Minority interest	5	--	--	--	--
Current liabilities	1,807	1,898	1,445	1,732	1,228
Long-term liabilities[7]	1,455	2,029	1,863	1,416	2,982
Stockholders' equity	1,575	1,177	746	507	807
Total liabilities and stockholders' equity	4,842	5,104	4,054	3,655	5,017
Other Data:					
Cash flows from operating activities	640	535	210	806	569
Cash flows from investing activities[8]	(304)	(547)	792	(319)	(248)
Cash flows from financing activities[8]	(211)	(45)	(1,251)	(348)	495
EBITDA[9]	604	713	684	733	938
Dividends and interest on stockholders'equity declared [10]	137	470	831	143	258
Dividends and interest on stockholders' equity declared per commons share [10]	0.48	1.64	2.90	0.50	0.90

(6) Upon contracting for the sales of our investments in Light and Valepar in 2000, we moved the investments, aggregating US$849 million, from investments in affiliated companies and other investments to investments for sale in current assets. See note (2) above and note (8) below.
(7) Excluding the current portion of long-term debt.
(8) In 2001, cash flows from investing activities include US$1,293 million of proceeds from the sale of our investments in Light and CVRD (see Notes (2) and (6) above), and cash flows from financing activities reflects the payment of US$1,227 million of dividends and interest on stockholders' equity with a portion of the proceeds from the sale of those investments. The difference between the proceeds from the sales of our investments in Light and CVRD reflected in our cash flows from investing activities and the aggregate sale price of what we received is a translation adjustment resulting from the depreciation of the real against the U.S. dollar between December 31, 2000 and the respective financial closings, which is reflected in translation adjustments for the year in our statement of changes in stockholders' equity for 2001.
(9) EBITDA consists of operating income plus depreciation and other operating expenses. The following table reconciles net income and EBITDA:

	Year Ended December 31,				
	1999	**2000**	**2001**	**2002**	**2003**
	(In millions of US$)				
EBITDA	604	713	684	733	938
Less:					
Depreciation and amortization	118	126	117	122	119
Other expenses	42	74	73	47	133
Operating income	444	513	494	564	686
Non-operating income (expenses), net	(483)	(303)	(6)	(870)	(124)
Income tax expense (benefit)	(18)	17	(50)	(215)	37
Equity in results of affiliated companies	3	80	(30)	(71)	9
Extraordinary item	66	—	13	—	—
Cumulative effect of a change in accounting principle, net of income tax	—	—	6	—	—
Net income (loss)	48	273	527	(162)	534

For a discussion of why we use EBITDA, see "Item 5.A.2. Results of Operations". EBITDA is not presented herein as an alternative measure of operating results or cash flow. EBITDA does not represent net income or cash flows from operations, as these terms are defined by U.S. GAAP. EBITDA, as presented, may not be comparable to other similarly titled measures of other companies.

(10) Amounts consist of dividends declared, and interest on stockholders' equity accrued, during the year. Generally, dividends are paid in the year they are declared, and interest on stockholders' equity is paid in the year following accrual. For a discussion of our dividend policy and dividend and interest payments made in 2004, see "Dividend Policy" under "Item 8.A. Consolidated Statements and Other Financial Information."

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D. Risk Factors

An investor should consider carefully the risks described below before making an investment decision. If any of the following risks were to occur, our business, financial condition or results of operations could be harmed.

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1. Risk Factors Relating to the Steel Industry and CSN

Cyclicality of Steel Industry; Importance of Export Markets

Overcapacity in the steel industry or lack of access to export markets can cause the price we can obtain for our steel to decline, which adversely affects our earnings.

The steel industry is highly cyclical in nature both in Brazil and abroad. In addition, because the Brazilian steel industry produces substantially more steel than the domestic economy can consume, the Brazilian steel industry is heavily dependent on export markets. The demand for steel products and, thus, the financial condition and results of operations of companies in the steel industry, including us, are generally affected by macroeconomic fluctuations in the world economy and the domestic economies of steel-producing countries, including trends in the automotive, construction, home appliances, packaging and container sectors. Any significant material decrease in demand for steel generally in the domestic or export markets served by us would have a material adverse effect on our results of operations and prospects.

Competition

We have a lot of competitors, and if they do a better job than we do with respect to price, product quality or customer service, or they develop technological advancements that allow them to lower their cost of production, we could lose business.

Despite significant reductions in steel production capacity by major producers in developed nations over the last decade, the world steel industry, until the end of 2002, was adversely affected by excess worldwide production capacity. This overcapacity reflected generally the decreasing demand for steel in Western industrial countries, as well as a significant increase in steel production capacity in developing countries. Steel-producing countries have been meeting in the OECD ("Organization for Economic Cooperation and Development") to try to reach an agreement on world crude steel capacity reduction, but no definitive agreement has been reached.

Beginning in 2003, with China's increasing steel demand and, in a lesser way, increasing steel production, a shortage of important steel production raw materials, such as coke, has led to a more rational balance between supply and demand, as steel companies have not been able to increase production, despite the favorable price environment, but have continued to retire non-competitive capacity.

Continuous advances in materials sciences and resulting technologies have given rise to new products, such as plastics, aluminum, ceramics, glass and new steel products that pose competition for traditional steel products. In addition, the economics of operating a steel mill continuously due to high start-up costs may encourage mill operators to maintain high levels of output, even in times of low demand, which exacerbates the pressures on industry profit margins.

The steel industry is highly competitive with respect to price, product quality and customer service, as well as technological advancements that would allow a steel manufacturer to lower its cost of production. See "Item 4.B.8. Competition". Any increase in prices of raw materials or services (especially those obtained from third-party suppliers over which we have no control) or production costs would put further pressure on our profit margins, especially for our export sales, where margins tend to be lower.

Antidumping and Government Protectionism

Protectionist measures adopted by the governments in some of our main markets could adversely affect our crucial export sales.

In response to the increased production and exports of steel in many countries, antidumping and countervailing duties and other protectionist measures have been imposed by countries which represent some of the main markets for our exports. Those and similar measures could provoke an unbalance in the international steel market, which could adversely affect our exports. See "Item 4.B.10. Government Regulation and Other Legal Matters – Antidumping Proceedings".

Raw Materials Costs and Availability

When the prices of raw materials which we need in our production of steel, particularly coal and coke, increase, this could cause our cost of products sold to increase.

Our principal raw materials include iron ore, coal (from which we make coke), limestone, dolomite, manganese, zinc, tin and aluminum. While we obtain all of our iron ore, limestone and dolomite requirements from our mines in Minas Gerais state, and we produce most of our coke requirements from our own coke batteries, we are dependent on third parties for the remainder of our coke requirements and other raw materials required in our operations. All of the coal that we use to produce coke and approximately 20% of our coke requirements in 2003 were imported. Because of the cyclical nature of the coal industry, the price and quantity terms contained in our coking and PCI coal contracts are renegotiated annually. Thus, our coal costs can vary from year to year. The availability of coking coal from third parties has recently become more restricted with most of our purchase coming from China. Given recent coal price increases in Asia, we have just closed contracts due in March, June and December 2005, with an average price increase of 50% free on board ("FOB"). There can be no assurance that coal prices will not increase further in the future. See "Item 4.B.5. Raw Materials and Transportation".

Regarding coke purchases, although we buy only 20% of our needs, on a cost & freight ("CFR") basis, coke prices have increased by 65% in 2002 and 120% in 2003. The market is very tight for coke, since China, which supplied 60% of the international market until 2002, has increased its internal consumption and adopted restrictive export quotas. Given these market conditions, we have approved the revamping of one of our coke batteries in order to regain coke self-sufficiency. There can be no assurance, however, that coke prices will not increase further in the future.

In addition to importing coal and coke, we purchase zinc, tin, manganese and aluminum from third-party domestic suppliers. In 2003, raw materials accounted for 39.8% of our total production costs, including outsourced hot rolled coils. Although we believe we will be able to obtain raw materials at reasonable prices, there can be no assurance that decreases in availability or increases in prices (particularly those for products and services obtained from third parties) will not occur in the future, resulting in a decrease in our profitability.

Potential Costs of Environmental Compliance

If new environmental standards are imposed on us, we may be required to make capital expenditures that do not increase our productivity.

Our steelmaking facilities are subject to a broad range of laws, regulations and permit requirements in Brazil relating to the protection of human health and the environment. While the Government has power to promulgate environmental regulations setting forth minimum standards of environmental protection, state governments have the power to enact more stringent environmental regulations and can, in some instances, suspend plant operations. Compliance with environmental regulations can be costly, requiring capital expenditures without a concomitant increase in productivity. For a discussion of environment-related legal proceedings involving us, see "Item 4.B.10. Government Regulation and Other Legal Matters – Environmental Regulation".

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2. Risk Factors Relating to Brazil

Brazilian Government – Economic and Political Factors

If economic or political conditions deteriorate, the Brazilian Government may adopt measures that adversely affect our business.

In the past, the Brazilian Government has often changed monetary, fiscal, taxation and other policies to influence the course of Brazil's economy. We have no control over, and cannot predict, what measures or policies the Brazilian Government may take in response to the current Brazilian economic situation or how Brazilian Government intervention and government policies will affect the Brazilian economy and, both directly and indirectly, our operations and revenues.

On January 1, 2003, Luis Inácio Lula da Silva, the Labor Party's candidate, took office as the new President of Brazil.