------------------------|------------------|------------------------|---------------|------------------------|-------------------------|------------|------------------|---------------|---------------|
|                                              | Goodwill         | Customer relationships | Software      | Trademarks and patents | Rights and licenses (*) | Others     | Total            | Software      | Total         |
| <b>Balance at December 31, 2016</b>          | <b>3,590,931</b> | <b>297,660</b>         | <b>68,253</b> | <b>116,196</b>         | <b>3,184,924</b>        | <b>440</b> | <b>7,258,404</b> | <b>47,547</b> | <b>47,547</b> |
| Cost                                         | 3,834,234        | 444,635                | 183,166       | 116,196                | 3,185,700               | 440        | 7,764,371        | 98,992        | 98,992        |
| Accumulated amortization                     | (133,973)        | (146,975)              | (114,913)     |                        | (776)                   |            | (396,637)        | (51,445)      | (51,445)      |
| Adjustment for accumulated recoverable value | (109,330)        |                        |               |                        |                         |            | (109,330)        |               |               |
| <b>Balance at December 31, 2016</b>          | <b>3,590,931</b> | <b>297,660</b>         | <b>68,253</b> | <b>116,196</b>         | <b>3,184,924</b>        | <b>440</b> | <b>7,258,404</b> | <b>47,547</b> | <b>47,547</b> |
| Effect of foreign exchange differences       |                  | 24,598                 | 109           | 10,293                 |                         | 41         | 35,041           |               |               |
| Acquisitions and expenditures                |                  |                        | 329           |                        |                         |            | 329              |               |               |
|                                              |                  |                        | 26,180        |                        |                         |            | 26,180           | 26,180        | 26,180        |

|                                              |                  |                |               |                |                  |            |                  |               |          |
|----------------------------------------------|------------------|----------------|---------------|----------------|------------------|------------|------------------|---------------|----------|
| Transfer of property, plant and equipment    |                  |                |               |                |                  |            |                  |               |          |
| Disposal                                     |                  | (70)           |               |                |                  |            | (70)             |               |          |
| Write-offs (note 22)                         |                  |                |               |                |                  |            |                  | (68)          |          |
| Amortization                                 | (28,471)         | (16,622)       |               | (2,181)        |                  | (47,274)   | (11,009)         | (1)           |          |
| <b>Balance at September 30, 2017</b>         | <b>3,590,931</b> | <b>293,787</b> | <b>78,179</b> | <b>126,489</b> | <b>3,182,743</b> | <b>481</b> | <b>7,272,610</b> | <b>62,650</b> | <b>6</b> |
| Cost                                         | 3,834,234        | 483,897        | 164,206       | 126,489        | 3,185,700        | 481        | 7,795,007        | 126,279       | 12       |
| Accumulated amortization                     | (133,973)        | (190,110)      | (86,027)      |                | (2,957)          |            | (413,067)        | (63,629)      | (6)      |
| Adjustment for accumulated recoverable value | (109,330)        |                |               |                |                  |            | (109,330)        |               |          |
| <b>Balance at September 30, 2017</b>         | <b>3,590,931</b> | <b>293,787</b> | <b>78,179</b> | <b>126,489</b> | <b>3,182,743</b> | <b>481</b> | <b>7,272,610</b> | <b>62,650</b> | <b>6</b> |

(\*) Composed mainly by mineral rights with potential of 1,101 million tons (Not reviewed by independent auditors). Amortization is based on production volume.

The average useful lives by nature are as follows:

|                        | 9/30/2017 | Consolidated<br>12/31/2016 | 9/30/2017 | Parent Company<br>12/31/2016 |
|------------------------|-----------|----------------------------|-----------|------------------------------|
| <b><i>In Years</i></b> |           |                            |           |                              |
| Software               | 8         | 8                          | 8         | 8                            |
| Customer relationships | 13        | 13                         |           |                              |

The assumptions used for the impairment test in December 2016 are still effective and there is not factor that justifies the recognition of impairment in the quarter.



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**Version: 1****11. BORROWINGS, FINANCING AND DEBENTURES**

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

|                           | Rates<br>p.a.<br>(%) | Current liabilities |            | Consolidated<br>Non-current liabilities |            | Current liabilities |            | Parent C<br>Non-current liabilities |            |
|---------------------------|----------------------|---------------------|------------|-----------------------------------------|------------|---------------------|------------|-------------------------------------|------------|
|                           |                      | 09/30/2017          | 12/31/2016 | 09/30/2017                              | 12/31/2016 | 09/30/2017          | 12/31/2016 | 09/30/2017                          | 12/31/2016 |
| FOREIGN CURRENCY          |                      |                     |            |                                         |            |                     |            |                                     |            |
| Prepayment                | 1% to 3,5%           | 2,020               | 110,944    | 468,864                                 | 482,347    | 2,020               | 110,944    | 468,864                             |            |
| Prepayment                | 3,51% to 8%          | 593,571             | 438,802    | 3,885,024                               | 4,290,062  | 593,571             | 438,802    | 3,885,024                           | 4          |
| Prepayment - Intercompany | 3,51% to 8%          |                     |            |                                         |            | 47,268              | 72,128     | 4,650,586                           | 4          |
| Perpetual bonds           | 7%                   | 4,312               | 4,436      | 3,168,000                               | 3,259,100  |                     |            |                                     |            |
| Bonds                     | 4,14% to 10%         | 43,943              | 137,126    | 5,374,819                               | 5,529,380  |                     |            |                                     |            |
| Bonds Intercompany        | 4,14% to 10%         |                     |            |                                         |            | 69,650              | 27,044     | 3,290,951                           | 3          |
| Intercompany              | Libor 6M to 3%       |                     |            |                                         |            | 1,059,676           | 149,654    | 1,552,322                           | 2          |
| ACC                       | 3.14%                | 172,800             |            |                                         |            | 172,800             |            |                                     |            |
| Others                    |                      | 97,789              | 95,983     | 185,997                                 | 259,262    |                     |            |                                     |            |

|                                                           |                                         |                  |                  |                   |                   |                  |                  |                   |           |
|-----------------------------------------------------------|-----------------------------------------|------------------|------------------|-------------------|-------------------|------------------|------------------|-------------------|-----------|
| LOCAL CURRENCY                                            | 1,2% to 8%                              | 914,435          | 787,291          | 13,082,704        | 13,820,151        | 1,944,985        | 798,572          | 13,847,747        | 15        |
|                                                           |                                         |                  |                  |                   |                   |                  |                  |                   |           |
| BNDES/FINAME                                              | 1,3% + TJLP and Fixed rate              | 73,321           | 73,736           | 974,124           | 1,012,268         | 42,978           | 43,467           | 925,576           |           |
| Debentures                                                | 2,5% to 6% + 1,5%                       |                  |                  |                   |                   |                  |                  |                   |           |
|                                                           | 110,8% to 113,7% CDI                    | 521,277          | 538,003          | 770,767           | 1,270,383         | 521,277          | 538,003          | 770,767           | 1         |
| Prepayment                                                | 109,5% to 116,5% CDI e fixed rate of 8% | 1,646,132        | 570,778          | 3,765,000         | 5,080,000         | 881,530          | 519,806          | 2,480,000         | 3         |
| CCB                                                       | 112,5% and 113% CDI                     | 854,692          | 181,143          | 6,467,000         | 7,200,000         | 854,694          | 181,143          | 6,467,000         | 7         |
|                                                           |                                         | 3,095,422        | 1,363,660        | 11,976,891        | 14,562,651        | 2,300,479        | 1,282,419        | 10,643,343        | 12        |
| <b>Total borrowings and financing</b>                     |                                         | <b>4,009,857</b> | <b>2,150,951</b> | <b>25,059,595</b> | <b>28,382,802</b> | <b>4,245,464</b> | <b>2,080,991</b> | <b>24,491,090</b> | <b>28</b> |
| Transaction costs and issue premiums                      |                                         | (26,047)         | (33,503)         | (39,467)          | (59,232)          | (22,487)         | (29,109)         | (36,515)          |           |
| <b>Total borrowings and financing + transaction costs</b> |                                         | <b>3,983,810</b> | <b>2,117,448</b> | <b>25,020,128</b> | <b>28,323,570</b> | <b>4,222,977</b> | <b>2,051,882</b> | <b>24,454,575</b> | <b>28</b> |



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**Version: 1****11.a) Maturities of borrowings, financing and debentures presented in noncurrent liabilities**

As of September 30, 2017, the principal amount of long-term borrowings, financing and debentures by maturity year, adjusted for interest and inflation, is as follows:

|                 |                   | <b>Consolidated</b> |                   | <b>Parent Company</b> |
|-----------------|-------------------|---------------------|-------------------|-----------------------|
| 2018            | 2,605,487         | 10%                 | 2,599,694         | 11%                   |
| 2019            | 7,069,770         | 28%                 | 6,959,083         | 28%                   |
| 2020            | 7,353,336         | 29%                 | 4,593,422         | 19%                   |
| 2021            | 2,205,561         | 9%                  | 2,774,382         | 11%                   |
| 2022            | 1,834,061         | 7%                  | 2,088,205         | 9%                    |
| After 2022      | 823,380           | 3%                  | 5,476,304         | 22%                   |
| Perpetual bonds | 3,168,000         | 14%                 |                   |                       |
|                 | <b>25,059,595</b> | <b>100%</b>         | <b>24,491,090</b> | <b>100%</b>           |

**11.b) Borrowings, financing and debentures raised and paid**

The table below shows the borrowings, financing and debentures raised and paid during the period:

**Consolidated****Parent Company**

|                        | 9/30/2017         | 12/31/2016        | 9/30/2017         | 12/31/2016        |
|------------------------|-------------------|-------------------|-------------------|-------------------|
| <b>Opening balance</b> | <b>30,441,018</b> | <b>34,282,515</b> | <b>30,248,775</b> | <b>33,988,090</b> |
| Raised                 | 175,265           | 108,274           | 171,000           | 141,076           |
| Paid                   | (1,070,476)       | (1,103,093)       | (1,204,516)       | (705,170)         |
| Payment of charges     | (2,126,761)       | (3,050,036)       | (1,748,225)       | (2,571,987)       |
| Provision of charges   | 1,973,080         | 3,160,357         | 1,688,305         | 2,665,327         |
| Others <sup>(1)</sup>  | (388,188)         | (2,956,999)       | (477,787)         | (3,268,561)       |
| <b>Opening balance</b> | <b>29,003,938</b> | <b>30,441,018</b> | <b>28,677,552</b> | <b>30,248,775</b> |

1. Includes unrealized exchange and monetary variations.

Until the 3rd quarter of 2017, the Group raised and paid borrowings as shown below:

- Raised**

| Transaction  | Financial institution  | Date   | Amount         | Consolidated Maturity |
|--------------|------------------------|--------|----------------|-----------------------|
| CDC          | BANCO<br>MERCEDEZ BENS | Aug/17 | 4,265          | Oct/21                |
| ACC          | BANCO DO<br>BRASIL     | Sep/17 | 171,000        | nov/17                |
| <b>Total</b> |                        |        | <b>175,265</b> |                       |

- Paid**

| Transaction | Principal | Consolidated Charges |
|-------------|-----------|----------------------|
|-------------|-----------|----------------------|

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|                      |                  |                  |
|----------------------|------------------|------------------|
| Fixed Rate Notes     | 87,701           | 12,663           |
| Bonds                |                  | 520,367          |
| Debentures           | 479,617          | 178,069          |
| Bank Credit Bill     |                  | 698,679          |
| Export Credit Note   | 200,000          | 519,476          |
| Pre - Export Payment | 252,315          | 139,909          |
| BNDES/FINAME         | 50,843           | 57,085           |
| Others               |                  | 513              |
| <b>Total</b>         | <b>1,070,476</b> | <b>2,126,761</b> |

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- **Covenants**

The Company's borrowing agreements provide for the fulfillment of certain non-financial obligations, as well as the maintenance of certain parameters and performance indicators, such as the publication of its audited financial statements within the regulatory terms or payment of commission on assumption of risks in case the indicator of net debt to EBITDA reaches the levels set out in such agreements.

As of September 30, 2017, the Company has provisioned R\$38,725 in the Consolidated and R\$23,473 in the Parent Company for commission on assumption of risks.

## **12. FINANCIAL INSTRUMENTS**

The information on policies applied to financial instruments has not changed significantly in relation to that disclosed in the Company's financial statements as of December 31, 2016 and, accordingly, the Company decided not to repeat it fully in the condensed interim financial information as of September 30, 2017.

### **I - Identification and measurement of financial instruments**

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

- Classification of financial instruments**

|                                  |       |                       |                                               |                          |                                                                       | 09/30/2017       |                       |                                               |                          |
|----------------------------------|-------|-----------------------|-----------------------------------------------|--------------------------|-----------------------------------------------------------------------|------------------|-----------------------|-----------------------------------------------|--------------------------|
| Consolidated                     | Notes | Available<br>for sale | Fair<br>value<br>through<br>profit or<br>loss | Loans and<br>receivables | Other<br>liabilities<br>measured<br>at<br>amortized<br>cost<br>method | Balances         | Available<br>for sale | Fair<br>value<br>through<br>profit or<br>loss | Loans and<br>receivables |
| <b>Assets</b>                    |       |                       |                                               |                          |                                                                       |                  |                       |                                               |                          |
| <b>Current</b>                   |       |                       |                                               |                          |                                                                       |                  |                       |                                               |                          |
| Cash and cash equivalents        | 3     |                       |                                               | 3,381,432                |                                                                       | 3,381,432        |                       |                                               | 4,871,100                |
| Short-term investments           | 4     |                       |                                               | 757,338                  |                                                                       | 757,338          |                       |                                               | 760,300                  |
| Trade receivables                | 5     |                       |                                               | 2,126,711                |                                                                       | 2,126,711        |                       |                                               | 1,904,600                |
| Derivative financial instruments | 7     |                       | 79                                            |                          |                                                                       | 79               |                       | 2,298                                         |                          |
| Trading securities               | 7     |                       | 3,084                                         |                          |                                                                       | 3,084            |                       | 2,966                                         |                          |
| Borrowings - related parties     | 7     |                       |                                               | 2,382                    |                                                                       | 2,382            |                       |                                               |                          |
| Dividends receivable             |       |                       |                                               |                          | 74,911                                                                | 74,911           |                       |                                               |                          |
| <b>Total</b>                     |       |                       | <b>3,163</b>                                  | <b>6,267,863</b>         | <b>74,911</b>                                                         | <b>6,345,937</b> |                       | <b>5,264</b>                                  | <b>7,536,100</b>         |
| <b>Non-current</b>               |       |                       |                                               |                          |                                                                       |                  |                       |                                               |                          |
| Other trade receivables          | 7     |                       |                                               | 15,195                   |                                                                       | 15,195           |                       |                                               | 15,200                   |
| Investments                      | 8     | 1,988,810             |                                               |                          |                                                                       | 1,988,810        | 1,374,268             |                                               |                          |
| Borrowings - related parties     | 7     |                       |                                               | 502,976                  |                                                                       | 502,976          |                       |                                               | 479,900                  |
| <b>Total</b>                     |       | <b>1,988,810</b>      |                                               | <b>518,171</b>           |                                                                       | <b>2,506,981</b> | <b>1,374,268</b>      |                                               | <b>495,200</b>           |

|                                   |    |                  |              |                  |                   |                   |                  |              |                |
|-----------------------------------|----|------------------|--------------|------------------|-------------------|-------------------|------------------|--------------|----------------|
| <b>Total Assets</b>               |    | <b>1,988,810</b> | <b>3,163</b> | <b>6,786,034</b> | <b>74,911</b>     | <b>8,852,918</b>  | <b>1,374,268</b> | <b>5,264</b> | <b>8,031,4</b> |
| <b>Liabilities</b>                |    |                  |              |                  |                   |                   |                  |              |                |
| <b>Current</b>                    |    |                  |              |                  |                   |                   |                  |              |                |
| Borrowings and financing          | 11 |                  |              |                  | 4,009,857         | 4,009,857         |                  |              |                |
| Derivative financial instruments  | 12 |                  |              |                  |                   |                   |                  | 121          |                |
| Trade payables                    |    |                  |              |                  | 2,249,151         | 2,249,151         |                  |              |                |
| Dividends and interest on capital | 13 |                  |              |                  | 484,706           | 484,706           |                  |              |                |
| <b>Total</b>                      |    |                  |              |                  | <b>6,743,714</b>  | <b>6,743,714</b>  |                  | <b>121</b>   |                |
| <b>Non-current</b>                |    |                  |              |                  |                   |                   |                  |              |                |
| Borrowings and financing          | 11 |                  |              |                  | 25,059,595        | 25,059,595        |                  |              |                |
| <b>Total</b>                      |    |                  |              |                  | <b>25,059,595</b> | <b>25,059,595</b> |                  |              |                |
| <b>Total Liabilities</b>          |    |                  |              |                  | <b>31,803,309</b> | <b>31,803,309</b> |                  | <b>121</b>   |                |

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- Fair value measurement**

The following table shows the financial instruments recognized at fair value through profit or loss classifying them according to the fair value hierarchy:

| Consolidated                                                      | 09/30/2017       |           | 12/31/2016       |                  |
|-------------------------------------------------------------------|------------------|-----------|------------------|------------------|
|                                                                   | Level 1          | Level 2   | Level 1          | Level 2          |
|                                                                   | Balances         | Balances  | Balances         | Balances         |
| <b>Assets</b>                                                     |                  |           |                  |                  |
| <b>Current</b>                                                    |                  |           |                  |                  |
| <b>Financial assets at fair value through profit or loss</b>      |                  |           |                  |                  |
| Derivative financial instruments                                  |                  | 79        |                  | 2,298            |
| Trading securities                                                | 3,084            |           | 3,084            | 2,966            |
| <b>Non-current</b>                                                |                  |           |                  |                  |
| <b>Available-for-sale financial assets</b>                        |                  |           |                  |                  |
| Investments                                                       | 1,988,810        |           | 1,988,810        | 1,374,268        |
| <b>Total Assets</b>                                               | <b>1,991,894</b> | <b>79</b> | <b>1,991,973</b> | <b>1,377,234</b> |
|                                                                   |                  |           | <b>2,298</b>     | <b>1,379,532</b> |
| <b>Liabilities</b>                                                |                  |           |                  |                  |
| <b>Current</b>                                                    |                  |           |                  |                  |
| <b>Financial liabilities at fair value through profit or loss</b> |                  |           |                  |                  |
| Derivative financial instruments                                  |                  |           |                  | 121              |
| <b>Total Liabilities</b>                                          |                  |           |                  | <b>121</b>       |



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

The Company has investments in common (USIM3) and preferred (USIM5) shares of Usiminas (“Usiminas Shares”), designated as available-for-sale financial assets. The Company adopts this designation because the nature of the investment is not included 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 (B3 - Brasil, Bolsa, Balcão). According to the Company's policy, the gains and losses arising from changes in share prices are recorded directly in shareholders' equity, as other comprehensive income.

The Company's accounting policy requires a quarterly analysis based on quantitative and qualitative information available in the market from the moment the instrument demonstrates a drop of more than 20% in its market value or from a significant drop in market value compared to their acquisition cost for more than 12 months. If the Company concludes that there was a significant drop in the instrument's price, an impairment loss must be recognized. In 2012, considering the price of Usiminas shares on B3 - Brasil, Bolsa, Balcão, the first impairment of these shares was recognized. Under this policy, whenever the share price reaches a level lower than the last impairment recognized, the Company must recognize new losses in profit or loss, redefining the new minimum level of the share price.

During 2016 and until the third quarter of 2017, no impairment was recognized and the gains arising from change in share prices in the period was recognized in other comprehensive income:

| Class of shares | Quantity           | 09/30/2017  |                  | Quantity           | 12/31/2016  |                  | Variation in the period |                                  |
|-----------------|--------------------|-------------|------------------|--------------------|-------------|------------------|-------------------------|----------------------------------|
|                 |                    | Share price | Closing Balance  |                    | Share price | Closing Balance  | Share price             | Variation in the carrying amount |
| Common          | 107,156,651        | 10.05       | 1,076,924        | 107,156,651        | 8.26        | 885,114          | 1.79                    | 191,810                          |
| Preferred       | 114,280,556        | 7.78        | 889,103          | 114,280,556        | 4.10        | 468,550          | 3.68                    | 420,553                          |
|                 | <b>221,437,207</b> |             | <b>1,966,027</b> | <b>221,437,207</b> |             | <b>1,353,664</b> |                         | <b>612,363</b>                   |

As of September 30, 2017, and December 31, 2016, the Company's interest in USIMINAS comprised 15.19% in common shares and 20.86% in preferred shares.

As of September 30, 2017, the amount recognized in comprehensive income for available-for-sale investments, net of taxes, is R\$1,083,693 (R\$678,035 as of December 31, 2016).

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**III - Financial risk management:**

As of September 30, 2017, there were no changes in financial risk policies and management in relation to those disclosed in the Company's financial statements for the year ended December 31, 2016.

**12.a) Foreign exchange rate and interest rate risks:**

• **Foreign exchange rate risk:**

The exposure arises from the existence of assets and liabilities denominated in Dollar or Euro, since the Company's functional currency is substantially the real and is denominated natural currency hedge. The net exposure is the result of offsetting the natural currency exposure by hedging instruments adopted by CSN.

The consolidated net exposure as of September 30, 2017 is as follows:

| <b>Foreign Exchange Exposure</b>   | <b>(Amounts in<br/>US\$'000)</b> | <b>09/30/2017<br/>(Amounts in<br/>€'000)</b> |
|------------------------------------|----------------------------------|----------------------------------------------|
| Cash and cash equivalents overseas | 845,766                          | 3,045                                        |
| Trade receivables                  | 387,127                          | 1,273                                        |

|                                                                |                    |                 |
|----------------------------------------------------------------|--------------------|-----------------|
| Other assets                                                   | 2,658              | 2,203           |
| <b>Total Assets</b>                                            | <b>1,235,551</b>   | <b>6,521</b>    |
| Borrowings and financing                                       | (4,328,710)        | (72,473)        |
| Trade payables                                                 | (36,673)           | (1,488)         |
| Other liabilities                                              | (4,785)            | (9,194)         |
| <b>Total Liabilities</b>                                       | <b>(4,370,168)</b> | <b>(83,155)</b> |
| <b>Foreign exchange exposure</b>                               | <b>(3,134,617)</b> | <b>(76,634)</b> |
| Cash flow hedge accounting                                     | 1,392,667          |                 |
| Net Investment hedge accounting                                |                    | 72,000          |
| <b>Net foreign exchange exposure</b>                           | <b>(1,741,950)</b> | <b>(4,634)</b>  |
| Perpetual Bonds                                                | 1,000,000          |                 |
| <b>Net foreign exchange exposure excluding perpetual bonds</b> | <b>(741,950)</b>   | <b>(4,634)</b>  |

CSN is currently in process of redefining its currency hedge strategy. The Company began to focus its hedging strategy to preserve its cash flow capturing the existing natural relationships and the use of derivative instruments to hedge CSN's future cash flows.

- Interest rate risk:**

The risk arises from short and long-term liabilities with fixed or floating interest rates and inflation indices.

In item 12b) we show the derivatives and hedging strategies to hedge foreign exchange and interest rate risks.

## **12.b) Hedging instruments: Derivatives and hedge accounting:**

CSN uses various instruments to hedge foreign exchange and interest rate risks, as shown in the following topics:

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**Portfolio of derivative financial instruments**

| Counterparties                         | Maturity  | Functional Currency | Notional amount | Appreciation (R\$) |                    | 09/30/2017 Fair Value (market) Amounts receivable / (payable) | Notional amount | Appreciation (R\$) |                    | 12/31/2017 Fair Value (market) Amounts receivable / (payable) |
|----------------------------------------|-----------|---------------------|-----------------|--------------------|--------------------|---------------------------------------------------------------|-----------------|--------------------|--------------------|---------------------------------------------------------------|
|                                        |           |                     |                 | Asset position     | Liability position |                                                               |                 | Asset position     | Liability position |                                                               |
| BNPP                                   | 3/9/2017  | Dollar              |                 |                    |                    |                                                               | 10,250          | 33,435             | (31,137)           |                                                               |
| <b>Total swap cambial dólar x euro</b> |           |                     |                 |                    |                    |                                                               | <b>10,250</b>   | <b>33,435</b>      | <b>(31,137)</b>    |                                                               |
| BM&FBovespa                            | 9/29/2017 | Real                |                 |                    |                    | 79 1,641,378                                                  |                 |                    |                    |                                                               |
| <b>Total future DI</b>                 |           |                     |                 |                    |                    | <b>79 1,641,378</b>                                           |                 |                    |                    |                                                               |
|                                        |           |                     |                 |                    |                    | <b>79</b>                                                     |                 | <b>33,435</b>      | <b>(31,137)</b>    |                                                               |

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

| Instruments | Assets | Liabilities | 9/30/2017 |
|-------------|--------|-------------|-----------|
|-------------|--------|-------------|-----------|

|                            | <b>Current</b> | <b>Total</b> | <b>Current</b> | <b>Total</b> | <b>Financial<br/>income<br/>(expenses), net<br/>(Note 23)</b> |
|----------------------------|----------------|--------------|----------------|--------------|---------------------------------------------------------------|
| <i>Dollar to euro swap</i> |                |              |                |              | (229)                                                         |
| <i>Future DI</i>           | 79             | 79           |                |              | 28,503                                                        |
|                            | <b>79</b>      | <b>79</b>    |                |              | <b>28,274</b>                                                 |

|                                   | <b>Assets</b>  |              | <b>Liabilities</b> |              | <b>12/31/2016</b> | <b>9/30/2016</b>                                              |
|-----------------------------------|----------------|--------------|--------------------|--------------|-------------------|---------------------------------------------------------------|
| <b>Instruments</b>                | <b>Current</b> | <b>Total</b> | <b>Current</b>     | <b>Total</b> |                   | <b>Financial<br/>income<br/>(expenses), net<br/>(Note 23)</b> |
| <i>Future Dollar<br/>BM&amp;F</i> |                |              |                    |              |                   | (798,364)                                                     |
| <i>Future DI</i>                  |                |              | (121)              | (121)        |                   |                                                               |
| <i>Dollar to euro swap</i>        | 2,298          | 2,298        |                    |              |                   | (6,332)                                                       |
| <i>Fixed rate to CDI<br/>swap</i> |                |              |                    |              |                   | (299)                                                         |
| <i>CDI to fixed rate<br/>swap</i> |                |              |                    |              |                   | (63)                                                          |
|                                   | <b>2,298</b>   | <b>2,298</b> | <b>(121)</b>       | <b>(121)</b> |                   | <b>(805,058)</b>                                              |

- **Cash flow hedge accounting**

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

In order to better reflect the accounting impacts of this foreign exchange hedging strategy on the Company's results, CSN designated part of its US dollar-denominated liabilities as a hedging instrument of its future exports. As a result, foreign exchange differences arising from designated liabilities will be temporarily recognized in shareholders' equity and recognized in profit or loss when such exports are carried out, allowing the concurrent recognition of the dollar impact on liabilities and on exports.

The adoption of this hedge accounting does not entail entering into any financial instrument. The adoption of this hedge accounting does not entail entering into any financial instrument. As of September 30, 2017, US\$1.4 billion in exports to be carried out until October 2022 is designated.

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

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The table below shows a summary of the hedging relationships as of September 30, 2017:

| Designation Date | Hedging Instrument                          | Hedged item                                                 | Type of hedged risk                       | Hedged period                  | Exchange rate on designation | Designated amounts (US\$'000) | Amortized part (US\$'000) | Effective amount (R\$) |
|------------------|---------------------------------------------|-------------------------------------------------------------|-------------------------------------------|--------------------------------|------------------------------|-------------------------------|---------------------------|------------------------|
| 3/11/2014        | Export prepayments in US\$ to third parties | Part of the highly probable future monthly iron ore exports | Foreign exchange - R\$ vs. US\$ spot rate | October 2016 to September 2019 | 2.4442                       | 500,000                       | (66,667)                  |                        |
| 1/12/2014        | Export prepayments in US\$ to third parties | Part of the highly probable future monthly iron ore exports | Foreign exchange - R\$ vs. US\$ spot rate | October 2015 to February 2019  | 2.5601                       | 175,000                       | (106,666)                 |                        |
| 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                       | 2.6781                       | 100,000                       |                           |                        |
| 07/21/2015       |                                             |                                                             |                                           |                                | 3.1813                       | 60,000                        |                           |                        |

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

|              | third parties                                        | probable<br>future<br>monthly<br>iron ore<br>exports<br>Part of<br>the<br>highly<br>probable<br>future<br>monthly<br>iron ore<br>exports<br>Part of<br>the<br>highly<br>probable<br>future<br>monthly<br>iron ore<br>exports<br>Part of<br>the<br>highly<br>probable<br>future<br>monthly<br>iron ore<br>exports<br>Part of<br>the<br>highly<br>probable<br>future<br>monthly<br>iron ore<br>exports<br>Part of<br>the<br>highly<br>probable<br>future<br>monthly<br>iron ore<br>exports | US\$ spot<br>rate                                     | 2022                                       |                  |                  |
|--------------|------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------|--------------------------------------------|------------------|------------------|
| 07/28/2015   | Export<br>prepayments<br>in US\$ to<br>third parties |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Foreign<br>exchange<br>- R\$ vs.<br>US\$ spot<br>rate | October<br>2018 to<br>October<br>2022      | 3.3815           | 30,000           |
| 1/8/2015     | Export<br>prepayments<br>in US\$ to<br>third parties |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Foreign<br>exchange<br>- R\$ vs.<br>US\$ spot<br>rate | (1)                                        | 3.3940           | (9,000)          |
| 3/8/2015     | Export<br>prepayments<br>in US\$ to<br>third parties |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Foreign<br>exchange<br>- R\$ vs.<br>US\$ spot<br>rate | Outubro<br>de 2018 a<br>Outubro de<br>2022 | 3.3940           | 355,000          |
| <b>Total</b> |                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                       |                                            | <b>1,566,000</b> | <b>(173,333)</b> |

(\*) The effect on profit or loss was recognized in other operating expenses.

(1) - During the designation in August 2015, we reviewed the future export projections and identified that the amount of US\$ 9 million designated previously was no longer probable to be realized due to the decrease of the Platt's value. Therefore, we discontinued the hedging relationship in August 2015. The exchange rate for the period remains recorded in shareholders' equity until the settlement of the debt.

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

The movement in hedge accounting amounts recognized in shareholders' equity as of September 30, 2017 is as follows:

|                                                    | 12/31/2016     | Movement         | Realization     | 09/30/2017     |
|----------------------------------------------------|----------------|------------------|-----------------|----------------|
| Cash flow hedge accounting                         | 436,677        | (134,374)        | (37,933)        | 264,370        |
| <b>Fair value of cash flow hedge, net of taxes</b> | <b>436,677</b> | <b>(134,374)</b> | <b>(37,933)</b> | <b>264,370</b> |

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As of September 30, 2017, the hedging relationships established by the Company were effective, according to the prospective tests conducted. Thus, no reversal for hedge accounting ineffectiveness was recognized.

- ***Hedge of net investment in foreign operation***

CSN has a natural currency exposure in Euros substantially arising from a borrowing taken by a foreign subsidiary with functional currency in Reais, for the acquisition of investments abroad where the functional currency is Euro. Such exposure arises from translating the balance sheets of these subsidiaries for consolidation into CSN, where the exchange difference on the borrowings affected the statement of income, in the finance income and costs line item, and the exchange difference on the net assets of the foreign operation directly affected the shareholders equity, in other comprehensive income.

As from September 1, 2015, CSN began to adopt the net investment hedge to eliminate such exposure and cover future fluctuations of the Euro on such borrowings. Non-derivative financial liabilities were designated, represented by borrowing agreements with financial institutions in the amount of € 120 million. The account balances as of September 30, 2017 are as follows:

| Designation Date | Hedging Instrument | Hedged item | Type of hedged | Exchange rate on | Designated amounts | 09/30/2017<br>Impact on shareholders' |
|------------------|--------------------|-------------|----------------|------------------|--------------------|---------------------------------------|
|------------------|--------------------|-------------|----------------|------------------|--------------------|---------------------------------------|

|              |                                                             |                                                                  | <b>risk</b>                              | <b>designation</b> | <b>(EUR'000)</b> | <b>equity</b>   |
|--------------|-------------------------------------------------------------|------------------------------------------------------------------|------------------------------------------|--------------------|------------------|-----------------|
| 9/1/2015     | Non-derivative financial liabilities in EUR – Debt contract | Investments in subsidiaries which EUR is the functional currency | Foreign exchange - R\$ vs. EUR spot rate | 4.0825             | 120,000          | (34,205)        |
| 1/31/2016    |                                                             | Investments in subsidiaries                                      | Foreign exchange - R\$ vs. EUR spot rate | (1)                | (24,000)         |                 |
| 1/31/2017    | Non-derivative financial liabilities in EUR – Debt contract | Investments in subsidiaries which EUR is the functional currency | Foreign exchange - R\$ vs. EUR spot rate | (1)                | (24,000)         |                 |
| <b>Total</b> |                                                             |                                                                  |                                          |                    | <b>72,000</b>    | <b>(34,205)</b> |

1. In January 201, the portion of a debt designated as hedging instrument was settled.

The movement in the amounts related to net investment hedge recognized in shareholders' equity as of September 30, 2017 is as follows:

|                                                                 | <b>12/31/2016</b> | <b>Movement</b> | <b>Realization</b> | <b>9/30/2017</b> |
|-----------------------------------------------------------------|-------------------|-----------------|--------------------|------------------|
| Net investment hedge accounting                                 | (57,804)          | 23,599          |                    | (34,205)         |
| <b>Fair value of net investment hedge in foreign operations</b> | <b>(57,804)</b>   | <b>23,599</b>   |                    | <b>(34,205)</b>  |

As of September 30, 2017, the hedging relationships established by the Company were effective, according to prospective tests conducted. Therefore, no reversal for hedge ineffectiveness was recognized.

## 12.c) Sensitivity analysis

We present below the sensitivity analysis of foreign exchange rate and interest rate risks.



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- Sensitivity analysis of derivative financial instruments and consolidated foreign exchange exposure**

The Company considered scenarios 1 and 2 as 25% and 50% deterioration for currency volatility using as reference the closing exchange rate as of September 30, 2017.

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

| Currency | Exchange rate | Probable scenario | 9/30/2017  |            |
|----------|---------------|-------------------|------------|------------|
|          |               |                   | Scenario 1 | Scenario 2 |
| USD      | 3.1680        | 3.2909            | 3.9600     | 4.7520     |
| EUR      | 3.7430        | 3.9033            | 4.6788     | 5.6145     |

| Interest | Interest rate | Scenario 1 | 9/30/2017  |            |
|----------|---------------|------------|------------|------------|
|          |               |            | Scenario 1 | Scenario 2 |
| CDI      | 8.14%         | 10.18%     |            | 12.21%     |
| TJLP     | 7.00%         | 8.75%      |            | 10.50%     |
| LIBOR    | 1.51%         | 1.88%      |            | 2.26%      |

The effects on profit or loss, considering scenarios 1 and 2, are shown below:

| Instruments | Notional | Risk | 9/30/2017  |            |
|-------------|----------|------|------------|------------|
|             |          |      | Scenario 1 | Scenario 2 |

**Probable scenario  
(\*)**

|                                                                                 |                    |               |                  |                    |                    |
|---------------------------------------------------------------------------------|--------------------|---------------|------------------|--------------------|--------------------|
| Hedge accounting of exports                                                     | 1,392,667          | Dollar        | 171,159          | 1,102,992          | 2,205,984          |
| Currency position<br>(not including exchange derivatives<br>above)              | (3,134,617)        | Dollar        | (385,244)        | (2,482,617)        | (4,965,234)        |
| <b>Consolidated exchange position</b><br>(including exchange derivatives above) | <b>(1,741,950)</b> | <b>Dollar</b> | <b>(214,085)</b> | <b>(1,379,625)</b> | <b>(2,759,250)</b> |
| Net Investment hedge accounting                                                 | 72,000             | Euro          | 11,542           | 67,374             | 134,748            |
| Currency position                                                               | (76,634)           | Euro          | (12,284)         | (71,710)           | (143,420)          |
| <b>Consolidated exchange position</b><br>(including exchange derivatives above) | <b>(4,634)</b>     | <b>Euro</b>   | <b>(742)</b>     | <b>(4,336)</b>     | <b>(8,672)</b>     |

(\*) The probable scenarios were calculated considering the following variations for the risks: Real x Dollar – depreciation of Real in 3.88% / Real x Euro – depreciation of Real in 4.28%. Source: quotations from Central Bank of Brazil on 12/20/2017.

- Sensitivity analysis of changes in interest rates**

The Company considered the scenarios 1 and 2 as 25% and 50% for the sensitivity analysis as of September 30, 2017.

| Changes in interest<br>rates | % p.a |         |              | Probable scenario<br>(*) | Consolidated<br>Impact on profit or loss |            |
|------------------------------|-------|---------|--------------|--------------------------|------------------------------------------|------------|
|                              |       | Assets  | Liabilities  |                          | Scenario 1                               | Scenario 2 |
| TJLP                         | 7.00  |         | (1,016,341)  | (3,042)                  | (17,786)                                 | (35,572)   |
| Libor                        | 1.51  |         | (4,876,608)  | (72,871)                 | (18,360)                                 | (36,720)   |
| CDI                          | 8.14  | 431,024 | (13,750,383) | (274,486)                | (271,049)                                | (542,098)  |

(\*) The sensitivity analysis is based on the assumption of maintaining as probable scenario the market values as of September 30, 2017 recorded in the Company's assets and liabilities.

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**Version: 1****12.d) Liquidity risk**

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

|                                             |                           |                              |                               |                        | <b>Consolidated</b> |
|---------------------------------------------|---------------------------|------------------------------|-------------------------------|------------------------|---------------------|
| <b>At September 30, 2017</b>                | <b>Less than one year</b> | <b>From one to two years</b> | <b>From two to five years</b> | <b>Over five years</b> | <b>Total</b>        |
| Borrowings, financing and debentures        | 4,009,857                 | 9,675,257                    | 11,392,958                    | 3,991,380              | 29,069,452          |
| Trade payables                              | 2,249,151                 |                              |                               |                        | 2,249,151           |
| Dividends and interest on capital (note 13) | 484,706                   |                              |                               |                        | 484,706             |

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

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

recorded contracts, as compared below:

|                  |                    | 9/30/2017      |                    | 12/31/2016     |
|------------------|--------------------|----------------|--------------------|----------------|
|                  | Carrying<br>amount | Fair value (*) | Carrying<br>amount | Fair value (*) |
| Perpetual bonds  | 3,172,312          | 2,404,684      | 3,263,536          | 1,702,134      |
| Fixed Rate Notes | 5,418,762          | 5,531,052      | 5,666,506          | 4,907,339      |

(\*) Source: Bloomberg

### 13. OTHER PAYABLES

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

|                                                       | Current   |            | Consolidated<br>Non-current |            | Current   |            | Parent Company<br>Non-current |            |
|-------------------------------------------------------|-----------|------------|-----------------------------|------------|-----------|------------|-------------------------------|------------|
|                                                       | 9/30/2017 | 12/31/2016 | 9/30/2017                   | 12/31/2016 | 9/30/2017 | 12/31/2016 | 9/30/2017                     | 12/31/2016 |
| Payables to<br>related<br>parties (note<br>17 a)      | 571       | 10,927     |                             |            | 208,436   | 182,810    | 47,847                        | 67,940     |
| Derivative<br>financial<br>instruments<br>(note 12 I) |           | 121        |                             |            |           |            |                               |            |
| Exclusive<br>funds (1)                                |           |            |                             |            |           | 121        |                               |            |

|                                                           |                |                  |                |                |                |                |               |               |
|-----------------------------------------------------------|----------------|------------------|----------------|----------------|----------------|----------------|---------------|---------------|
| Dividends and interest on capital payable (note 12 I) (2) | 484,706        | 484,570          |                |                | 2,345          | 2,209          |               |               |
| Advances from customers                                   | 108,414        | 90,720           |                |                | 93,977         | 80,652         |               |               |
| Taxes in installments                                     | 21,455         | 24,444           | 80,217         | 83,312         | 9,415          | 9,397          | 1,450         | 1,524         |
| Profit sharing – employees                                | 39,822         | 211,791          |                |                | 19,270         | 148,788        |               |               |
| Freight provision                                         | 86,440         | 57,586           |                |                | 62,546         | 10,764         |               |               |
| Provision for industrial restructuring                    | 8,353          | 13,000           |                |                |                |                |               |               |
| Taxes payable                                             |                |                  | 8,393          | 8,518          |                |                | 6,907         | 7,035         |
| Other provision                                           | 26,726         | 23,162           |                |                | 7,915          | 6,890          |               |               |
| Third party materials in our possession                   |                | 288              |                |                |                |                |               |               |
| Other payables                                            | 174,073        | 105,115          | 41,201         | 39,307         | 111,021        | 22,900         |               |               |
|                                                           | <b>950,560</b> | <b>1,021,724</b> | <b>129,811</b> | <b>131,137</b> | <b>514,925</b> | <b>464,531</b> | <b>56,204</b> | <b>76,499</b> |

1. Refers to derivative transactions managed by the exclusive funds.

2. Dividends payable by the subsidiary CSN Mineração.

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**14. INCOME TAX AND SOCIAL CONTRIBUTION**

**14.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:

|                                                            | <b>Nine months ended</b> |                  | <b>Consolidated<br/>Three months ended</b> |                  |
|------------------------------------------------------------|--------------------------|------------------|--------------------------------------------|------------------|
|                                                            | <b>9/30/2017</b>         | <b>9/30/2016</b> | <b>9/30/2017</b>                           | <b>9/30/2016</b> |
| <b>Income tax and social contribution income (expense)</b> |                          |                  |                                            |                  |
| Current                                                    | (277,719)                | (131,201)        | (90,905)                                   | (77,111)         |
| Deferred                                                   | (132,171)                | (133,416)        | (37,309)                                   | (45,685)         |
|                                                            | <b>(409,890)</b>         | <b>(264,617)</b> | <b>(128,214)</b>                           | <b>(122,796)</b> |

|                                                            | <b>Parent Company</b>    |                           |
|------------------------------------------------------------|--------------------------|---------------------------|
|                                                            | <b>Nine months ended</b> | <b>Three months ended</b> |
|                                                            | <b>9/30/2017</b>         | <b>9/30/2016</b>          |
| <b>Income tax and social contribution income (expense)</b> |                          |                           |
| Current                                                    |                          | (51)                      |
| Deferred                                                   | 6,653                    | 5,820                     |
|                                                            | <b>6,653</b>             | <b>5,769</b>              |
|                                                            | <b>5,732</b>             | <b>3,321</b>              |
|                                                            |                          | <b>3,321</b>              |

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

|                                                                                      | <b>Consolidated</b>      |                           |
|--------------------------------------------------------------------------------------|--------------------------|---------------------------|
|                                                                                      | <b>Nine months ended</b> | <b>Three months ended</b> |
|                                                                                      | <b>9/30/2017</b>         | <b>9/30/2016</b>          |
| <b>(Loss)/Profit before income tax and social contribution</b>                       | <b>143,733</b>           | <b>(525,922)</b>          |
| Tax rate                                                                             | 34%                      | 34%                       |
| <b>Income tax and social contribution at combined statutory rate</b>                 | <b>(48,869)</b>          | <b>178,813</b>            |
| <b>Adjustment to reflect the effective rate:</b>                                     |                          |                           |
| Equity pickup                                                                        | 37,826                   | 33,076                    |
| Profit with differentiated rates or untaxed                                          | (44,025)                 | (310,782)                 |
| Transfer pricing adjustment                                                          | (10,652)                 | (25,569)                  |
| Tax loss carryforwards without recognizing deferred taxes                            | (535,589)                | (907,806)                 |
| Limit of Indebtedness                                                                | (29,209)                 | (27,391)                  |
| Unrecorded deferred taxes on temporary differences                                   | 533,696                  | 647,432                   |
| Reversal of estimated losses for deferred income and social contribution tax credits | (327,319)                | 141,348                   |
| Tax incentives                                                                       | 4,977                    | 1,267                     |
| Other permanent deductions (additions)                                               | 9,274                    | 6,262                     |
| <b>Income tax and social contribution in profit for the period</b>                   | <b>(409,890)</b>         | <b>(264,617)</b>          |
| <b>Effective tax rate</b>                                                            | <b>285%</b>              | <b>-50%</b>               |

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|                                                                                      | <b>Parent Company</b>    |                  |                           |                  |
|--------------------------------------------------------------------------------------|--------------------------|------------------|---------------------------|------------------|
|                                                                                      | <b>Nine months ended</b> |                  | <b>Three months ended</b> |                  |
|                                                                                      | <b>9/30/2017</b>         | <b>9/30/2016</b> | <b>9/30/2017</b>          | <b>9/30/2016</b> |
| <b>(Loss)/Profit before income tax and social contribution</b>                       | <b>(353,951)</b>         | <b>(851,566)</b> | <b>220,734</b>            | <b>(94,582)</b>  |
| Tax rate                                                                             | 34%                      | 34%              | 34%                       | 34%              |
| <b>Income tax and social contribution at combined statutory rate</b>                 | <b>120,343</b>           | <b>289,532</b>   | <b>(75,050)</b>           | <b>32,158</b>    |
| <b>Adjustment to reflect the effective rate:</b>                                     |                          |                  |                           |                  |
| Equity pickup                                                                        | 188,697                  | (167,830)        | 5,015                     | 106,539          |
| Tax loss carryforwards without recognizing deferred taxes                            | (493,669)                | (883,415)        | (144,214)                 | (106,725)        |
| Limit of Indebtedness                                                                | (29,209)                 | (27,391)         | (12,780)                  | (8,710)          |
| Unrecorded deferred taxes on temporary differences                                   | 532,403                  | 637,152          | 222,067                   | (62,994)         |
| Reversal of estimated losses for deferred income and social contribution tax credits | (327,319)                | 141,348          | 23,800                    | 28,726           |
| Other permanent deductions (additions)                                               | 15,407                   | 16,373           | (13,106)                  | 14,327           |
| <b>Income tax and social contribution in profit for the period</b>                   | <b>6,653</b>             | <b>5,769</b>     | <b>5,732</b>              | <b>3,321</b>     |
| <b>Effective tax rate</b>                                                            | <b>2%</b>                | <b>1%</b>        | <b>-3%</b>                | <b>4%</b>        |

Currently, there are no sufficiently strong evidences to support the recognition of tax credits. For this reason, we maintained the recognition of tax credits arising from income tax and social contribution losses up to the limit of 30% of the deferred tax liabilities.

**14.b) Deferred income tax and social contribution:**

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

|                                                                            | Opening<br>balance<br>12/31/2016 | Comprehensive<br>income | Movement<br>P&L  | Others     | Consolidated<br>Closing<br>balance<br>9/30/2017 |
|----------------------------------------------------------------------------|----------------------------------|-------------------------|------------------|------------|-------------------------------------------------|
| <b>Deferred tax assets</b>                                                 |                                  |                         |                  |            |                                                 |
| Income tax losses                                                          | 970,800                          |                         | 377,942          |            | 1,348,742                                       |
| Social contribution tax losses                                             | 340,629                          |                         | 137,201          |            | 477,830                                         |
| <b>Temporary differences</b>                                               | <b>(2,288,175)</b>               | <b>(7,786)</b>          | <b>(647,663)</b> | <b>130</b> | <b>(2,943,494)</b>                              |
| - Provision for tax, social security, labor, civil and environmental risks | 256,936                          |                         | 7,765            |            | 264,701                                         |
| - Provision for environmental liabilities                                  | 95,048                           |                         | (19,422)         |            | 75,626                                          |
| - Assets impairment losses                                                 | 93,908                           |                         | 585              |            | 94,493                                          |
| - Inventory impairment losses                                              | 35,703                           |                         | 976              |            | 36,679                                          |
| -(Gain)/loss in financial instruments                                      | (2,300)                          |                         | 658              |            | (1,642)                                         |
| - (Gains)/losses on available for sale financial assets                    | 705,929                          | (208,944)               |                  |            | 496,985                                         |
| - Actuarial liability (pension and healthcare plan)                        | 134,578                          |                         | 70,806           |            | 205,384                                         |
| - Accrued supplies and services                                            | 123,101                          |                         | 6,941            |            | 130,042                                         |
| - Allowance for doubtful accounts                                          | 42,008                           |                         | (3,471)          |            | 38,537                                          |
| - Goodwill on merger                                                       | 815                              |                         | (155)            |            | 660                                             |
| - Unrealized exchange differences (1)                                      | 1,589,651                        | 9,634                   | (234,092)        |            | 1,365,193                                       |
| - (Gain) in loss of control of the Transnordestina                         | (92,180)                         |                         |                  |            | (92,180)                                        |
| - Cash Flow Hedge Accounting                                               | 148,471                          | (58,584)                |                  |            | 89,887                                          |
| - Fair Value acquisition of SWT/CBL                                        | (199,001)                        | (16,214)                | 19,720           |            | (195,495)                                       |
| - Unrecognized deferred taxes                                              | (1,324,437)                      | 111,358                 | (38,768)         |            | (1,251,847)                                     |
| - Estimated (losses)/Reversals to deferred tax credits                     | (3,013,730)                      | 156,170                 | (327,318)        |            | (3,184,878)                                     |
| - Business Combination                                                     | (1,072,824)                      |                         | 27,720           |            | (1,045,104)                                     |
| - Others                                                                   | 190,149                          | (1,206)                 | (159,608)        | 130        | 29,465                                          |
| <b>Total</b>                                                               | <b>(976,746)</b>                 | <b>(7,786)</b>          | <b>(132,520)</b> | <b>130</b> | <b>(1,116,922)</b>                              |
| Total Deferred Assets                                                      | 70,151                           |                         |                  |            | 51,052                                          |
| Total Deferred Liabilities                                                 | (1,046,897)                      |                         |                  |            | (1,167,974)                                     |

|                       |                  |                    |
|-----------------------|------------------|--------------------|
| <b>Total Deferred</b> | <b>(976,746)</b> | <b>(1,116,922)</b> |
|-----------------------|------------------|--------------------|

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|                                                                            | Opening<br>balance<br>12/31/2016 | Comprehensive<br>income | Movement<br>P&L  | Parent Company<br>Closing<br>balance<br>9/30/2017 |
|----------------------------------------------------------------------------|----------------------------------|-------------------------|------------------|---------------------------------------------------|
| <b>Deferred tax assets</b>                                                 |                                  |                         |                  |                                                   |
| Income tax losses                                                          | 802,813                          |                         | 441,889          | 1,244,702                                         |
| Social contribution tax losses                                             | 280,164                          |                         | 160,191          | 440,355                                           |
| <b>Temporary differences</b>                                               | <b>(1,670,334)</b>               | <b>9,634</b>            | <b>(595,427)</b> | <b>(2,256,127)</b>                                |
| - Provision for tax, social security, labor, civil and environmental risks | 219,595                          |                         | (10,737)         | 208,858                                           |
| - Provision for environmental liabilities                                  | 92,802                           |                         | (19,721)         | 73,081                                            |
| - Assets impairment losses                                                 | 62,398                           |                         | (2,285)          | 60,113                                            |
| - Inventory impairment losses                                              | 12,686                           |                         | 169              | 12,855                                            |
| -(Gain)/loss in financial instruments                                      | (2,300)                          |                         | 658              | (1,642)                                           |
| - (Gains)/losses on available for sale financial assets                    | 705,929                          | (208,944)               |                  | 496,985                                           |
| - Actuarial liability (pension and healthcare plan)                        | 137,023                          |                         | 70,806           | 207,829                                           |
| - Accrued supplies and services                                            | 93,760                           |                         | (1,827)          | 91,933                                            |
| - Allowance for doubtful accounts                                          | 27,714                           |                         | (3,380)          | 24,334                                            |
| - Unrealized exchange differences (1)                                      | 1,657,193                        | 9,634                   | (210,658)        | 1,456,169                                         |
| - (Gain) in loss of control of the Transnordestina                         | (92,180)                         |                         |                  | (92,180)                                          |
| - Cash Flow Hedge Accounting                                               | 148,471                          | (58,584)                |                  | 89,887                                            |
| - Unrecognized deferred taxes                                              | (1,115,571)                      | 111,358                 | (34,333)         | (1,038,546)                                       |
| - Estimated (losses)/Reversals to deferred tax credits                     | (3,013,730)                      | 156,170                 | (327,318)        | (3,184,878)                                       |
| - Business Combination                                                     | (721,993)                        |                         |                  | (721,993)                                         |
| - Deferred taxes over business combination - CGPAR                         | (22,609)                         |                         | 22,609           |                                                   |

|                                                           |                  |              |              |                  |
|-----------------------------------------------------------|------------------|--------------|--------------|------------------|
| - Deferred taxes on amortization of surplus value - CGPAR | 1,340            |              | (1,340)      |                  |
| - Others                                                  | 139,138          |              | (78,070)     | 61,068           |
| <b>Total</b>                                              | <b>(587,357)</b> | <b>9,634</b> | <b>6,653</b> | <b>(571,070)</b> |
| Total Deferred Liabilities                                | (587,357)        |              |              | (571,070)        |
| <b>Total Deferred</b>                                     | <b>(587,357)</b> |              |              | <b>(571,070)</b> |

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

In its corporate structure, the Company has foreign subsidiaries whose profits are subject to income tax in the countries where they were established at rates lower than those prevailing in Brazil. In the period from 2012 to the 3rd quarter of 2017, these foreign subsidiaries generated profits amounting to R\$ 1,963,161. If the tax authorities understand that these profits are subject to additional taxation in Brazil in respect of income tax and social contribution, these, if due, would total approximately R\$ 486,440.

The Company, based on its legal counsel's opinion, assessed as possible the likelihood of loss in the event of challenge by the tax authorities and, therefore, no provision was recognized in the financial statements.

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**Version: 1****14.c) Income tax and social contribution recognized in shareholders' equity:**

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

|                                                                                                     | 9/30/2017        | Consolidated<br>12/31/2016 | 9/30/2017        | Parent Company<br>12/31/2016 |
|-----------------------------------------------------------------------------------------------------|------------------|----------------------------|------------------|------------------------------|
| <b>Income tax and social contribution</b>                                                           |                  |                            |                  |                              |
| Actuarial gains on defined benefit pension plan                                                     | 30,322           | 30,234                     | 33,400           | 33,400                       |
| Losses estimated for deferred income and social contribution tax credits - actuarial gains          | (33,400)         | (33,400)                   | (33,400)         | (33,400)                     |
| Changes in the fair value on available-for-sale financial assets                                    | (242,681)        | (33,796)                   | (242,681)        | (33,796)                     |
| Losses estimated for deferred income and social contribution tax assets - available for sale assets | 242,681          | 33,796                     | 242,681          | 33,796                       |
| Exchange differences on translating foreign operations                                              | (415,876)        | (425,510)                  | (415,876)        | (425,510)                    |
| Cash flow hedge accounting                                                                          | 53,109           | 109,813                    | 53,109           | 109,813                      |
| Losses estimated for deferred income and social contribution tax credits - cash flow hedge          | (53,109)         | (109,813)                  | (53,109)         | (109,813)                    |
|                                                                                                     | <b>(418,954)</b> | <b>(428,676)</b>           | <b>(415,876)</b> | <b>(425,510)</b>             |

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

As of September 30, 2017, the information on judicial deposits and lawsuits has not changed significantly in relation to that disclosed in the Company's financial statements as of December 31, 2016. The details of the provisioned amounts and the related judicial deposits are presented below:

|                        | <b>Consolidated</b>        |                   |                          |                   | <b>Parent Company</b>      |                   |                          |                   |
|------------------------|----------------------------|-------------------|--------------------------|-------------------|----------------------------|-------------------|--------------------------|-------------------|
|                        | <b>Accrued liabilities</b> |                   | <b>Judicial deposits</b> |                   | <b>Accrued liabilities</b> |                   | <b>Judicial deposits</b> |                   |
|                        | <b>9/30/2017</b>           | <b>12/31/2016</b> | <b>9/30/2017</b>         | <b>12/31/2016</b> | <b>9/30/2017</b>           | <b>12/31/2016</b> | <b>9/30/2017</b>         | <b>12/31/2016</b> |
| Tax                    | 109,406                    | 119,523           | 69,160                   | 62,035            | 50,341                     | 70,979            | 53,882                   | 48,831            |
| Social security        | 73,459                     | 62,574            | 48,614                   | 48,614            | 71,974                     | 61,594            | 48,614                   | 48,614            |
| Labor                  | 448,506                    | 485,422           | 212,024                  | 186,823           | 343,425                    | 381,255           | 170,704                  | 156,978           |
| Civil                  | 148,546                    | 137,857           | 23,295                   | 23,179            | 120,668                    | 110,420           | 16,759                   | 16,395            |
| Environmental          | 38,743                     | 7,716             | 2,220                    | 2,220             | 33,600                     | 2,370             | 2,220                    | 2,220             |
| Deposit of a guarantee |                            |                   | 9,571                    | 8,387             |                            |                   |                          |                   |
|                        | <b>818,660</b>             | <b>813,092</b>    | <b>364,884</b>           | <b>331,258</b>    | <b>620,008</b>             | <b>626,618</b>    | <b>292,179</b>           | <b>273,038</b>    |

The movement in the provision for tax, social security, labor, civil and environmental risks in the period ended September 30, 2017 is as follows:

| <b>Nature</b>   | <b>12/31/2016</b> | <b>Additions</b> | <b>Accrued charges</b> | <b>Net utilization of reversal</b> | <b>Consolidated<br/>Current + Non-current</b> |
|-----------------|-------------------|------------------|------------------------|------------------------------------|-----------------------------------------------|
|                 |                   |                  |                        |                                    | <b>9/30/2017</b>                              |
| Tax             | 119,523           | 10,658           | 6,927                  | (27,702)                           | 109,406                                       |
| Social security | 62,574            | 8,222            | 2,663                  |                                    | 73,459                                        |
| Labor           | 485,422           | 27,107           | 24,923                 | (88,946)                           | 448,506                                       |
| Civil           | 137,857           | 2,050            | 12,060                 | (3,421)                            | 148,546                                       |
| Environmental   | 7,716             | 32,471           | 229                    | (1,673)                            | 38,743                                        |
|                 | <b>813,092</b>    | <b>80,508</b>    | <b>46,802</b>          | <b>(121,742)</b>                   | <b>818,660</b>                                |

| <b>Nature</b>   | <b>12/31/2016</b> | <b>Additions</b> | <b>Accrued charges</b> | <b>Net utilization of reversal</b> | <b>Parent Company<br/>Current + Non-current</b> |
|-----------------|-------------------|------------------|------------------------|------------------------------------|-------------------------------------------------|
|                 |                   |                  |                        |                                    | <b>9/30/2017</b>                                |
| Tax             | 70,979            | 3,342            | 3,724                  | (27,704)                           | 50,341                                          |
| Social security | 61,594            | 8,222            | 2,158                  |                                    | 71,974                                          |
| Labor           | 381,255           | 18,629           | 17,771                 | (74,230)                           | 343,425                                         |
| Civil           | 110,420           | 594              | 10,128                 | (474)                              | 120,668                                         |
| Environmental   | 2,370             | 31,145           | 110                    | (25)                               | 33,600                                          |
|                 | <b>626,618</b>    | <b>61,932</b>    | <b>33,891</b>          | <b>(102,433)</b>                   | <b>620,008</b>                                  |



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The provision for tax, social security, labor, civil and environmental risks was estimated by Management and is mainly based on the legal counsel's assessment. Only lawsuits for which the risk is classified as probable loss are provisioned. Additionally, this provision includes tax liabilities resulting from lawsuits filed by the Company, subject to SELIC (Central Bank's policy rate).

§ Other administrative and judicial proceedings

The table below shows a summary of the main matters classified as possible risk compared with the balances as of September 30, 2017 and December 31, 2016.

|                                                                                                                                                                                   | <b>9/30/2017</b> | <b>Consolidated<br/>12/31/2016</b> |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|------------------------------------|
| Assesment and imposition of fine (AIIM) - Income tax and social contribution - Capital gain on sale of Namisa's shares                                                            | 8,853,353        | 8,415,142                          |
| Income tax / Social contribution - Assesment and Imposition of Fine (AIIM) - Disallowance of deductions of goodwill generated in the reverse incorporation of Big Jump by Namisa. | 2,592,927        | 2,457,855                          |
| Assessment Notice and Imposition of Fine (AIIM) - Income tax / Social contribution - gross of interest on prepayment arising from supply contracts of iron ore and port services  | 2,468,930        | 2,327,499                          |

|                                                                                                                                                       |                   |                   |
|-------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|-------------------|
| Notices of violation and imposition of fine - Income taxes and socialm contribution due to profits from foreign subsidiaries years 2008,2010 and 2011 | 1,835,999         | 1,644,898         |
| Tax foreclosures - ICMS - Electricity credits                                                                                                         | 905,280           | 838,192           |
| Installments MP 470 - alleged insufficiency of tax losses                                                                                             | 695,189           | 652,553           |
| Offset of taxes that were not approved by the Federal Revenue Service - IRPJ/CSLL, PIS/COFINS e IPI                                                   | 1,664,366         | 1,505,079         |
| Disallowance of the ICMS credits - Transfer of iron ore                                                                                               | 491,011           | 570,997           |
| ICMS - Refers to the transfer of imported raw material at an amount lower than the price disclosed in the import documentation                        | 270,234           | 279,511           |
| Disallowance of the tax losses arising on adjustments to the SAPLI                                                                                    | 485,156           | 455,214           |
| Assessment Notice - ICMS - shipping and return merchandise for Industrialization                                                                      | 803,992           | 749,492           |
| Assessment Notice- Income tax- Capital Gain of CFM vendors located outside                                                                            | 199,903           | 185,249           |
| CFEM – Divergence on the understanding between CSN and DNPM on the calculation basis                                                                  | 369,871           | 348,512           |
| Other tax (federal, state, and municipal) lawsuits                                                                                                    | 2,914,938         | 2,727,258         |
| Social security lawsuits                                                                                                                              | 275,990           | 263,951           |
| Law suit applied by Brazilian antitrust authorities (CADE)                                                                                            | 97,700            | 96,316            |
| Other civil lawsuits                                                                                                                                  | 1,348,745         | 814,440           |
| Labor and social security lawsuits                                                                                                                    | 1,423,687         | 1,138,155         |
| Environmental lawsuits                                                                                                                                | 396,804           | 375,272           |
|                                                                                                                                                       | <b>28,094,074</b> | <b>25,845,585</b> |

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

**16. PROVISION FOR ENVIRONMENTAL LIABILITIES AND ASSET RETIREMENT OBLIGATIONS**

The information on provision for environmental liabilities and asset retirement obligations has not changed in relation to that disclosed in the Company's financial statements as of December 31, 2016 and, accordingly, the Company decided not to repeat it in the condensed interim financial information as of September 30, 2017.

The balance of the provision for environmental liabilities and asset retirement obligation (ARO) is as follows:

**Consolidated**

**Parent  
Company**

|                              | <b>9/30/2017</b> | <b>12/31/2016</b> | <b>9/30/2017</b> | <b>12/31/2016</b> |
|------------------------------|------------------|-------------------|------------------|-------------------|
| Environmental liabilities    | 222,769          | 273,475           | 215,260          | 265,772           |
| Asset retirement obligations | 79,601           | 73,589            | 598              |                   |
|                              | <b>302,370</b>   | <b>347,064</b>    | <b>215,858</b>   | <b>265,772</b>    |

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**Version: 1****17. RELATED-PARTY BALANCES AND TRANSACTIONS**

The information on related-party transactions has not changed significantly in relation to that disclosed in the Company's financial statements as of December 31, 2016.

**17.a) Transactions with subsidiaries, joint ventures, associates, exclusive funds and other related parties**

- By transaction**

|                                    | <b>Current</b>   |                   | <b>Non current</b> |                   | <b>Consolidated Total</b> |                   |
|------------------------------------|------------------|-------------------|--------------------|-------------------|---------------------------|-------------------|
|                                    | <b>9/30/2017</b> | <b>12/31/2016</b> | <b>9/30/2017</b>   | <b>12/31/2016</b> | <b>9/30/2017</b>          | <b>12/31/2016</b> |
| <b>Assets</b>                      |                  |                   |                    |                   |                           |                   |
| Trade receivables (note 5)         | 118,696          | 129,837           |                    |                   | 118,696                   | 129,837           |
| Dividends receivable (note 5)      | 74,911           | 37,679            |                    |                   | 74,911                    | 37,679            |
| Actuarial asset (note 7)           |                  |                   | 95,701             | 119,854           | 95,701                    | 119,854           |
| Short-term investments/Investments | 34,595           | 315,319           |                    |                   | 34,595                    | 315,319           |
| Loans (note 7)                     | 2,382            |                   | 502,976            | 479,960           | 505,358                   | 479,960           |
| Other receivables (note 7)         | 3,576            | 5,768             | 30,895             | 32,020            | 34,471                    | 37,788            |
|                                    | <b>234,160</b>   | <b>488,603</b>    | <b>629,572</b>     | <b>631,834</b>    | <b>863,732</b>            | <b>1,120,437</b>  |
| <b>Liabilities</b>                 |                  |                   |                    |                   |                           |                   |
| <b>Other payables (note 13)</b>    |                  |                   |                    |                   |                           |                   |
| Accounts payable                   | 571              | 10,927            |                    |                   | 571                       | 10,927            |

|                       |               |               |               |               |                |               |
|-----------------------|---------------|---------------|---------------|---------------|----------------|---------------|
| Trade payables        | 93,149        | 50,623        |               |               | 93,149         | 50,623        |
| Actuarial liabilities |               |               | 28,004        | 28,004        | 28,004         | 28,004        |
|                       | <b>93,720</b> | <b>61,550</b> | <b>28,004</b> | <b>28,004</b> | <b>121,724</b> | <b>89,554</b> |

**9/30/2017      9/30/2016**

**Statement of Income****Revenues**

|                    |         |         |
|--------------------|---------|---------|
| Sales              | 654,103 | 610,287 |
| Interest (note 23) | 49,319  | 43,700  |

**Expenses**

|                                                 |                  |                  |
|-------------------------------------------------|------------------|------------------|
| Purchases                                       | (876,582)        | (748,007)        |
| Interest                                        |                  | (130)            |
| Foreign exchange and<br>monetary variation, net | (4,106)          | (19,043)         |
|                                                 | <b>(177,266)</b> | <b>(113,193)</b> |

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- By company**

|                                                          | <b>Assets</b>  |                    |                  | <b>Liabilities</b> |                    |                |
|----------------------------------------------------------|----------------|--------------------|------------------|--------------------|--------------------|----------------|
|                                                          | <b>Current</b> | <b>Non current</b> | <b>Total</b>     | <b>Current</b>     | <b>Non current</b> | <b>Total</b>   |
| <b>Joint-venture and Joint-operation</b>                 |                |                    |                  |                    |                    |                |
| Itá Energética S.A.                                      |                |                    |                  | 2,652              |                    | 2,652          |
| MRS Logística S.A.                                       | 74,653         |                    | 74,653           | 56,835             |                    | 56,835         |
| CBSI - Companhia Brasileira de Serviços e Infraestrutura | 9              |                    | 9                | 25,237             |                    | 25,237         |
| Transnordestina Logística S.A. <sup>(1)</sup>            | 247            | 502,976            | 503,223          | 4,147              |                    | 4,147          |
|                                                          | <b>74,909</b>  | <b>502,976</b>     | <b>577,885</b>   | <b>88,871</b>      |                    | <b>88,871</b>  |
| <b>Other related parties</b>                             |                |                    |                  |                    |                    |                |
| CBS Previdência                                          |                | 95,701             | 95,701           |                    | 28,004             | 28,004         |
| Fundação CSN                                             | 1,829          |                    | 1,829            | 252                |                    | 252            |
| Usiminas                                                 |                |                    |                  |                    |                    |                |
| Banco Fibra <sup>(2)</sup>                               | 34,595         |                    | 34,595           |                    |                    |                |
| Panatlântica <sup>(3)</sup>                              | 111,816        | 1,875              | 113,691          | 4,597              |                    | 4,597          |
| Ibis Participações e Serviços                            |                |                    |                  |                    |                    |                |
| Partifib Projetos Imobiliários                           | 213            |                    | 213              |                    |                    |                |
| Vicunha Imóveis Ltda.                                    |                |                    |                  |                    |                    |                |
| Vicunha Serviços Ltda.                                   |                |                    |                  |                    |                    |                |
|                                                          | <b>148,453</b> | <b>97,576</b>      | <b>246,029</b>   | <b>4,849</b>       | <b>28,004</b>      | <b>32,853</b>  |
| <b>Associates</b>                                        |                |                    |                  |                    |                    |                |
| Arvedi Metalfer do Brasil S.A.                           | 10,798         | 29,020             | 39,818           |                    |                    |                |
| <b>Total at 9/30/2017</b>                                | <b>234,160</b> | <b>629,572</b>     | <b>863,732</b>   | <b>93,720</b>      | <b>28,004</b>      | <b>121,724</b> |
| <b>Total at 12/31/2016</b>                               | <b>488,603</b> | <b>631,834</b>     | <b>1,120,437</b> | <b>61,550</b>      | <b>28,004</b>      | <b>89,554</b>  |
| <b>Total at 9/30/2016</b>                                |                |                    |                  |                    |                    |                |

1. Transnordestina Logística S.A: Assets: Refers mainly to loan agreements in R\$: Interest from 102.0% to 115.0% of the CDI. As of September 30, 2017, the loans amounted to R\$502,975 (R\$459,762 as of December 31, 2016).
2. Banco Fibra S.A: Assets: Refers to financial investments in time deposits.
3. Panatlantica: Receivables from the sale of steel products.

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- By transaction**

|                                                   | <b>Current</b>   |                   | <b>Non current</b> |                   | <b>Total</b>      |                   | <b>Parent Company</b> |
|---------------------------------------------------|------------------|-------------------|--------------------|-------------------|-------------------|-------------------|-----------------------|
|                                                   | <b>9/30/2017</b> | <b>12/31/2016</b> | <b>9/30/2017</b>   | <b>12/31/2016</b> | <b>9/30/2017</b>  | <b>12/31/2016</b> |                       |
| <b>Assets</b>                                     |                  |                   |                    |                   |                   |                   |                       |
| Trade receivables <sup>(1)</sup> (note 5)         | 1,045,864        | 1,034,098         |                    |                   | 1,045,864         | 1,034,098         |                       |
| Dividends receivable (note 5)                     | 875,707          | 873,473           |                    |                   | 875,707           | 873,473           |                       |
| Actuarial asset (note 7)                          |                  |                   | 90,676             | 109,106           | 90,676            | 109,106           |                       |
| Empréstimos (note 7)                              | 34,038           | 25,602            | 394,446            | 375,716           | 428,484           | 401,318           |                       |
| Short-term investments/Investments <sup>(2)</sup> | 55,321           | 811,990           | 114,658            | 81,382            | 169,979           | 893,372           |                       |
| Exclusive funds (note 7)                          | 79               |                   |                    |                   | 79                |                   |                       |
| Other receivables <sup>(3)</sup> (note 7)         | 20,942           | 132,384           | 330,946            | 311,414           | 351,888           | 443,798           |                       |
|                                                   | <b>2,031,951</b> | <b>2,877,547</b>  | <b>930,726</b>     | <b>877,618</b>    | <b>2,962,677</b>  | <b>3,755,165</b>  |                       |
| <b>Liabilities</b>                                |                  |                   |                    |                   |                   |                   |                       |
| <b>Borrowings and Financing</b>                   |                  |                   |                    |                   |                   |                   |                       |
| Prepayment (note 11)                              | 47,268           | 72,128            | 4,650,586          | 4,876,840         | 4,697,854         | 4,948,968         |                       |
| Intercompany bonds (note 11)                      | 69,650           | 27,044            | 3,290,951          | 3,385,587         | 3,360,601         | 3,412,631         |                       |
| Intercompany loans (note 11)                      | 1,059,676        | 149,654           | 1,552,322          | 2,719,420         | 2,611,998         | 2,869,074         |                       |
|                                                   | <b>1,176,594</b> | <b>248,826</b>    | <b>9,493,859</b>   | <b>10,981,847</b> | <b>10,670,453</b> | <b>11,230,673</b> |                       |
| <b>Other payables (note 13)</b>                   |                  |                   |                    |                   |                   |                   |                       |
| Accounts payable <sup>(4)</sup>                   | 208,436          | 182,810           | 47,847             | 67,940            | 256,283           | 250,750           |                       |
| Exclusive funds <sup>(2)</sup> (note 13)          |                  | 121               |                    |                   |                   | 121               |                       |
| Trade payables                                    | 264,780          | 141,048           |                    |                   | 264,780           | 141,048           |                       |
| Actuarial liabilities                             |                  |                   | 28,004             | 28,004            | 28,004            | 28,004            |                       |
|                                                   | <b>473,216</b>   | <b>323,979</b>    | <b>75,851</b>      | <b>95,944</b>     | <b>549,067</b>    | <b>419,923</b>    |                       |
|                                                   | <b>9/30/2017</b> | <b>9/30/2016</b>  |                    |                   |                   |                   |                       |
| <b>Statement of income</b>                        |                  |                   |                    |                   |                   |                   |                       |
| <b>Revenues</b>                                   |                  |                   |                    |                   |                   |                   |                       |

|                                              |                |                    |
|----------------------------------------------|----------------|--------------------|
| Sales/Others                                 | 2,434,367      | 2,075,902          |
| Interest (note 23)                           | 41,059         | 27,989             |
| Exclusive funds (note 23)                    | 47,332         |                    |
| Foreign exchange and monetary variation, net | (4,157)        |                    |
| <b>Expenses</b>                              |                |                    |
| Purchases                                    | (1,556,277)    | (1,021,215)        |
| Interests (note 23)                          | (384,908)      | (387,998)          |
| Foreign exchange and monetary variation, net | 303,757        | (2,070,443)        |
| Exclusive funds (note 23)                    |                | (687,971)          |
|                                              | <b>881,173</b> | <b>(2,063,736)</b> |

1. Receivables from sales of goods and services between the parent company, subsidiaries and joint ventures.
  
2. Assets: Financial investments classified in current total R\$ 55,321 as of September 30, 2017 (R\$811,990 as of December 31, 2016) and investments in Usiminas shares classified as available-for-sale investments, in noncurrent, total R\$114,658 (R\$81,382 as of December 31, 2016).
  
3. Noncurrent: Refers mainly to advance for future capital increases, dividends receivable and receivables from acquisition of debentures.
  
4. Current: Refers mainly to commission and logistics expenses related to sales of steel for resale through its subsidiary CSN LLC.
  
- . Noncurrent: Refers mainly to assignment of credits from income tax and social contribution losses with Ferrovia Transnordestina Logistica

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|                                                    | <b>Assets</b>  |                    |              | <b>Liabilities</b> |                    |              |
|----------------------------------------------------|----------------|--------------------|--------------|--------------------|--------------------|--------------|
|                                                    | <b>Current</b> | <b>Non current</b> | <b>Total</b> | <b>Current</b>     | <b>Non current</b> | <b>Total</b> |
| <b>Subsidiaries</b>                                |                |                    |              |                    |                    |              |
| Companhia Metalúrgica Prada <sup>(1)</sup>         | 227,300        | 121,336            | 348,636      | 12,683             | 196                | 12,879       |
| Estanho de Rondônia S.A.                           | 8,779          | 1,766              | 10,545       |                    |                    |              |
| Sepetiba Tecon S.A.                                | 35,070         | 89,677             | 124,747      | 23,551             |                    | 23,551       |
| Minérios Nacional S.A.                             |                | 18,275             | 18,275       |                    |                    |              |
| CSN Mineração S.A. <sup>(2)</sup>                  | 1,040,870      |                    | 1,040,870    | 133,921            |                    | 133,921      |
| CSN Energia S.A.                                   | 116            |                    | 116          |                    |                    |              |
| Ferrovia Transnordestina Logística S.A.            | 26             | 21,557             | 21,583       |                    | 47,653             | 47,653       |
| Companhia Siderúrgica Nacional, LLC <sup>(3)</sup> | 374,259        |                    | 374,259      | 264,794            |                    | 264,794      |
| CSN Europe Lda.                                    |                |                    |              |                    |                    |              |
| CSN Resources S.A. <sup>(4)</sup>                  |                |                    |              | 1,168,755          | 7,131,759          | 8,300,514    |
| Lusosider Aços Planos, S.A.                        | 130,804        |                    | 130,804      | 160                |                    | 160          |
| CSN Islands XI Corp. <sup>(5)</sup>                |                |                    |              |                    | 1,013,760          | 1,013,760    |
| CSN Islands XII Corp. <sup>(6)</sup>               |                |                    |              | 7,840              | 1,348,338          | 1,356,178    |
| CSN Ibéria Lda.                                    |                |                    |              |                    |                    |              |
| Companhia de Embalagens Metálicas MMSA             | 5,404          | 44,859             | 50,263       |                    |                    |              |
| Companhia Florestal do Brasil                      |                | 2,581              | 2,581        |                    |                    |              |
| Stahlwerk Thüringen GmbH                           |                |                    |              | 18                 |                    | 18           |
| CGPAR Construção Pesada S.A.                       |                |                    |              |                    |                    |              |

|                                                          |                  |                |                  |                  |                   |               |
|----------------------------------------------------------|------------------|----------------|------------------|------------------|-------------------|---------------|
|                                                          | <b>1,822,628</b> | <b>300,051</b> | <b>2,122,679</b> | <b>1,611,722</b> | <b>9,541,706</b>  | <b>11,153</b> |
| <b>Joint-venture and Joint-operation</b>                 |                  |                |                  |                  |                   |               |
| MRS Logística S.A.                                       | 37,186           |                | 37,186           | 16,550           |                   | 16            |
| CBSI - Companhia Brasileira de Serviços e Infraestrutura | 9                |                | 9                | 16,816           |                   | 16            |
| Transnordestina Logística S.A.                           | 247              | 394,446        | 394,693          |                  |                   |               |
|                                                          | <b>37,442</b>    | <b>394,446</b> | <b>431,888</b>   | <b>33,366</b>    |                   | <b>33</b>     |
| <b>Other related parties</b>                             |                  |                |                  |                  |                   |               |
| CBS Previdência                                          |                  | 90,676         | 90,676           |                  | 28,004            | 28            |
| Fundação CSN                                             | 1,829            |                | 1,829            | 125              |                   |               |
| Banco Fibra                                              | 50               |                | 50               |                  |                   |               |
| Panatlântica                                             | 111,816          | 1,875          | 113,691          | 4,597            |                   | 4             |
| Ibis Participações e Serviços                            |                  |                |                  |                  |                   |               |
| Partifib Projetos Imobiliários                           | 213              |                | 213              |                  |                   |               |
| Vicunha Imóveis Ltda.                                    |                  |                |                  |                  |                   |               |
| Vicunha Serviços Ltda.                                   |                  |                |                  |                  |                   |               |
|                                                          | <b>113,908</b>   | <b>92,551</b>  | <b>206,459</b>   | <b>4,722</b>     | <b>28,004</b>     | <b>32</b>     |
| <b>Associates</b>                                        |                  |                |                  |                  |                   |               |
| Arvedi Metalfer do Brasil S.A.                           | 2,623            | 29,020         | 31,643           |                  |                   |               |
| <b>Exclusive funds</b>                                   |                  |                |                  |                  |                   |               |
| Diplic II, Caixa Vertice e VR1 <sup>(7)</sup>            | 55,350           | 114,658        | 170,008          |                  |                   |               |
| <b>Total at 9/30/2017</b>                                | <b>2,031,951</b> | <b>930,726</b> | <b>2,962,677</b> | <b>1,649,810</b> | <b>9,569,710</b>  | <b>11,219</b> |
| <b>Total at 12/31/2016</b>                               | <b>2,877,547</b> | <b>877,618</b> | <b>3,755,165</b> | <b>572,805</b>   | <b>11,077,791</b> | <b>11,650</b> |
| <b>Total at 9/30/2016</b>                                |                  |                |                  |                  |                   |               |

1. Companhia Metalúrgica Prada: Refers mainly to receivables in the amount of R\$227,300 as of September 30, 2017, and debentures from the indirect subsidiary CBL in the amount of R\$121,336.

2. CSN Mineração: Assets: Refers mainly to dividends receivable of R\$843,770 and transfer of administrative expenses amounting to R\$191,545.

Liabilities: Payables from purchases of iron ore and port services.

3. Companhia Siderurgica Nacional, LLC: Receivables of R\$374,259 as of September 30, 2017 (R\$479,625 as of December 31, 2016), related to sale of steel for resale.

4. CSN Resources SA: Prepayment, Fixed Rate Notes and Intercompany Bonds contracts in dollar. As of September 30, 2017, loans total R\$7,131,759 (R\$8,495,912 as of December 31, 2016).

5. CSN Islands XI Corp.: Intercompany contracts in US dollars. As of September 30, 2017, loans total R\$1,013,760 (R\$1,042,912 as of December 31, 2016).

6. CSN Islands XII Corp.: Refers mainly to prepayment contracts and Intercompany contracts in dollar. As of September 30, 2017, the loans total R\$1,356,178 (R\$1,489,631 as of December 31, 2016).

7. Exclusive funds: Current assets: Refers mainly to investments in government securities and CDBs, of which R\$30,014 million in CDBs at Banco Fibra. Noncurrent assets: Refers to Usiminas S.A. shares. The funds VR1 and Diplic II are managed by Taquari Asset.

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**17.b) Key management personnel**

The key management personnel with authority and responsibility for planning, directing and controlling the Company's activities, include the members of the Board of Directors and statutory directors. The following is information on the compensation of such personnel and the related balances as of September 30, 2017.

|                                                    | <b>9/30/2017</b>           | <b>9/30/2016</b> |
|----------------------------------------------------|----------------------------|------------------|
|                                                    | <b>Statement of Income</b> |                  |
| Short-term benefits for employees and officers (*) | 35,568                     | 67,797           |
| Post-employment benefits                           | 85                         | 256              |
|                                                    | <b>35,653</b>              | <b>68,053</b>    |

(\*) The compensation of key management personnel in 2016 includes payments of contracts with executives that were linked to parameters that were achieved mainly in the first quarter 2016.

**18. SHAREHOLDERS' EQUITY**

**18.a) Paid-in capital**

Fully subscribed and paid-in capital as of September 30, 2017 and December 31, 2016 is R\$4,540,000 comprising 1,387,524,047 book-entry common shares without par value. Each common share entitles to one vote in resolutions of the General Meeting.

**18.b) Authorized capital**

The Company's bylaws in effect as of September 30, 2017 determine that the capital can be raised to up to 2,400,000,000 shares by decision of the Board of Directors.

**18.c) Legal reserve**

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

**18.d) Ownership structure**

As of September 30, 2017, the Company's ownership structure was as follows:

|                                                     | <b>9/30/2017</b>                       |                                  |                                    | <b>12/31/2016</b>                      |                                  |                                    |
|-----------------------------------------------------|----------------------------------------|----------------------------------|------------------------------------|----------------------------------------|----------------------------------|------------------------------------|
|                                                     | <b>Number of<br/>common<br/>shares</b> | <b>% of<br/>total<br/>shares</b> | <b>% of<br/>voting<br/>capital</b> | <b>Number of<br/>common<br/>shares</b> | <b>% of<br/>total<br/>shares</b> | <b>% of<br/>voting<br/>capital</b> |
| Vicunha Aços S.A. (*)                               | 682,855,454                            | 49.21%                           | 50.32%                             | 682,855,454                            | 49.21%                           | 50.32%                             |
| Rio Iaco Participações<br>S.A. (*)                  | 58,193,503                             | 4.19%                            | 4.29%                              | 58,193,503                             | 4.19%                            | 4.29%                              |
| CFL Participações S.A.<br>(*)                       | 3,977,536                              | 0.29%                            | 0.29%                              | 3,977,536                              | 0.29%                            | 0.29%                              |
| Vicunha Textil S.A.<br>(*)                          | 4,927,000                              | 0.36%                            | 0.36%                              | 4,927,000                              | 0.36%                            | 0.36%                              |
| Caixa Beneficente dos<br>Empregados da CSN -<br>CBS | 20,143,031                             | 1.45%                            | 1.48%                              | 20,143,031                             | 1.45%                            | 1.48%                              |
| BNDES Participações<br>S.A. - BNDESPAR              | 8,794,890                              | 0.63%                            | 0.65%                              | 8,794,890                              | 0.63%                            | 0.65%                              |
| NYSE (ADRs)                                         | 323,546,664                            | 23.32%                           | 23.84%                             | 323,546,664                            | 23.32%                           | 23.84%                             |
| B3 - Brasil, Bolsa,<br>Balcão                       | 254,694,969                            | 18.36%                           | 18.77%                             | 254,694,969                            | 18.36%                           | 18.77%                             |
|                                                     | <b>1,357,133,047</b>                   | <b>97.81%</b>                    | <b>100.00%</b>                     | <b>1,357,133,047</b>                   | <b>97.81%</b>                    | <b>100.00%</b>                     |
| Treasury shares                                     | 30,391,000                             | 2.19%                            |                                    | 30,391,000                             | 2.19%                            |                                    |

|                     |                      |                |                      |                |
|---------------------|----------------------|----------------|----------------------|----------------|
| <b>Total shares</b> | <b>1,387,524,047</b> | <b>100.00%</b> | <b>1,387,524,047</b> | <b>100.00%</b> |
|---------------------|----------------------|----------------|----------------------|----------------|

(\*) Controlling group companies.

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**Version: 1****18.e) Treasury shares**

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

| Program | Board's Authorization | Authorized quantity | Program period              | Average buyback price | Minimum and maximum buyback price | Number bought back | Share cancelation | Balance in treasury |
|---------|-----------------------|---------------------|-----------------------------|-----------------------|-----------------------------------|--------------------|-------------------|---------------------|
|         |                       |                     | From 3/14/2014 to 4/14/2014 |                       |                                   |                    |                   |                     |
| 1º      | 3/13/2014             | 70,205,661          | 4/14/2014                   | R\$ 9.34              | R\$ 9.22 e<br>R\$ 9.45            | 2,350,000          |                   | 2,350,000           |
|         |                       |                     | From 4/16/2014 to 5/23/2014 |                       |                                   |                    |                   |                     |
| 2º      | 4/15/2014             | 67,855,661          | 5/23/2014                   | R\$ 8.97              | R\$ 8.70 e<br>R\$ 9.48            | 9,529,500          |                   | 11,879,500          |
|         |                       |                     | From 5/26/2014 to 6/25/2014 |                       |                                   |                    |                   |                     |
| 3º      | 5/23/2014             | 58,326,161          | 6/25/2014                   | R\$ 9.21              | R\$ 8.61 e<br>R\$ 9.72            | 31,544,500         |                   | 43,424,000          |
|         |                       |                     | From 6/26/2014 to 7/17/2014 |                       |                                   |                    |                   |                     |
| 4º      | 6/26/2014             | 26,781,661          | 7/17/2014                   | R\$ 10.42             | R\$ 9.33 e<br>R\$ 11.54           | 26,781,661         |                   | 70,205,661          |

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|        |            |            |                    |                |                      |            |                           |           |
|--------|------------|------------|--------------------|----------------|----------------------|------------|---------------------------|-----------|
|        | 7/18/2014  |            |                    | Not applicable | Not applicable       |            | 60,000,000 <sup>(1)</sup> | 10,205,66 |
|        |            |            | From 7/18/2014 to  |                |                      |            |                           |           |
| 5º     | 7/18/2014  | 64,205,661 | 8/18/2014          | R\$ 11.40      | R\$ 11.40            | 240,400    |                           | 10,446,06 |
|        | 8/19/2014  |            |                    | Not applicable | Not applicable       |            | 10,446,061 <sup>(1)</sup> |           |
|        |            |            | From 8/19/2014 to  |                |                      |            |                           |           |
| 6º     | 8/19/2014  | 63,161,055 | 9/25/2014          | R\$ 9.82       | R\$ 9.47 e R\$ 10.07 | 6,791,300  |                           | 6,791,30  |
|        |            |            | From 9/29/2014 to  |                |                      |            |                           |           |
| 7º     | 9/29/2014  | 56,369,755 | 12/29/2014         | R\$ 7.49       | R\$ 4.48 e R\$ 9.16  | 21,758,600 |                           | 28,549,90 |
|        |            |            | From 12/31/2014 to |                |                      |            |                           |           |
| 8º     | 12/30/2014 | 34,611,155 | 3/31/2015          | R\$ 5.10       | R\$ 4.90 e R\$ 5.39  | 1,841,100  |                           | 30,391,00 |
|        |            |            | From 4/01/2015 to  |                |                      |            |                           |           |
| 9º (*) | 03/31/2015 | 32,770,055 | 6/30/2015          |                |                      |            |                           |           |

(\*) There was no share buyback in this program.

As of September 30, 2017, the position of the treasury shares was as follows:

| Quantity purchased | Amount paid for |          | Share price |          | Share market price  |
|--------------------|-----------------|----------|-------------|----------|---------------------|
| (in units)         | the shares      | Minimum  | Maximum     | Average  | as of 9/30/2017 (*) |
| 30,391,000         | R\$ 238,976     | R\$ 4.48 | R\$ 10.07   | R\$ 7.86 | R\$288,715          |

(\*) The last share average quotation on B3 - Brasil, Bolsa, Balcão as of September 30, 2017 of R\$ 9.50 per share was used.

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

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

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**Version: 1****18.g) Earnings/(loss) per share:**

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

|                                   | <b>Parent Company</b>    |                  |                           |                  |
|-----------------------------------|--------------------------|------------------|---------------------------|------------------|
|                                   | <b>Nine months ended</b> |                  | <b>Three months ended</b> |                  |
|                                   | <b>9/30/2017</b>         | <b>9/30/2016</b> | <b>9/30/2017</b>          | <b>9/30/2016</b> |
|                                   | <b>Common Shares</b>     |                  | <b>Common Shares</b>      |                  |
| <b>(Loss) profit for the year</b> |                          |                  |                           |                  |
| Continued operations              | (347,298)                | (845,797)        | 226,466                   | (91,261)         |
| Discontinued operations           |                          | (6,786)          |                           | (6,984)          |
|                                   | <b>(347,298)</b>         | <b>(852,583)</b> | <b>226,466</b>            | <b>(98,245)</b>  |
| Weighted average number of shares | 1,357,133,047            | 1,357,133,047    | 1,357,133,047             | 1,357,133,047    |
| <b>Basic and diluted EPS</b>      |                          |                  |                           |                  |
| Continued operations              | (0.25591)                | (0.62322)        | 0.16687                   | (0.06725)        |
| Discontinued operations           |                          | (0.00500)        |                           | (0.00515)        |
|                                   | <b>(0.25591)</b>         | <b>(0.62822)</b> | <b>0.16687</b>            | <b>(0.07240)</b> |

**19. PAYMENT TO SHAREHOLDERS**

The following table shows the history of dividends approved and paid:

| <b>Year</b>           | <b>Approval<br/>Year</b> | <b>Dividends</b> | <b>Total</b>   | <b>Year</b>       | <b>Payment<br/>Year</b> | <b>Dividends</b> | <b>Total</b>   |
|-----------------------|--------------------------|------------------|----------------|-------------------|-------------------------|------------------|----------------|
| 2014                  | 2014                     | 700,000          | 700,000        | 2014              | 2014                    | 424,939          | 424,939        |
| 2015                  | 2015                     | 275,000          | 275,000        |                   | 2015                    | 274,917          | 274,917        |
|                       |                          |                  |                | 2015              | 2015                    | 274,918          | 274,918        |
|                       |                          |                  |                |                   | 2016                    | 53               |                |
| <b>Total approved</b> |                          | <b>975,000</b>   | <b>975,000</b> | <b>Total Paid</b> |                         | <b>974,827</b>   | <b>974,774</b> |

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**Version: 1****20. NET SALES REVENUE**

Net sales revenue is comprised as follows:

|                             | <b>Nine months ended</b> |                    | <b>Consolidated<br/>Three months ended</b> |                  |
|-----------------------------|--------------------------|--------------------|--------------------------------------------|------------------|
|                             | <b>9/30/2017</b>         | <b>9/30/2016</b>   | <b>9/30/2017</b>                           | <b>9/30/2016</b> |
| <b>Gross revenue</b>        |                          |                    |                                            |                  |
| Domestic market             | 8,354,389                | 7,371,413          | 3,067,989                                  | 2,759,992        |
| Foreign market              | 7,330,364                | 7,178,900          | 2,472,551                                  | 2,407,216        |
|                             | <b>15,684,753</b>        | <b>14,550,313</b>  | <b>5,540,540</b>                           | <b>5,167,208</b> |
| <b>Deductions</b>           |                          |                    |                                            |                  |
| Sales returns and discounts | (187,349)                | (146,206)          | (48,787)                                   | (43,733)         |
| Taxes on sales              | (1,965,528)              | (1,773,754)        | (682,082)                                  | (654,235)        |
|                             | <b>(2,152,877)</b>       | <b>(1,919,960)</b> | <b>(730,869)</b>                           | <b>(697,968)</b> |
| <b>Net revenue</b>          | <b>13,531,876</b>        | <b>12,630,353</b>  | <b>4,809,671</b>                           | <b>4,469,240</b> |

|                             | <b>Nine months ended</b> |                    | <b>Parent Company<br/>Three months ended</b> |                  |
|-----------------------------|--------------------------|--------------------|----------------------------------------------|------------------|
|                             | <b>9/30/2017</b>         | <b>9/30/2016</b>   | <b>9/30/2017</b>                             | <b>9/30/2016</b> |
| <b>Gross revenue</b>        |                          |                    |                                              |                  |
| Domestic market             | 7,762,003                | 6,945,805          | 2,914,341                                    | 2,653,390        |
| Foreign market              | 1,849,463                | 1,247,918          | 651,146                                      | 287,914          |
|                             | <b>9,611,466</b>         | <b>8,193,723</b>   | <b>3,565,487</b>                             | <b>2,941,304</b> |
| <b>Deductions</b>           |                          |                    |                                              |                  |
| Sales returns and discounts | (185,567)                | (131,468)          | (56,103)                                     | (40,483)         |
| Taxes on sales              | (1,753,871)              | (1,604,820)        | (631,130)                                    | (612,700)        |
|                             | <b>(1,939,438)</b>       | <b>(1,736,288)</b> | <b>(687,233)</b>                             | <b>(653,183)</b> |
| <b>Net revenue</b>          | <b>7,672,028</b>         | <b>6,457,435</b>   | <b>2,878,254</b>                             | <b>2,288,121</b> |



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**Version: 1****21. EXPENSES BY NATURE**

|                                              | <b>Nine months ended</b> |                     | <b>Consolidated<br/>Three months ended</b> |                    |
|----------------------------------------------|--------------------------|---------------------|--------------------------------------------|--------------------|
|                                              | <b>9/30/2017</b>         | <b>9/30/2016</b>    | <b>9/30/2017</b>                           | <b>9/30/2016</b>   |
| Raw materials and inputs                     | (4,012,735)              | (3,292,835)         | (1,440,117)                                | (1,170,470)        |
| Labor cost                                   | (1,737,857)              | (1,861,056)         | (593,324)                                  | (576,707)          |
| Supplies                                     | (1,070,112)              | (1,047,124)         | (394,696)                                  | (314,546)          |
| Maintenance cost<br>(services and materials) | (870,670)                | (935,975)           | (330,235)                                  | (287,218)          |
| Outsourcing services                         | (2,449,525)              | (2,643,093)         | (840,666)                                  | (889,847)          |
| Depreciation, amortization and<br>depletion  | (1,089,945)              | (922,985)           | (344,291)                                  | (311,351)          |
| Other                                        | (356,121)                | (397,429)           | (144,325)                                  | (130,121)          |
|                                              | <b>(11,586,965)</b>      | <b>(11,100,497)</b> | <b>(4,087,654)</b>                         | <b>(3,680,260)</b> |
| <b>Classified as:</b>                        |                          |                     |                                            |                    |
| Cost of sales and<br>services                | (10,016,303)             | (9,470,412)         | (3,596,936)                                | (3,157,057)        |
| Selling expenses                             | (1,263,611)              | (1,247,971)         | (414,544)                                  | (405,411)          |
| General and<br>administrative expenses       | (307,051)                | (382,114)           | (76,174)                                   | (117,792)          |
|                                              | <b>(11,586,965)</b>      | <b>(11,100,497)</b> | <b>(4,087,654)</b>                         | <b>(3,680,260)</b> |

|                          | <b>Nine months ended</b> |                  | <b>Parent<br/>Company<br/>Three months ended</b> |                  |
|--------------------------|--------------------------|------------------|--------------------------------------------------|------------------|
|                          | <b>9/30/2017</b>         | <b>9/30/2016</b> | <b>9/30/2017</b>                                 | <b>9/30/2016</b> |
| Raw materials and inputs | (3,505,045)              | (2,468,848)      | (1,306,308)                                      | (935,172)        |
| Labor cost               | (895,250)                | (1,041,077)      | (312,042)                                        | (316,876)        |

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|                                |                    |                    |                    |                    |
|--------------------------------|--------------------|--------------------|--------------------|--------------------|
| Supplies                       | (795,107)          | (746,352)          | (301,270)          | (227,480)          |
| Maintenance cost               | (519,838)          | (542,163)          | (199,009)          | (151,814)          |
| (services and materials)       |                    |                    |                    |                    |
| Outsourcing services           | (863,037)          | (772,395)          | (340,900)          | (249,105)          |
| Depreciation, amortization and | (497,288)          | (418,828)          | (157,645)          | (143,606)          |
| depletion                      |                    |                    |                    |                    |
| Other                          | (61,896)           | (112,689)          | (30,061)           | (31,381)           |
|                                | <b>(7,137,461)</b> | <b>(6,102,352)</b> | <b>(2,647,235)</b> | <b>(2,055,434)</b> |

**Classified as:**

|                         |                    |                    |                    |                    |
|-------------------------|--------------------|--------------------|--------------------|--------------------|
| Cost of sales and       | (6,439,752)        | (5,370,811)        | (2,432,348)        | (1,825,749)        |
| services                |                    |                    |                    |                    |
| Selling expenses        | (549,437)          | (448,060)          | (186,675)          | (141,831)          |
| General and             | (148,272)          | (283,481)          | (28,212)           | (87,854)           |
| administrative expenses |                    |                    |                    |                    |
|                         | <b>(7,137,461)</b> | <b>(6,102,352)</b> | <b>(2,647,235)</b> | <b>(2,055,434)</b> |

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

|                                     | <b>Nine months ended</b> |                  | <b>Consolidated<br/>Three months ended</b> |                  |
|-------------------------------------|--------------------------|------------------|--------------------------------------------|------------------|
|                                     | <b>9/30/2017</b>         | <b>9/30/2016</b> | <b>9/30/2017</b>                           | <b>9/30/2016</b> |
| Production cost                     | 1,066,111                | 905,767          | 336,564                                    | 305,689          |
| Selling expenses                    | 6,628                    | 6,708            | 2,199                                      | 2,299            |
| General and administrative expenses | 17,206                   | 10,510           | 5,528                                      | 3,363            |
|                                     | <b>1,089,945</b>         | <b>922,985</b>   | <b>344,291</b>                             | <b>311,351</b>   |
| Other operational (*)               | 33,131                   | 33,730           | 11,109                                     | 10,426           |
|                                     | <b>1,123,076</b>         | <b>956,715</b>   | <b>355,400</b>                             | <b>321,777</b>   |

|                                     | <b>Nine months ended</b> |                  | <b>Parent<br/>Company<br/>Three months ended</b> |                  |
|-------------------------------------|--------------------------|------------------|--------------------------------------------------|------------------|
|                                     | <b>9/30/2017</b>         | <b>9/30/2016</b> | <b>9/30/2017</b>                                 | <b>9/30/2016</b> |
| Production cost                     | 478,665                  | 406,700          | 151,546                                          | 139,532          |
| Selling expenses                    | 5,519                    | 5,522            | 1,825                                            | 1,914            |
| General and administrative expenses | 13,104                   | 6,606            | 4,274                                            | 2,160            |
|                                     | <b>497,288</b>           | <b>418,828</b>   | <b>157,645</b>                                   | <b>143,606</b>   |

(\*) Refers to the amortization of intangible assets as described in note 22.



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**Version: 1****22. OTHER OPERATING INCOME (EXPENSES)**

|                                                                              | <b>Nine months ended</b> |                               | <b>Three months ended</b> |                               |
|------------------------------------------------------------------------------|--------------------------|-------------------------------|---------------------------|-------------------------------|
|                                                                              | <b>9/30/2017</b>         | <b>9/30/2016<br/>Adjusted</b> | <b>9/30/2017</b>          | <b>9/30/2016<br/>Adjusted</b> |
| <b>Other operating income</b>                                                |                          |                               |                           |                               |
| Indemnities/gains on lawsuits                                                | 5,401                    | 26,137                        | 4,385                     | 1,177                         |
| Rentals and leases                                                           | 1,380                    | 1,059                         | 461                       | 481                           |
| Dividends received                                                           | 993                      |                               |                           |                               |
| Extemporaneous PIS/COFINS credits                                            |                          | 128,083                       |                           | 128,083                       |
| Gain on business combination                                                 |                          | 28,013                        |                           | 28,013                        |
| Other revenues                                                               | 13,328                   | 19,325                        | 4,110                     | 10,846                        |
|                                                                              | <b>21,102</b>            | <b>202,617</b>                | <b>8,956</b>              | <b>168,600</b>                |
| <b>Other operating expenses</b>                                              |                          |                               |                           |                               |
| Taxes and fees                                                               | (14,217)                 | (94,803)                      | (10,090)                  | (4,630)                       |
| Write-off / (Provision) of judicial deposits                                 | (4,726)                  | (20,711)                      | (3,386)                   | (3,546)                       |
| Reversal/(Provision) of environmental liabilities                            | (1,963)                  | (2,065)                       | (3,187)                   | (1,520)                       |
| Expenses from tax, social security, labor, civil and environmental law suits | (64,868)                 | (115,428)                     | (12,884)                  | (43,054)                      |
| Depreciation of unused equipment and amortization of intangible assets       | (33,131)                 | (33,730)                      | (11,109)                  | (10,426)                      |
| Write-off and net reversal losses (notes 9 and 10)                           | (21,600)                 | (61,791)                      | (28,782)                  | (34,803)                      |
| (Losses) /reversals estimated in inventories                                 | (2,684)                  | (27,101)                      | 2,069                     | (39,618)                      |
| Losses on spare parts                                                        | (2,737)                  | (8,760)                       | (1,076)                   | (1,287)                       |
| Studies and project engineering expenses                                     | (24,932)                 | (21,539)                      | (8,015)                   | (8,294)                       |
| Research and development expenses                                            | (2,909)                  | (1,690)                       | (1,250)                   | (522)                         |
| Advisory expenses                                                            | (874)                    | (20,079)                      | (835)                     | (775)                         |
| Healthcare plan expenses                                                     | (71,521)                 | (59,497)                      | (26,132)                  | (25,584)                      |
| Realized cash flow hedge (note 12 b)                                         | (37,933)                 | (26,472)                      | (16,212)                  | (5,949)                       |

|                                               |                  |                  |                  |                  |
|-----------------------------------------------|------------------|------------------|------------------|------------------|
| Other expenses                                | (33,045)         | (34,418)         | 14,109           | 3,685            |
|                                               | <b>(317,140)</b> | <b>(528,084)</b> | <b>(106,780)</b> | <b>(176,323)</b> |
| <b>Other operating income (expenses), net</b> | <b>(296,038)</b> | <b>(325,467)</b> | <b>(97,824)</b>  | <b>(7,723)</b>   |

|                                                                              | Nine months ended |                       | Three months ended |                       |
|------------------------------------------------------------------------------|-------------------|-----------------------|--------------------|-----------------------|
|                                                                              | 9/30/2017         | 9/30/2016<br>Adjusted | 9/30/2017          | 9/30/2016<br>Adjusted |
| <b>Other operating income</b>                                                |                   |                       |                    |                       |
| Indemnities/gains on lawsuits                                                | 4,963             | 3,530                 | 4,308              | 957                   |
| Rentals and leases                                                           | 1,110             | 992                   | 371                | 442                   |
| Dividends received                                                           | 476               |                       |                    |                       |
| Extemporaneous PIS/COFINS credits                                            |                   | 121,090               |                    | 121,090               |
| Gain on business combination                                                 |                   | 28,013                |                    | 28,013                |
| Other revenues                                                               | 5,285             | 3,095                 | 1,491              | 1,648                 |
|                                                                              | <b>11,834</b>     | <b>156,720</b>        | <b>6,170</b>       | <b>152,150</b>        |
| <b>Other operating expenses</b>                                              |                   |                       |                    |                       |
| Taxes and fees                                                               | (9,575)           | (13,975)              | (7,981)            | (873)                 |
| Write-off / (Provision) of judicial deposits                                 | (4,642)           | (11,885)              | (3,186)            | 5,286                 |
| Expenses with environmental liabilities, net                                 | 4,034             | (482)                 | 14                 | (1,228)               |
| Expenses from tax, social security, labor, civil and environmental law suits | (38,219)          | (98,569)              | (2,972)            | (31,411)              |
| Write-off and net reversal losses (notes 9 and 10)                           | 521               | (20,751)              | (3,007)            | (22)                  |
| Losses /reversals estimated in inventories                                   | 752               | (10,380)              | (4,517)            | (9,968)               |
| Losses on spare parts                                                        | (2,267)           | (2,369)               | (606)              | (1,288)               |
| Studies and project engineering expenses                                     | (23,899)          | (20,669)              | (7,546)            | (8,212)               |
| Research and development expenses                                            | (2,909)           | (1,690)               | (1,250)            | (522)                 |
| Healthcare plan expenses                                                     | (71,323)          | (59,502)              | (26,174)           | (25,587)              |
| Advisory expenses                                                            | (874)             | (20,065)              | (835)              | (775)                 |

|                                      |                  |                  |                 |                 |
|--------------------------------------|------------------|------------------|-----------------|-----------------|
| Realized cash flow hedge (note 12 b) | (37,933)         | (26,472)         | (16,212)        | (5,949)         |
| Other expenses                       | (9,753)          | (8,779)          | (344)           | (5,046)         |
|                                      | <b>(196,087)</b> | <b>(295,588)</b> | <b>(74,616)</b> | <b>(85,595)</b> |
| <b>Other operating income</b>        |                  |                  |                 |                 |
| <b>(expenses), net</b>               | <b>(184,253)</b> | <b>(138,868)</b> | <b>(68,446)</b> | <b>66,555</b>   |

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**Version: 1****23. FINANCIAL INCOME (EXPENSES)**

|                                             | <b>Nine months ended</b> |                               | <b>Consolidated<br/>Three months ended</b> |                               |
|---------------------------------------------|--------------------------|-------------------------------|--------------------------------------------|-------------------------------|
|                                             | <b>9/30/2017</b>         | <b>9/30/2016<br/>Adjusted</b> | <b>9/30/2017</b>                           | <b>9/30/2016<br/>Adjusted</b> |
| <b>Financial income</b>                     |                          |                               |                                            |                               |
| Related parties (note 17 a)                 | 49,319                   | 43,700                        | 14,038                                     | 16,226                        |
| Income from short-term investments          | 131,563                  | 223,609                       | 34,457                                     | 86,345                        |
| Gain from derivative                        | 28,503                   |                               | 10,261                                     |                               |
| Gain on repurchase of debt securities       | 38,861                   | 170,275                       | 12,116                                     | 13,946                        |
| Other income                                | 37,824                   | 85,411                        | 9,969                                      | 23,906                        |
|                                             | <b>286,070</b>           | <b>522,995</b>                | <b>80,841</b>                              | <b>140,423</b>                |
| <b>Financial expenses</b>                   |                          |                               |                                            |                               |
| Borrowings and financing - foreign currency | (655,595)                | (706,611)                     | (220,493)                                  | (218,727)                     |
| Borrowings and financing - local currency   | (1,317,485)              | (1,688,332)                   | (377,250)                                  | (579,608)                     |
| Related parties (note 17 a)                 |                          | (130)                         |                                            | -                             |
| Capitalized interest (notes 09 and 27)      | 73,955                   | 164,942                       | 22,710                                     | 54,067                        |
| Losses on derivatives                       |                          | (362)                         |                                            |                               |
| Interest, fines and late payment charges    | (14,252)                 | (25,700)                      | (8,480)                                    | (5,521)                       |
| Commission and bank fees                    | (116,981)                | (118,239)                     | (38,971)                                   | (49,682)                      |
| PIS/COFINS over financial income            | (16,865)                 | (31,936)                      | (3,880)                                    | (6,671)                       |

|                                                                              |                    |                    |                  |                  |
|------------------------------------------------------------------------------|--------------------|--------------------|------------------|------------------|
| Other financial expenses                                                     | (51,217)           | (64,161)           | (2,199)          | (17,371)         |
|                                                                              | <b>(2,098,440)</b> | <b>(2,470,529)</b> | <b>(628,563)</b> | <b>(823,513)</b> |
| <b>Foreign exchange and monetary variation, net</b>                          |                    |                    |                  |                  |
| Monetary variation, net                                                      | 1,469              | (15,974)           | (2,603)          | 203              |
| Exchange variation, net                                                      | 207,490            | 949,420            | 272,528          | (64,281)         |
| Exchange variation on derivatives                                            | (229)              | (804,696)          |                  | 2,823            |
|                                                                              | <b>208,730</b>     | <b>128,750</b>     | <b>269,925</b>   | <b>(61,255)</b>  |
| <b>Financial income (expenses), net</b>                                      | <b>(1,603,640)</b> | <b>(1,818,784)</b> | <b>(277,797)</b> | <b>(744,345)</b> |
| <b>Statement of gains and (losses) on derivative transactions (note 12b)</b> |                    |                    |                  |                  |
| Future Dollar BM&F                                                           |                    | (798,364)          |                  | 2,257            |
| Dollar-to-euro swap                                                          | (229)              | (6,332)            |                  | 566              |
|                                                                              | <b>(229)</b>       | <b>(804,696)</b>   | <b>-</b>         | <b>2,823</b>     |
| Swap Pré x CDI                                                               |                    | (299)              |                  |                  |
| Swap CDI x Pré                                                               |                    | (63)               |                  |                  |
| DI Future                                                                    | 28,503             |                    | 10,261           |                  |
|                                                                              | <b>28,503</b>      | <b>(362)</b>       | <b>10,261</b>    |                  |
|                                                                              | <b>28,274</b>      | <b>(805,058)</b>   | <b>10,261</b>    | <b>2,823</b>     |

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|                                                     | <b>Nine months ended</b> |                    | <b>Parent Company</b>     |                  |
|-----------------------------------------------------|--------------------------|--------------------|---------------------------|------------------|
|                                                     | <b>9/30/2016</b>         |                    | <b>Three months ended</b> |                  |
|                                                     | <b>9/30/2017</b>         |                    | <b>9/30/2017</b>          |                  |
|                                                     | <b>Adjusted</b>          |                    | <b>Adjusted</b>           |                  |
| <b>Financial income</b>                             |                          |                    |                           |                  |
| Related parties (note 17 b)                         | 88,391                   | 27,989             | 24,331                    | 10,369           |
| Income from short-term investments                  | 63,380                   | 69,078             | 18,699                    | 33,229           |
| Other income                                        | 84,087                   | 55,255             | 59,948                    | 22,053           |
|                                                     | <b>235,858</b>           | <b>152,322</b>     | <b>102,978</b>            | <b>65,651</b>    |
| <b>Financial expenses</b>                           |                          |                    |                           |                  |
| Borrowings and financing - foreign currency         | (170,940)                | (167,840)          | (57,827)                  | (53,153)         |
| Borrowings and financing - local currency           | (1,132,457)              | (1,450,141)        | (323,817)                 | (497,591)        |
| Related parties (note 17 a)                         | (384,908)                | (1,075,969)        | (124,419)                 | (92,033)         |
| Capitalized interest (notes 09 and 27)              | 17,800                   | 96,828             | 5,536                     | 33,886           |
| Interest, fines and late payment charges            | (4,130)                  | (7,605)            | (3,590)                   | (409)            |
| Commission and bank fees                            | (104,277)                | (95,981)           | (34,976)                  | (31,796)         |
| PIS/COFINS over financial income                    | (13,551)                 | (25,895)           | (2,970)                   | (6,219)          |
| Other financial expenses                            | (31,350)                 | (40,885)           | 4,221                     | (11,615)         |
|                                                     | <b>(1,823,813)</b>       | <b>(2,767,488)</b> | <b>(537,842)</b>          | <b>(658,930)</b> |
| <b>Foreign exchange and monetary variation, net</b> |                          |                    |                           |                  |
| Monetary variation, net                             | (12,198)                 | (14,240)           | (3,274)                   | (3,546)          |
| Exchange variation, net                             | 344,837                  | 2,055,242          | 481,548                   | (110,349)        |
|                                                     | <b>332,639</b>           | <b>2,041,002</b>   | <b>478,274</b>            | <b>(113,895)</b> |
| <b>Financial income (expenses), net</b>             | <b>(1,255,316)</b>       | <b>(574,164)</b>   | <b>43,410</b>             | <b>(707,174)</b> |



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**Version: 1****24. SEGMENT INFORMATION**

The segment information has not changed in relation to that disclosed in the Company's financial statements as of December 31, 2016. Therefore, management decided not to repeat it in this condensed interim financial information.

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

| <b>P&amp;L</b>                      | <b>Steel</b>     | <b>Mining</b>    | <b>Logistics<br/>Port</b> | <b>Railroads</b> | <b>Energy</b>  | <b>Cement</b>   |
|-------------------------------------|------------------|------------------|---------------------------|------------------|----------------|-----------------|
| Metric tons (Thou.) (*)             | 3,668,440        | 23,015,561       |                           |                  |                | 2,651,778       |
| Net revenues                        |                  |                  |                           |                  |                |                 |
| Domestic market                     | 5,671,191        | 654,490          | 167,260                   | 1,052,107        | 303,678        | 381,339         |
| Foreign market                      | 3,853,265        | 2,791,062        |                           |                  |                |                 |
| <b>Total net revenue (note 20)</b>  | <b>9,524,456</b> | <b>3,445,552</b> | <b>167,260</b>            | <b>1,052,107</b> | <b>303,678</b> | <b>381,339</b>  |
| Cost of sales and services          | (7,868,000)      | (2,096,787)      | (111,953)                 | (766,142)        | (213,731)      | (406,870)       |
| <b>Gross profit</b>                 | <b>1,656,456</b> | <b>1,348,765</b> | <b>55,307</b>             | <b>285,965</b>   | <b>89,947</b>  | <b>(25,531)</b> |
| General and administrative expenses | (759,662)        | (122,041)        | (20,136)                  | (68,335)         | (20,211)       | (58,921)        |
| Depreciation                        | 506,023          | 369,610          | 11,786                    | 231,500          | 14,992         | 97,074          |

Proportionate EBITDA of joint ventures

|                        |                  |                  |               |                |               |               |
|------------------------|------------------|------------------|---------------|----------------|---------------|---------------|
| <b>Adjusted EBITDA</b> | <b>1,402,817</b> | <b>1,596,334</b> | <b>46,957</b> | <b>449,130</b> | <b>84,728</b> | <b>12,622</b> |
|------------------------|------------------|------------------|---------------|----------------|---------------|---------------|

**Sales by geographic area**

|                        |                  |                  |                |                  |                |                |
|------------------------|------------------|------------------|----------------|------------------|----------------|----------------|
| Asia                   | 23,297           | 2,630,181        |                |                  |                |                |
| North America          | 1,533,105        |                  |                |                  |                |                |
| Latin America          | 378,812          |                  |                |                  |                |                |
| Europe                 | 1,891,926        | 159,105          |                |                  |                |                |
| Others                 | 26,125           | 1,776            |                |                  |                |                |
| <b>Foreign market</b>  | <b>3,853,265</b> | <b>2,791,062</b> |                |                  |                |                |
| <b>Domestic market</b> | <b>5,671,191</b> | <b>654,490</b>   | <b>167,260</b> | <b>1,052,107</b> | <b>303,678</b> | <b>381,339</b> |
| <b>Total</b>           | <b>9,524,456</b> | <b>3,445,552</b> | <b>167,260</b> | <b>1,052,107</b> | <b>303,678</b> | <b>381,339</b> |

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| <b>P&amp;L</b>                         | <b>Steel</b>     | <b>Mining</b>    | <b>Logistics<br/>Port</b> | <b>Railroads</b> | <b>Energy</b>  | <b>Cement</b>  | <b>expenses</b> |
|----------------------------------------|------------------|------------------|---------------------------|------------------|----------------|----------------|-----------------|
| Metric tons (Thou.) - (unaudited) (*)  | 1,300,689        | 7,953,856        |                           |                  |                | 999,973        |                 |
| Net revenues                           |                  |                  |                           |                  |                |                |                 |
| Domestic market                        | 2,133,384        | 217,859          | 59,983                    | 364,224          | 102,837        | 141,794        |                 |
| Foreign market                         | 1,265,321        | 986,459          |                           |                  |                |                |                 |
| <b>Total net revenue (note 20)</b>     | <b>3,398,705</b> | <b>1,204,318</b> | <b>59,983</b>             | <b>364,224</b>   | <b>102,837</b> | <b>141,794</b> |                 |
| Cost of sales and services             | (2,845,261)      | (718,659)        | (37,239)                  | (242,107)        | (73,661)       | (150,690)      |                 |
| <b>Gross profit</b>                    | <b>553,444</b>   | <b>485,659</b>   | <b>22,744</b>             | <b>122,117</b>   | <b>29,176</b>  | <b>(8,896)</b> |                 |
| General and administrative expenses    | (253,118)        | (40,044)         | (5,888)                   | (21,450)         | (6,894)        | (20,109)       |                 |
| Depreciation                           | 164,760          | 122,498          | 3,950                     | 63,239           | 4,997          | 29,745         |                 |
| Proportionate EBITDA of joint ventures |                  |                  |                           |                  |                |                |                 |
| <b>Adjusted EBITDA</b>                 | <b>465,086</b>   | <b>568,113</b>   | <b>20,806</b>             | <b>163,906</b>   | <b>27,279</b>  | <b>740</b>     |                 |
| <b>Sales by geographic area</b>        |                  |                  |                           |                  |                |                |                 |
| Asia                                   | 18,507           | 961,427          |                           |                  |                |                |                 |
| North America                          | 528,444          |                  |                           |                  |                |                |                 |
| Latin America                          | 129,558          |                  |                           |                  |                |                |                 |
| Europe                                 | 582,712          | 23,255           |                           |                  |                |                |                 |
| Others                                 | 6,100            | 1,777            |                           |                  |                |                |                 |
| <b>Foreign market</b>                  | <b>1,265,321</b> | <b>986,459</b>   |                           |                  |                |                |                 |
| <b>Domestic market</b>                 | <b>2,133,384</b> | <b>217,859</b>   | <b>59,983</b>             | <b>364,224</b>   | <b>102,837</b> | <b>141,794</b> |                 |
| <b>Total</b>                           | <b>3,398,705</b> | <b>1,204,318</b> | <b>59,983</b>             | <b>364,224</b>   | <b>102,837</b> | <b>141,794</b> |                 |

Nir

| <b>P&amp;L</b> | <b>Steel</b> | <b>Mining</b> | <b>Logistics<br/>Port</b> | <b>Railroads</b> | <b>Energy</b> | <b>Cement</b> | <b>Corporate<br/>expenses/elimination</b> | <b>Con</b> |
|----------------|--------------|---------------|---------------------------|------------------|---------------|---------------|-------------------------------------------|------------|
|----------------|--------------|---------------|---------------------------|------------------|---------------|---------------|-------------------------------------------|------------|

|                                              |                  |                  |                |                |                |                |                    |          |
|----------------------------------------------|------------------|------------------|----------------|----------------|----------------|----------------|--------------------|----------|
| Metric tons<br>(Thou.) (*)                   | 3,670,243        | 27,792,213       |                |                |                | 2,015,765      | (2,798,452)        |          |
| Net revenues                                 |                  |                  |                |                |                |                |                    |          |
| Domestic<br>market                           | 5,000,882        | 373,769          | 145,405        | 995,997        | 201,713        | 362,816        | (1,509,933)        |          |
| Foreign<br>market                            | 3,553,403        | 2,891,097        |                |                |                |                | 615,204            |          |
| <b>Total net<br/>revenue<br/>(note 20)</b>   | <b>8,554,285</b> | <b>3,264,866</b> | <b>145,405</b> | <b>995,997</b> | <b>201,713</b> | <b>362,816</b> | <b>(894,729)</b>   | <b>1</b> |
| Cost of sales<br>and services                | (7,059,177)      | (2,302,736)      | (107,331)      | (677,624)      | (147,598)      | (334,320)      | 1,158,374          | (        |
| <b>Gross profit</b>                          | <b>1,495,108</b> | <b>962,130</b>   | <b>38,074</b>  | <b>318,373</b> | <b>54,115</b>  | <b>28,496</b>  | <b>263,645</b>     |          |
| General and<br>administrative<br>expenses    | (652,786)        | (52,068)         | (19,332)       | (74,044)       | (18,568)       | (54,248)       | (759,039)          | (        |
| Depreciation                                 | 499,654          | 337,383          | 9,996          | 169,353        | 12,836         | 45,341         | (151,578)          |          |
| Proportionate<br>EBITDA of<br>joint ventures |                  |                  |                |                |                |                | (151,578)          |          |
| <b>Adjusted<br/>EBITDA</b>                   | <b>1,341,976</b> | <b>1,247,445</b> | <b>28,738</b>  | <b>413,682</b> | <b>48,383</b>  | <b>19,589</b>  | <b>(798,550)</b>   |          |
| <b>Sales by<br/>geographic<br/>area</b>      |                  |                  |                |                |                |                |                    |          |
| Asia                                         | 30,814           | 2,487,222        |                |                |                |                | 615,204            |          |
| North America                                | 1,490,339        |                  |                |                |                |                |                    |          |
| Latin America                                | 198,366          |                  |                |                |                |                |                    |          |
| Europe                                       | 1,809,045        | 318,091          |                |                |                |                |                    |          |
| Others                                       | 24,839           | 85,784           |                |                |                |                |                    |          |
| <b>Foreign<br/>market</b>                    | <b>3,553,403</b> | <b>2,891,097</b> |                |                |                |                | <b>615,204</b>     |          |
| <b>Domestic<br/>market</b>                   | <b>5,000,882</b> | <b>373,769</b>   | <b>145,405</b> | <b>995,997</b> | <b>201,713</b> | <b>362,816</b> | <b>(1,509,933)</b> |          |
| <b>Total</b>                                 | <b>8,554,285</b> | <b>3,264,866</b> | <b>145,405</b> | <b>995,997</b> | <b>201,713</b> | <b>362,816</b> | <b>(894,729)</b>   | <b>1</b> |

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| <b>P&amp;L</b>                         | <b>Steel</b>     | <b>Mining</b>    | <b>Logistics<br/>Port</b> | <b>Railroads</b> | <b>Energy</b> | <b>Cement</b>  | <b>exp</b> |
|----------------------------------------|------------------|------------------|---------------------------|------------------|---------------|----------------|------------|
| Metric tons (Thou.) - (unaudited) (*)  | 1,171,543        | 10,229,984       |                           |                  |               | 849,943        |            |
| Net revenues                           |                  |                  |                           |                  |               |                |            |
| Domestic market                        | 1,893,365        | 145,409          | 50,291                    | 355,494          | 67,644        | 139,709        |            |
| Foreign market                         | 973,962          | 1,161,860        |                           |                  |               |                |            |
| <b>Total net revenue (note 20)</b>     | <b>2,867,327</b> | <b>1,307,269</b> | <b>50,291</b>             | <b>355,494</b>   | <b>67,644</b> | <b>139,709</b> |            |
| Cost of sales and services             | (2,300,364)      | (810,708)        | (37,137)                  | (236,653)        | (48,639)      | (130,885)      |            |
| <b>Gross profit</b>                    | <b>566,963</b>   | <b>496,561</b>   | <b>13,154</b>             | <b>118,841</b>   | <b>19,005</b> | <b>8,824</b>   |            |
| General and administrative expenses    | (183,489)        | (15,497)         | (7,723)                   | (23,642)         | (6,588)       | (19,522)       |            |
| Depreciation                           | 168,946          | 118,051          | 3,378                     | 57,198           | 4,277         | 15,097         |            |
| Proportionate EBITDA of joint ventures |                  |                  |                           |                  |               |                |            |
| <b>Adjusted EBITDA</b>                 | <b>552,420</b>   | <b>599,115</b>   | <b>8,809</b>              | <b>152,397</b>   | <b>16,694</b> | <b>4,399</b>   |            |
| <b>Sales by geographic area</b>        |                  |                  |                           |                  |               |                |            |
| Asia                                   | 2,614            | 1,047,724        |                           |                  |               |                |            |
| North America                          | 401,920          |                  |                           |                  |               |                |            |
| Latin America                          | 55,867           |                  |                           |                  |               |                |            |
| Europe                                 | 503,239          | 114,136          |                           |                  |               |                |            |
| Others                                 | 10,322           |                  |                           |                  |               |                |            |
| <b>Foreign market</b>                  | <b>973,962</b>   | <b>1,161,860</b> |                           |                  |               |                |            |
| <b>Domestic market</b>                 | <b>1,893,365</b> | <b>145,409</b>   | <b>50,291</b>             | <b>355,494</b>   | <b>67,644</b> | <b>139,709</b> |            |
| <b>Total</b>                           | <b>2,867,327</b> | <b>1,307,269</b> | <b>50,291</b>             | <b>355,494</b>   | <b>67,644</b> | <b>139,709</b> |            |

(\*) The ore sales volumes presented in this note take into consideration Company sales and the interest in its subsidiaries and joint ventures.

- Adjusted EBITDA**

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

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

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

|                                              | Nine months ended |                  | Consolidated<br>Three months ended |                  |
|----------------------------------------------|-------------------|------------------|------------------------------------|------------------|
|                                              | 9/30/2017         | 9/30/2016        | 9/30/2017                          | 9/30/2016        |
| Net income (loss) for the year               | (266,157)         | (797,325)        | 256,184                            | (66,751)         |
| Depreciation                                 | 1,089,945         | 922,985          | 344,291                            | 311,351          |
| Income tax and social contribution (note 14) | 409,890           | 264,617          | 128,214                            | 122,796          |
| Financial income (expenses) (note 23)        | 1,603,640         | 1,818,784        | 277,797                            | 744,345          |
| <b>EBITDA</b>                                | <b>2,837,318</b>  | <b>2,215,847</b> | <b>1,006,486</b>                   | <b>1,118,725</b> |
| Other operating income (expenses) (note 22)  | 296,038           | 325,467          | 97,824                             | 7,723            |
| Equity in results of affiliated companies    | (98,500)          | (88,473)         | (38,002)                           | (26,117)         |
| Proportionate EBITDA of joint ventures       | 406,247           | (151,578)        | 146,613                            | 138,223          |
| <b>Adjusted EBITDA (*)</b>                   | <b>3,441,103</b>  | <b>2,301,263</b> | <b>1,212,921</b>                   | <b>1,238,554</b> |

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

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**Version: 1****25. GUARANTEES**

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

|                                | <b>Currency</b> | <b>Maturities</b>              | <b>Borrowings</b> |                   | <b>Tax forec</b>            |
|--------------------------------|-----------------|--------------------------------|-------------------|-------------------|-----------------------------|
|                                |                 |                                | <b>9/30/2017</b>  | <b>12/31/2016</b> | <b>9/30/2017 12/31/2016</b> |
| Transnordestina Logístca       | R\$             | Up to 9/19/2056 and indefinite | 2,544,173         | 2,547,937         | 22,214                      |
| FTL - Ferrovia Transnordestina | R\$             | 11/15/2020                     | 69,405            | 76,700            |                             |
| Sepetiba Tecon                 | R\$             | Indefinite                     |                   |                   |                             |
| Cia Metalurgica Prada          | R\$             | Indefinite                     |                   |                   | 333                         |
| CSN Energia                    | R\$             | Indefinite                     |                   |                   | 2,829                       |
| CSN Mineração                  | R\$             | 9/22/2022                      | 2,000,000         | 2,000,000         |                             |
| Estanho de Rondônia            | R\$             | 7/15/2022                      | 3,153             |                   |                             |
| <b>Total in R\$</b>            |                 |                                | <b>4,616,731</b>  | <b>4,624,637</b>  | <b>25,376</b>               |
| CSN Islands XI                 | US\$            | 9/21/2019                      | 750,000           | 750,000           |                             |
| CSN Islands XII                | US\$            | Perpetual                      | 1,000,000         | 1,000,000         |                             |
| CSN Resources                  | US\$            | 7/21/2020                      | 1,200,000         | 1,200,000         |                             |
| <b>Total in US\$</b>           |                 |                                | <b>2,950,000</b>  | <b>2,950,000</b>  |                             |
| CSN Steel S.L.                 | EUR             | 1/31/2020                      | 120,000           | 120,000           |                             |

|                       |     |            |                   |                   |               |
|-----------------------|-----|------------|-------------------|-------------------|---------------|
| Lusosider Aços Planos | EUR | Indefinite | 25,000            | 25,000            |               |
| <b>Total in EUR</b>   |     |            | <b>145,000</b>    | <b>145,000</b>    |               |
| <b>Total in R\$</b>   |     |            | <b>9,838,272</b>  | <b>12,135,468</b> |               |
|                       |     |            | <b>14,455,003</b> | <b>16,760,105</b> | <b>25,376</b> |

## 26. INSURANCE

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

In 2016, after negotiation with insurers and reinsurers in Brazil and abroad, an insurance policy was issued for the contracting of a policy of Operational Risk of Property Damages and Loss of Profits, with effect from October 30, 2016 to March 31, 2018. Under the insurance policy, the LMI (Maximum Limit of Indemnity) is US\$600 million and covers the following Company's units and subsidiaries: Presidente Vargas Steelworks, CSN Mineração, Sepetiba Tecon and CSN Mining. CSN is liable for the first range of retention of US\$375 million in excess of the deductibles for property damages and loss of profits.

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

## 27. ADDITIONAL INFORMATION TO CASH FLOWS

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

|                                         | 9/30/2017 | Consolidated<br>12/31/2016 | 9/30/2017 | Parent<br>Company<br>12/31/2016 |
|-----------------------------------------|-----------|----------------------------|-----------|---------------------------------|
| Income tax and social contribution paid | 236,844   | 456,227                    |           |                                 |

|                                                        |                |                |               |                |
|--------------------------------------------------------|----------------|----------------|---------------|----------------|
| Addition to PP&E with interest capitalization          | 73,955         | 215,794        | 17,800        | 127,675        |
| Capital increase with no cash effect                   | 4,265          | 7,437          |               |                |
| Capitalization with advance to future capital increase |                |                | 9,844         |                |
| Borrowings granted to capitalize subsidiaries          | 20,264         |                | 20,264        | 52,419         |
|                                                        | <b>335,328</b> | <b>679,458</b> | <b>47,908</b> | <b>180,094</b> |

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|                                                                                               | <b>Consolidated</b>      |                  |                           |                  |
|-----------------------------------------------------------------------------------------------|--------------------------|------------------|---------------------------|------------------|
|                                                                                               | <b>Nine months ended</b> |                  | <b>Three months ended</b> |                  |
|                                                                                               | <b>9/30/2017</b>         | <b>9/30/2016</b> | <b>9/30/2017</b>          | <b>9/30/2016</b> |
| <b>Profit/(Loss) for the period</b>                                                           | <b>(266,157)</b>         | <b>(797,325)</b> | <b>256,184</b>            | <b>(66,751)</b>  |
| <b>Other comprehensive income</b>                                                             |                          |                  |                           |                  |
| <b>Items that will not be subsequently reclassified to the statement of income</b>            |                          |                  |                           |                  |
| Actuarial (loss) gain the defined benefit plan from investments in subsidiaries, net of taxes | 88                       | 143              | 30                        | 29               |
|                                                                                               | <b>88</b>                | <b>143</b>       | <b>30</b>                 | <b>29</b>        |
| <b>Items that could be subsequently reclassified to the statement of income</b>               |                          |                  |                           |                  |
| Cumulative translation adjustments for the period                                             | 82,130                   | (386,136)        | (47,328)                  | 73,956           |
| Assets available for sale                                                                     | 614,542                  | 775,405          | 496,044                   | 647,552          |
| (Loss) / gain on the percentage change in investments                                         | 2,814                    | 1,324            |                           | 740              |
| (Loss)/gain on cash flow hedge accounting                                                     | 134,374                  | 1,016,560        | 200,236                   | (56,324)         |
| Realization of cash flow hedge accounting reclassified to income statements                   | 37,933                   | 26,472           | 16,212                    | 5,949            |
| (Loss)/gain on investments hedge of investments in subsidiaries                               |                          |                  |                           |                  |
| (Loss)/gain on foreign investment hedge                                                       | (23,599)                 | 57,792           | 2,304                     | (10,272)         |
|                                                                                               | <b>848,194</b>           | <b>1,491,417</b> | <b>667,468</b>            | <b>661,601</b>   |
|                                                                                               | <b>848,282</b>           | <b>1,491,560</b> | <b>667,498</b>            | <b>661,630</b>   |

|                                                  |                |                |                |                |           |
|--------------------------------------------------|----------------|----------------|----------------|----------------|-----------|
| <b>Total comprehensive income for the period</b> | <b>582,125</b> | <b>694,235</b> | <b>923,682</b> | <b>594,879</b> | <b>50</b> |
| <b>Attributable to:</b>                          |                |                |                |                |           |
| Participation of controlling interest            | 500,984        | 638,977        | 893,964        | 563,385        | 50        |
| Participation of non controlling interest        | 81,141         | 55,258         | 29,718         | 31,494         |           |
|                                                  | <b>582,125</b> | <b>694,235</b> | <b>923,682</b> | <b>594,879</b> | <b>50</b> |

## 29. INDEPENDENT INVESTIGATION - CONSTRUCTION OF THE LONG STEEL PLANT

Considering the information from a Company's officer published in the press in April 2017, based on testimonials made before the Court, the Audit Committee decided to hire a specialized forensic service to conduct an independent external investigation of the contractual relationship related to the construction of CSN's Long Steel Plant (contract in which there would have been alleged undue payments, as bonus, as a form of reimbursement for payments made to political parties), and to analyze the extent of the business relationships between the contracting parties. The conclusion of the investigation is that nothing from the testimonials referred to above was confirmed, and there are no contingencies deriving from the matters investigated. Consequently, the Company understands that there is no basis to justify the setting up of a provision for losses or the disclosure of a contingency. In October 2017, complying with a determination of the Supreme Federal Court, the Federal Police started an investigation of the facts reported in those testimonials previously mentioned. To date, nothing has been found out in such investigation.

## 30. EVENTS AFTER THE REPORTING PERIOD

- **Environmental notice to suspend the operations of Presidente Vargas Plant (UPV)**

On December 1, 2017, the Company received an environmental notice from the INEA (State Institute of Environment) to suspend the operations of the Presidente Vargas Plant, in Volta Redonda, State of Rio de Janeiro, from December 10, 2017. The reason stated by INEA was an alleged non-observance and non-compliance by the Company with the Conduct Adjustment Agreement (TAC) signed with the environmental authorities of the State of Rio de Janeiro.

On December 7, 2017, the Company obtained a preliminary authorization to continue with its activities of the UPV for a 180-day term and, during this period, a definitive solution for this matter will be discussed between the Company and the environmental authorities.



(Free translation from the original issued in Portuguese. In the event of any discrepancies, the Portuguese language version shall prevail.)

Independent auditor's report on review of the interim financial information

**To:**

**Companhia Siderúrgica Nacional**

São Paulo – SP

We have reviewed the accompanying individual and consolidated interim financial information of **Companhia Siderúrgica Nacional** ("Company"), identified as Parent and Consolidated, respectively, included in the Interim Financial Information Form (ITR) for the quarter ended September 30, 2017, which comprises the balance sheet as at September 30, 2017 and the related income statement and statement of comprehensive income for the quarter and nine-month periods then ended, and the statement of changes in equity and statement of cash flows for the nine-month period then ended, including a summary of significant accounting policies and other explanatory notes.

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

### Scope of review

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

### Conclusion on the individual and consolidated interim financial information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying individual and consolidated interim financial information included in the Interim Financial Information Form (ITR) referred to above is not prepared, in all material respects, in accordance with CPC 21 (R1) and IAS 34 applicable to the preparation of interim financial information and presented in accordance with the standards issued by the Brazilian Securities and Exchange Commission (CVM).

### Emphasis of matter

#### **Ability of the jointly-controlled subsidiary Transnordestina Logística S.A. to continue as a going concern**

We draw attention to note 8.c) to the interim financial information, which describes the stage of completion of the new railway network by the jointly-controlled subsidiary Transnordestina Logística S.A. (TLSA), currently under construction and originally scheduled to be completed by January 2017. The construction time frame is being reviewed and discussed by the relevant government bodies. The completion of the works under the project (and the consequent start of operations) is contingent upon receiving ongoing financial contribution from TLSA's shareholders and third parties. These events and conditions, together with other issues described in said note to the interim financial information, indicate the existence of significant uncertainty that may cast significant doubt as to TLSA's ability to continue as a going concern. Our conclusion is not qualified regarding this matter.

## Other matters

### Interim statements of value added

We have also reviewed the individual and consolidated statements of value added (DVA) for the nine-month period ended September 30, 2017, prepared under the responsibility of the Company's management, the presentation of which is required by the standards issued by the Brazilian Securities and Exchange Commission (CVM) applicable to the preparation of interim financial information and considered supplemental information by IFRS, which does not require the presentation of a DVA. This interim financial information was subject to the same review procedures described above and, based on our review, nothing has come to our attention that causes us to believe that it was not fairly presented, in all material respects, in relation to the individual and consolidated interim financial information taken as a whole.

### **Audit and review of the corresponding figures for the prior year and quarter**

The figures corresponding to the year ended December 31, 2016, presented for purposes of comparison, were previously audited by another independent auditor, who issued an opinion thereon on October 27, 2017, containing emphasis-of-matter paragraphs regarding the restatement of the individual and consolidated financial statements as at December 31, 2015 and the ability of Transnordestina Logística S.A. (TLSA) to continue as a going concern, which is also an emphasis of matter in this quarter. The figures corresponding to the nine-month period ended September 30, 2016, also presented for purposes of comparison, were reviewed by other independent auditors, whose report on review of the individual and consolidated interim financial information for the quarter ended September 30, 2016 was originally issued on November 14, 2016 (without modification) and re-issued on October 27, 2017. Both restated reports were issued without modifications, containing emphasis-of-matter paragraphs regarding the restatement of the respective financial statements and TLSA's ability to continue as a going concern (the later one emphasis is just applicable to the report re-issued on October 27, 2017).

São Paulo, December 22, 2017

Nelson Fernandes Barreto Filho

Grant Thornton Auditores Independentes

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SIGNATURE

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

Date: December 24, 2017

COMPANHIA SIDERÚRGICA NACIONAL

By:

/s/ Benjamin Steinbruch

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**Benjamin Steinbruch**  
**Chief Executive Officer**

By:

/s/ David Moise Salama

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**David Moise Salama**  
**Executive Officer**

**FORWARD-LOOKING STATEMENTS**

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

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