NATIONAL STEEL CO
Form 6-K
April 10, 2003

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 6-K

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

For the month of April, 2003

Commission File Number 1-14732

COMPANHIA SIDERÚRGICA NACIONAL

(Exact name of registrant as specified in its charter)

National Steel Company

(Translation of Registrant's name into English)

Rua Lauro Muller, 116 - 36o andar
Rio de Janeiro, RJ
Federative Republic of Brazil
(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 ___X___ 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 ___X____

(Convenience Translation into English from the Original Previously Issued in Portuguese)

Report of Independent Public Accountants

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

1. We have audited the accompanying individual (parent company) and consolidated balance sheets of COMPANHIA SIDERÚRGICA NACIONAL (a Brazilian corporation) and its subsidiaries as of December 31, 2002, and the related statements of income, changes in stockholders equity and changes in financial position for the year then ended, prepared under the responsibility of the Company s management. Our responsibility is to express an opinion on these financial statements.

2. Our audit was conducted in accordance with auditing standards in Brazil, and comprised: (a) planning of the work, taking into consideration the significance of the balances, the volume of transactions and the accounting and internal control systems of the Company and its subsidiaries; (b) checking, on a test basis, the evidence and records that support the amounts and accounting information disclosed and (c) evaluating the significant accounting practices and estimates adopted by management, as well as the presentation of the individual and consolidated financial statements taken as a whole.

3. As described in Note 12, the Company and its affiliate MRS Logística S.A. elected to defer net losses arising from exchange rate changes in the first quarter of 1999 and in the year 2001, in conformity with Provisional Measure no. 3/2001 and Deliberations no. 404/2001 and 409/2001 from Comissão de Valores Mobiliários - CVM (Provisional Measure no. 1,818/1999 and Deliberation no. 294/1999 from Comissão de Valores Mobiliários - CVM, for the deferment occurred in the first quarter of 1999). The subsidiary GalvaSud S.A. elected to defer the net losses arising from exchange rate changes in the year 2001. Accounting practices adopted in Brazil require the recognition in income of the effects of exchange rate changes during the period in which they occurred. As a result, as of December 31, 2002, stockholders equity is overstated by approximately R$157,647 thousand and the net loss for the year ended that date, is overstated by R$422,215 thousand net of fiscal effects.

4. In our opinion, except for the effects of the matter mentioned in paragraph (3), the financial statements referred to in paragraph (1) present fairly, in all material respects, the individual and consolidated financial positions of COMPANHIA SIDERÚRGICA NACIONAL and its subsidiaries as of December 31, 2002, the results of their operations, the changes in their stockholders equity and the changes in their financial positions for the year then ended, in accordance with accounting practices adopted in Brazil.

5. As described in Note 21 to the financial statements, as of December 31, 2002, the Company and its affiliates recorded, under current assets, accounts receivable in the amount of R$393,153 thousand, related to energy sales transactions carried out in the Wholesale Energy Market MAE based on evaluations made and disclosed by MAE and/or on estimates prepared by the Company s management in the absence of such information by MAE. This amount is subject to alteration depending on the outcome of current judicial processes, filed by agents of the electric energy market, with

respect of the interpretation of market regulations in effect. The financial settlement of such amounts, scheduled to start on November 22, 2002, was postponed because of a new agreement between companies in the sector and the Government. After December 31, 2002, until the date of this report, the Company and its affiliates received approximately R$80,251 thousand. The success of this negotiation and its settlement depend on the agent s financial capacity to meet their commitments.

6. The individual and consolidated financial statements as of December 31, 2001 presented for comparative purposes were audited by other independent public accountants. The auditor s report dated March 1, 2002 (except for Note 20, to those financial statements, which was dated March 13, 2002), included qualification with respect to the same matter mentioned in paragraph (3) above, and contained division of responsibility with other independent public accountants that audited the financial statements of affiliates, subsidiaries and joint subsidiaries, in which the Company maintains investments representing 2.01% of the Parent Company s total assets, 2.14% of consolidated total assets, and 11.48% negative of the parent company s equity pick up and 98.47% of the consolidated, as of that date.

7. Our audit was conducted for the purpose of forming an opinion on the financial statements referred to in paragraph (1) above, taken as a whole. The Cash Flow Statement and the Value-added Statement, presented in note 24, are presented for purposes of allowing additional analyzes and are not required as part of the basic financial statements. These information were audited according to the same audit procedures mentioned in paragraph (2) above, and, in our opinion, except for the effects of the matter mentioned in paragraph (3) are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

8. The accompanying financial statements have been translated into English for the convenience of readers outside Brazil.

February 26, 2003

Companhia Siderúrgica Nacional
Notes to the Financial Statements
For the years ended December 31, 2002 and 2001
(Expressed in thousands of reais, except as otherwise indicated)

1. OPERATING CONTEXT

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

Additionally, CSN is engaged in the mining of iron ore, limestone and dolomite in the neighboring State of Minas Gerais to cater for the needs of the Presidente Vargas mill. Aiming to improve these activities, the Company also maintains strategic investments in railroad transportation and electric energy companies, among others.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements were prepared in conformity with the accounting principles adopted in Brazil, as well as with the accounting standards and pronouncements established by the Brazilian Securities Commission ("CVM") and Brazilian Institute of Accountants IBRACON.

(a) Income statement

The results of operations are determined on an annual accrual basis. The Company chose to defer a portion of the net foreign exchange variations incurred in the first quarter of 1999 and in 2001, as detailed in Note 12.

(b) Marketable securities

Securities are recorded at cost plus yields accrued through the balance sheet date, and do not exceed the market value.

(c) Allowance for doubtful accounts

The allowance for doubtful accounts has been set up in an amount which, in the opinion of Management, suffices to absorb any losses that might be incurred in realizing accounts receivable.

(d) Inventories

Inventories are stated at the lower of the average production/purchase cost and net realization value or replacement cost, respectively, except in the case of imports in process, which are stated at their identified cost.

(e) Other current and long-term assets

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

(f) Investments

Investments in subsidiaries, jointly owned subsidiary companies and associated companies are recorded by the equity accounting method, plus any amortizable goodwill and discount negative goodwill, if applicable.

The other permanent investments are recorded at acquisition cost.

(g) Property, plant and equipment

The property, plant and equipment of the Parent Company includes the revaluation of assets, based on an appraisal conducted by independent firms, as of March 31, 1999, and December 19, 2002 as permitted by Ruling No. 288 issued by the Brazilian Securities Commission ("CVM") on December 3, 1998. Depreciation is computed by the straight-line method at the rates shown in Note 11 based on the remaining economic useful lives of the assets after revaluation, according to the technical appraisal report. Iron mine depletion is calculated on the basis of the quantity of iron ore extracted. Interest charges related to capital funding for construction in progress are capitalized for as long as the projects remain unconcluded.

(h) Deferred charges

The deferred charges are basically comprised of expenses incurred for development and implantation of projects that should generate a payback to the Company in the next few years. The amortization applied on a straight-line basis will follow the period foreseen for the economic return on the above projects. The charges also include the net foreign exchange variations related to the first quarter of 1999 and the year 2001.

(i) Current and long-term liabilities

These are stated at their known or estimated values, when applicable, including accrued charges, monetary and foreign exchange variation incurred through the balance sheet date.

(j) Employees Benefit

In accordance with Deliberation No. 371, issued by the Brazilian Securities Commission (CVM), of December 13, 2000, the Company, decided to record the respective actuarial liabilities from January 1, 2002, as mentioned in reported deliberation and substantiated by independent actuarial studies (see note 26 e).

(k) Income Tax and Social Contribution on Net Income

Income tax and social contribution on net income are calculated based at their effective tax rates and consider the tax loss absorption limited to 30%, to compute the tax liability. Tax credits are set up for deferred taxes on tax losses, negative basis of social contribution on net income and on temporary differences as well as income tax and social contribution on the deferred exchange variation for 1999 and 2001 and other temporary differences.

(l) Derivatives

The derivatives operations are recorded in accordance with the characteristics of the financial instruments. The balance is comprised of swap operations and exchange options. The swap operations are recorded based on the operations net results, which are booked monthly as for the contractual conditions.

The operations of exchange options are monthly adjusted to market value, whenever the position shows a loss, such loss is recognized as a company obligation in counter entry to the financial result, in accordance with the prudence principle.

All intercompany balances and transactions have been eliminated in the presentation of the consolidated financial statements.

The year-end closing dates for the consolidated subsidiaries and jointly-owned subsidiaries coincide with those of the parent company.

Being consistent with the financial statements as of December 31, 2001, the Company is not including in the consolidation the following investees due to the fact that they do not represent any relevant change to the consolidated economic unit.

The consolidated financial statements do not include the subsidiary CSN Aceros, S.A an associated company through the 37.50% interest held by CSN Panama, S.A.

The participation in Itá Energética S.A. (ITASA) is shown as investment available for sale in long term assets. Accordingly, the ITASA financial statements were not consolidated.

The reconciliation between shareholders equity and net income (loss) for the year of the Parent Company and consolidated is as follows:

The changes in stockholders equity are presented for the parent company only.

5. MARKETABLE SECURITIES AND DERIVATIVES

Company management has been investing most of their financial resources in Investment Fund comprised of Brazilian government bonds and fixed income bonds with monetary or foreign exchange variation, issued in the country and swap contracts and exchange options.

6. ACCOUNTS RECEIVABLE

7. INVENTORIES

8. DEFERRED INCOME TAX AND SOCIAL CONTRIBUTION

In addition to the credits already recorded, the Company has filed a lawsuit related to the "Plano Verão" claiming the financial and fiscal effects related to the inflationary elimination of Consumer Price Index (IPC) of January 1989, in the calculation of corporate income tax (IRPJ) and social contribution ("CSL") (see Note 17c).

Reconciliation between expenses and income of current income tax (IRPJ) and social contribution ("CSL") of the parent company and the application of the effective rate on net income before CSL and IRPJ is as follows:

9. RECOVERABLE PIS/PASEP LEVIES

As a result of a favorable final decision by the Federal Supreme Court and on the basis of Federal Senate Resolution no. 49/95 ruling that Decrees no. 2445/88 and no. 2449/88 were unconstitutional, and based on the opinion which was further supported by CSN s legal counsel, the Company decided to present this amount recoverable in its balance sheet, which includes principal and legal charges.

Metalic

The CSN Stockholders General Meeting, held on September 26, 2002 approved the acquisition by the Company of all Metalic s issued shares. The price of acquisition is R$108,500 indexed, as of July 1, 2002, by the General Market Price Index disclosed by Fundação Getúlio Vargas, plus interest of 12% per year, to be paid in 12 monthly and successive installments, the first being due on November 29, 2002.

The goodwill of R$125,759, recorded upon acquisition of the investment is supported by the future rentability of the company s assets as Metalic is the only manufacturer of two pieces steel can representing a 5% market share. This material is an alternative to aluminum, because of its lower cost and better performance, both for the filling aspect as for lithography. To December 2002, the company amortized R$1,049.

Inal

On December 30, 2002, as a result of a reorganization process of the Company and its activities for unification of similar activities between INAL and CISA, both CSN controlled companies, the Company sold to its subsidiary CISA - CSN Indústria de Aços Revestidos S.A., the 8,457,189 common shares issued by INAL - Indústria Nacional de Aços Laminados S.A., representing 99.9998% of participation, for the book value of R$141,227 for payment up to 360 days.

MRS

MRS adopted a new tariff policy, which may provide for the retaking of its economical-finance break-even position. The Company understands that it is premature and unnecessary to recognize an eventual compromise with respect to the MRS unsecured liability.

FCA

FCA present an unsecured liability in the amount of R$501,427 on December 31, 2002. Accordingly the Company s investment in FCA is reduced to zero and the Company did not recognize the corresponding unsecured liability in the proportion of its participation based on the understanding that the investment, currently, is not essential to its business.

11. PROPERTY, PLANT AND EQUIPMENT

At the Extraordinary General Shareholders Meeting held March 31, 1999 the stockholders approved, based on paragraphs 15 and 17 of CVM Deliberation no. 183, a revaluation report prepared by an independent specialized firm considering land, equipment, installations and real estate property in the plants of the Presidente Vargas Mill, Casa de Pedra and Arcos and the iron ore mine in Casa de Pedra, the latter only being possible due to the fact that it is a publicly declared mine, defined by Decree no. 24642/1934 mine code as the mines known at the time to belong to the owners of the land on which they were located.

At the Extraordinary General Shareholders Meeting held December 19, 2002 the stockholders approved, based on paragraphs 15 and 17 of CVM Deliberation 183, a revaluation report considering the fixed assets of thermical mill CTE - II, in the City of Volta Redonda, RJ. The report established an increase in the amount of R$508,433 which composes a new amount of R$970,332 for the assets, already net of the depreciation incurred in the first two years of operation.

Both reports were prepared by Planconsult Planejamento e Consultoria S/C Ltda.

The depreciation, depletion and amortization for the year ended December 2002 amounted to R$454,223 (2001 R$414,545), of which R$435,424 (2001 R$395,884) was charged to production costs and R$18,799 (2001 R$18,661) to selling and general and administrative expenses (deferred charges amortization not included).

The portion of the total depreciation and depletion of the revaluated fixed asset items charged to results for each year is transferred in stockholders equity in equal proportion from the revaluation reserve to retained earnings. As of December 31, 2002, the value recorded in such account net of income tax and social contribution amounted to R$103,090 (2001 R$109,070).

Construction in progress is mainly represented by a set of investment plans aimed at updating and developing technology to keep the Company competitive, both at the local and international markets. The main plans address environmental protection projects, cost reduction, infrastructure improvement and automation techniques as well as IT. The amount of financial charges capitalized, in 2002, on construction in progress aggregated R$18,535 (2001 R$101,592).

As of December 31, 2002, the total of assets given in guarantee of financial operations was R$2,309,512 (2001 R$1,656,747).

12. DEFERRED CHARGES

The IT projects are represented by automation projects of operating processes that aim at reducing costs and increase the competitiveness of the Company.

The amortization of the IT projects and of other projects in the year ended December 2002 amounted to R$32,846 (2001 R$10,009); of which R$17,469 (2001 R$2,943) was appropriated to the production cost and R$15,377 (2001 R$7,066) to general and administrative expenses.

The balance of the exchange variation deferred in 1999, by the Parent Company and its subsidiary MRS Logística S.A. based on the Provisional Measure No. 1818 and on Deliberation No. 294, issued by the Brazilian Securities Commission (CVM), on March 26, 1999, was amortized in 2002.

Based on Provisional Measure no. 3 of September 26, 2001 and CVM Deliberations no. 404 and 409 of September 27, 2000 and November 1, 2001, the Company and its subsidiaries MRS Logística and Galvasud have chosen to defer the negative net results arising from the adjustment of the amounts of credits and obligations in foreign currency, as a result of the exchange rate variation which took place in 2001. The Company deferred the amount of R$1,360,636 in September 2001 and until December 31, 2002 amortized R$1,127,117, the balance will be amortized until 2004 The net movement can be shown as follows:

On December 31, 2002, the long-term amortization schedule is shown below:

Interest is applied to the external and domestic loans and financing, at the following annual rates as of December 31, 2002:

Breakdown of total debt by currency of origin:

The Company carries out derivative operations, in accordance with Note 15, for the purpose of minimizing the risk of relevant oscillation in foreign currency parity.

The guarantees offered for the loans and financing amounted R$5,298,902 on December 31, 2002 (2001 - R$3,976,774), and comprised mainly fixed assets items, bank guarantees and promissory notes. This amount does not take into consideration the guarantees provided to subsidiaries, joint subsidiaries and associated companies (see Note 16).

14. DEBENTURES

As approved at the Extraordinary Stockholders' General Meeting and at the Administration Council Meeting, held on January 10, 2002 and February 20, 2002, respectively, the Company issued on February 1st, 2002, 69,000 debentures, nominatives and non convertible, with no guarantee or preference, with nominal value of R$10,000 each, in two series. There have been issued 54,000 debentures from the first series and 15,000 from the second series. However, the credit from negotiation with financial institutions, occurred on March 01, 2003 in the amount of R$699,227. The difference of R$9,277, resulting from the unit price variation between the issued date and the transaction date, is recorded in the stockholders equity as capital reserve. The nominal unit value is being monetarily restated, added by the respective remuneration pro-rata temporis calculated. The first issue was corrected by CDI increased by 2.75% p.y and the second issue by IGPM plus 13.25% interest, from the date of issue until the effective payment. The maturity is expected for 02/01/2005 (First Series) and 02/01/2006 (Second Series), with the option of advance redemption (total or partial), as the issuer s option.

In March 2002, the Company repurchased the 4,396 debentures. Comprising 2,345 of the first series, and 2,051 of the second.

In September 2002, the 2,051 debentures of the second series were resold in the market.

15. FINANCIAL INSTRUMENTS

General Considerations

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

(a) Exchange Rate Risk

Although most of the revenues of the Company are in Brazilian Reais, as of December 31, 2002, R$6,573,022 of the Company s total debt were denominated in foreign currency. As a consequence, the Company is subject to changes in exchange rates. The Company manages the risk of the exchange rate fluctuation that affects the value in Brazilian Reais that will be necessary to pay the liabilities in foreign currency, using derivative financial instruments, mainly futures contracts, swaps, forward contracts and option contracts with banks, as well as investing of a great part of its cash and banks in securities remunerated by exchange variation.

The Management s objective in keeping these instruments is to equal the investment gains on loans resources to the loss on exchange devaluation of Brazilian Real in relation to U.S. Dollar and Yen. These loan resources were invested in short-term applications in Brazilian Reais, which yield interest at the Brazilian market rates.

(b) Credit Risk

The credit risk exposure is managed through the restriction of subsidiaries in derivative instruments to large financial institutions with a high quality of credit. Thus, management believes that the risk of non-compliance by the counterparts is insignificant. The Company does not maintain or issue financial instruments with commercial aims. The selection of clients as well as the diversification of its accounts receivable and the control on sales financing terms by business segment are procedures that the Company adopts to minimize occasioned problems with its commercial partners.

The financial instruments recorded in balance sheet accounts as of December 31, 2002, in which market value differs from the book value, are as follows:

On December 31, 2002 the consolidated position of derivative agreements outstanding was as follows:

The exchange options results were recognized in the year based on market value. Other operations were recorded based on the terms of agreements.

(c) Market Value

The amounts presented as market value were calculated according to the conditions that were used in local and foreign markets on December 31, 2002, for financial transactions with identical features, such as: volume and term of the transaction and maturity date. Mathematical methods are used presuming there is no arbitrage between the markets and the financial assets. Finally, all transactions carried out in non-organized markets (over-the-counter market) are contracted with financial institutions previously approved by the Company s Board of Directors.

17. CONTINGENT LIABILITIES AND JUDICIAL DEPOSITS

The Company is currently party to several administrative and court proceedings involving different actions, claims and complaints, as shown below:

The contingent liability is recorded in the heading of Provisions (current and long-term) and Taxes Payable.

a) Labor litigation dispute:

As of December 31, 2002, CSN was the defendant, of 1,830 labor claims (1,948 claims in 2001), which generated a provision in the amount of R$46,699 (R$63,878 in 2001) at that date. Most of the lawsuits are related to subsidiary responsibility, wages equalization, overtime and additional payment for unhealthy and hazardous activities.

The lawsuits related to subsidiary responsibility represent a great portion of the total labor litigations against the Company and are originated from the non payment by the contracted companies of the employees obligations, which results in CSN inclusion in the lawsuits to honor, at a subsidiary level, the payment of such obligations.

The most recent lawsuits originated from subsidiary responsibility tend to be deceased toward CSN due to the procedures adopted by the Company in order to inspect and assure the compliance with the wages and social charges payments, by the creation of the Contract Attendance Centers, which are operating over the last 3 years.

b) Civil Actions:

There are, mainly, claims for indemnities among the civil judicial processes which the Company is involved in. Such processes, in general, are originated from work related accident and occupational diseases related to industrial activities of the Company. For all these disputes, as of December 31, 2002 the Company had a provision in the amount of R$27,863 (R$22,830 in 2001).

c) Tax Litigation Dispute:
PIS/COFINS Law 9,718/99

CSN is questioning the legality of law 9,718/99, which increases the PIS and COFINS calculation basis, including, the financial revenue of the Company. The amount of this provision is R$183,052, as of December 31, 2002 (R$115,572 in 2001), which includes legal charges.

The Company obtained a favorable sentence in the first instance court and the process is going through compulsory re-examination by the 2nd Regional Federal Court of Appeals. The process has not being judged by the superior courts yet, however, according to the Company s lawyers favourable outcome is considered possible.

CPMF

The Company is questioning the CPMF (Provisional Contribution on Financial Activities) taxation since the promulgation of the Constitutional Amendment No. 21/99. The amount of this provision is R$116,197 (R$71,410 in 2001), as of December 31, 2002, which includes legal charges.

The sentence in the court first instance was favourable and the process is being judged by the 2nd Regional Federal Court of Appeals. However, we emphasize that the most recent precedent by the courts has not been favorable to the taxpayers.

CIDE Contribution for Intervention in the economic domain

CSN disputes the legal validity of Law 10,168/00, which established the collection of the intervention contribution in the economic domain over the amounts paid, credited or remitted to beneficiaries that are not permanent residents of the country, as royalties or remuneration of supply contracts, technical assistance, trade mark license agreement and patent license exploration agreement. There is a judicial deposit in 2002 and the provision in the amount of R$18,400 (R$16,743 in 2001), which includes legal charges.

The Company is waiting for the decision in the first instance court. However, there is not a legal precedent, since the processes about the subject are still very recent. According to the Company s lawyers, favorable outcome is considered possible.

Educational Salary

The Company disputes the constitutionality of the Educational-Salary and the possible recovery of the amounts paid in the period from 01.05.89 to 10.16.96. The provision amounts to R$24,331 on December 31, 2002 (R$19,432 in 2001), which include legal charges.

The sentence in the legal court first instance was unfavorable and the process is currently sub judice in the 2nd Regional Federal Court of Appeals. Recently, the Brazilian Supreme Court judged the subject against the taxpayer, which reduces the favorable outcome expectations in this process.

SAT Workers Compensation Insurance

The Company understands that it must pay the SAT at the rate of 1% in all of its establishments, and not 3%, as determined by the current law. The amounts of R$28,065 (R$15,209 in 2001) are being accrued, which include legal charges. The sentence in the first instance court was unfavorable and the process is currently in TRF of the 2nd Region. Although there was so far no judgment in the Brazilian Supreme Court, according to the Company s lawyers, favorable outcome is considered possible.

Others

The Company has also numerous legal suits accrued related to ICMS, FGTS LC 110, Drawback and Additional of freight for renewal of the charges navy merchant (AFRMM), in the amount of R$7,480 (R$3,911 in 2001), which include legal charges.

Income Tax and Social Contribution

The Company claims the recognition of financial and fiscal effects related to the inflationary expurgation of the IPC of January 1989, of 51.87% (as calculation basis of Income Tax and Social Contribution). The judicial deposit and the respective provision for contingences are in the amount of R$218,381 (in 2002 and 2001).

In February 2003, part of the favorable decision of TRF up the 1st Region was certified, limiting the percentage of January 1989 to 42.72%, minus the applied index of 12.15%. The Company and its legal advisors are quantifying the amount of the respective credit. The amount will be booked as soon as it is quantified and the legal procedures are concluded.

18. STOCKHOLDERS EQUITY

(a) Capital stock

The Company s capital stock as of December 31, 2002 and 2001 is comprised of 71,729,261 thousand common shares, all book shares and without par value. Each common share entitles the owner to one vote at the General Meetings of Stockholders.

(b) Revaluation reserve (Parent Company)

This heading covers revaluations of the Company s fixed assets decided by the Extraordinary General Stockholders Meeting held March 31, 1999, such revaluations were intended for determining adequate amounts for the Company s fixed assets and additionally for the thermo-electrical power plant CTE II approved by the Extraordinary Stockholder s Meeting of December 19, 2002, in conformity with CVM Deliberation° 288 of December 3, 1998.

Pursuant to the provisions of CVM Decision No. 273 of August 20, 1998, a provision for social contribution and income tax was set up and classified as a long-term liability on the balance of the revaluation reserve (except land).

The realized portion of the revaluation reserve, net of income tax and social contribution, is included for purposes of calculating the mandatory minimum dividend.

(c) Capital composition

On December 31, 2001 the main CSN stockholders are:

The Company s stock owned by Vicunha Siderurgia, were offered in guarantee of some restrictive convenants of loan agreement of this controlling stockholder.

(d) Investment Politicy and Payment of Interest on Stockholders Equity

On December 13, 2000, the Board of Directors decided to adopt a policy of profit distribution, which, by observing the provision of law no. 6,404, altered by law no. 9,457/97 implies the distribution of all net profit to the stockholders, as long as the following priorities are preserved irrespective of their order: (i) corporate strategy of the Company, (ii) compliance with the Company s obligations, (iii) making the necessary investments and (iv) maintenance of a good financial situation of the Company.

19. DIVIDENDS AND INTEREST ON STOCKHOLDERS' EQUITY

Company by-laws ensure a minimum annual dividend corresponding to 25% of net income accrued in accordance with corporate legislation.

Pursuant to applicable legislation, calculation of interest on capital invested is carried out based on variation of the long-term interest rate ("TJLP"), limited to 50% of net income for the period before income tax or 50% of retained earnings and revenue reserves, whichever is higher.

In accordance with CVM Deliberation no. 207 of December 31, 1996 and with tax requirements, the Company elected to record the interest paid on shareholders equity in the amount of R$343,482, comprising R$50,000 approved and R$293,482 proposed, in April and December, 2002, respectively as an entry to the interest expense account and reverse it in the same account. It does not appear in the Statement of Income, in view of the fact that it has no effect on final net income, except for the tax effects recognized on the income tax and social contribution lines.

20. NET REVENUES AND COST OF PRODUCTS SOLD

21. CONSOLIDATED REVENUES AND INCOME BY SEGMENT OF BUSINESS

The information by business segment is based on the accounting books in accordance with Corporation Law.

The disclosure by business segment followed the concept of IAS14, as suggested by the Brazilian Securities Commission (CVM), providing the means to evaluate the performance in all Company business segments.

Since November 2000, with the inauguration of the commercial top management, the Company is restructured as follows: Presidency and five Directorates Operations, Commercial, Corporate Center, Infrastructure and New Business.

MAE

Disputes between electric sector agents, aggravated by the lack of electric energy offer during the rationing, did not allow the financial settlement of the operations carried out in the Wholesale Energy Market (MAE). Such disputes are being resolved through the General Agreement between electric sector agents, with direct intervention of the Federal Government.

Between September 2000 and December 2002 the Company recorded the amounts determined in accordance with the statements provided by MAE, with the commercialized energy volume in the amount receivable of R$484,333. To February 18, 2003 the Company received the amount of R$171,430 of which R$91,179 in 2002 and R$80,251 in 2003.

Although recognizing a provision in the amount of R$85,581 concerning with the Dispatch no.288/2002 of Agência Nacional de Energia Elétrica Aneel (exposure relief), the Company understands that the MAE credits, net of provision, are higher than those recorded, and should be financially remunerated.

In 2002, the net revenues from sales recognized by the energy segment through CSN Energia S.A., aggregated R$88,341, of which R$47,116, corresponds to the energy volume commercialized by the Wholesale Energy Market (MAE).

22. FINANCIAL RESULTS/ NET MONETARY AND FOREIGN EXCHANGE VARIATIONS:

23. NON-OPERATING INCOME (EXPENSES)

* AFAC Advance for future capital increase

24. VALUE-ADDED (PARENT COMPANY)

The interest on stockholders equity was recorded based on profit reserve, so that, it is not shown the profit distribution for the year ended in 2002.

25. EBITDA

The Company s EBITDA (gross profit minus selling, general and administrative expenses, plus depreciation and depletion) is as follows:

26. EMPLOYEES PENSION FUND

(a) Private Pension Administration

The Company is the principal sponsor of the CSN Employees Pension Fund ("CBS"), a private non-profit pension fund established in July 1960, the principal objective of which is to pay benefits complementing those of the official social security. The CBS membership comprises employees of CSN and of companies directly or indirectly associated to CSN who join the fund through conventions, and the employees of CBS itself.

CBS has three benefit plans, of which two are defined benefit plans (35% of Average Salary Plan and the Supplementary Average Salary Plan) and one is a mixed plan involving Defined Contribution for Retirements and Defined Risk Benefits (Combined Supplementary Benefits Plan), approved by the Federal Government Secretariat for Supplementary Social Security on December 27, 1995.

At December 31, 2002 CBS presented the following structure:

(b) Special Taxation Regime

In accordance with the Provisional Measure No. 2222 of September 04, 2001, CBS chose, on December 21, 2001, to adhere to the Special Taxation Regime which provided the Company with the benefit of a tax updating amnesty amounting to R$22.6 million.

(c) Insufficiency of Reserve Equalization

On January 25, 1996, the Supplementary Social Security Secretariat SPC (Secretaria de Previdencia Complementar), through letter no. 55 SPC/CGOF/COJ approved a proposal to equalize the insufficiency of reserves based on value determined on September 30, 1995, monetarily update to December 31, 1995. Under the approved scheme to settle the insufficiency, the participants will cover 42.51% over a period of 35 years and the sponsors will cover 57.5% over 30 years.

Through letter no. 1555/SPC/GAB/COA, of August 22, 2002, confirmed by letter no. 1598/SPC/GAB/COA of August 28, 2002 new proposal was approved for refinancing of reserves to amortize, the sponsors responsibility in the amount of R$725,820, in 240 monthly and successive installments being the 1st to 12 th installments due in the amount of R$958 and from 13th on R$3,133, monetarily indexed (INPC + 6% p.y.), starting June 28, 2002. The contract also foresees the installments anticipation in case of cash necessity in defined benefit plan and the transfer of occasioned deficits/superavits for which the sponsors are responsible to the updated debtor balance, so as to preserve the plans balance without exceeding the maximum period of amortization.

(d) Characteristics of the Plans

CBS has three benefit plans:

35% of Average Salary Plan

It is a defined benefit plan which began on 02/01/1966, with the objective of paying retirements (related to length of service, special, invalidity or old-age) on a life long basis, equivalent to 35% of the participants salaries for the 12 last salaries. The plan also guarantees the payment of sickness assistance to the licensed by the Official Pension Plan (Previdência Oficial). It also guarantees the payment of funeral grant and pension. The participants (active and retired) and the sponsors make 13 contributions per year, being the same number of benefits paid per year.

This plan is in process of extinction, becoming inactive on 10/31/1977, when the new benefit plan began.

Supplementary Average Salary Plan

It is a defined benefit plan which began on 11/01/1977. The purpose of this plan is to complement the difference between the 12 last average salaries and the Official Pension Plan (Previdência Oficial) benefit, to the retired, and also on a life long basis. As with the 35% Average Salary Plan, there is sickness assistance, funeral grant and pension coverage. Thirteen contributions and payment of benefits are made per year. It became inactive since 12/26/1995, because of the combined supplementary benefits plan creation.

Combined Supplementary Benefits Plan

This plan began in 12/27/1995. It is a mixed plan, being a defined contribution, related to the retirement and a defined benefit, in relation to other benefits (pension, invalidity and sickness benefit). In this plan, the retirement benefit is calculated based on the sponsor and participants contributions, totaling 13 per year. Upon retirement of the participant, the plan becomes a defined benefit plan and 13 benefits are paid per year.

(e) Actuarial Liabilities

As provided by CVM Deliberation No. 371, of December 13, 2000, approving the NPC 26 of IBRACON Employee s Benefit Accounting that established new calculation and disclosure accounting practices, the management of the Company, with its external actuaries, determined the effects of this new practice, as follows:

The amortizing contribution is related to the part of the participants in the proposal to settle the reserve insufficiency mentioned in item (c) above, which was reduced from present value of the total actuarial obligations of the respective plans. Some participants are challenging in court this amortizing contribution; but the Company based on its legal and actuarial advisors, understands that the amortizing contribution was approved by Supplementary Social Security Secretariat Secretaria da Previdência Complementar , so being due by the participants, approved this amortised contribution.

In the case of the Millennium Plan (Combined Supplementary Benefit Plan) of defined contribution, where there is a net actuarial asset, and in which the sponsor contributions are the same as the participants contribution, our actuarial advisors understand that 50% of the net actuarial asset could be used for reduction of the sponsor s contribution. Thus, the sponsor chose to recognize 50% of this asset R$(2,935) on its books.

Actuarial Liability Recognition

The Administration decided to recognise the actuarial liability adjustment in the results for the period of five years, as from January 1, 2002, being appropriated in 2002 the amount of R$65,995, in accordance with paragraphs 83 and 84 of NPC 26 of IBRACON and CVM Deliberation No. 371/2000, which added to related contribution private pension fund outlay totaled R$87,986. In accordance with actuarial calculation elaborated by project credit unit the appropriated amounts in 2002 and the amounts that will be appropriated in 2003 are demonstrated as follows:

The sponsor defined contribution to the combined supplementary benefits plan are estimated at the amount of R$6,864 for the next year.

(f) Main actuarial assumptions adopted in the actuarial liability calculation

CSN do not have obligations on other after-employees benefit.

27. INSURANCE

Due to the nature of its operations, the Company renewed the All Risk operational insurance policy for the plant of the Presidente Vargas Mill in the total amount of US$5,706 million equivalent to R$20,200,328, and maximum indemnity value, per event, in case of claim, in the amount of US$585 million equivalent to R$2,070,900; For Casa de Pedra and Arcos, and the Terminal de Carvão TECAR, amounts to US$265 million equivalent to R$939,453 and maximum indemnity value, per event, in case of claim, amounting to US$22 million equivalent to R$76,464. For its subsidiaries CISA, INAL, FEM and also other non-industrial areas, CSN renewed a specific risks policy in the total amount of US$112 million, equivalent to R$397,907 and maximum indemnity value, for event, in case of claim, in the amount of US$14 million equivalent to R$50,000, to be in effect is until November 2003.

The goods and product transportation in the national area policy, the international transportation policy (imports and exports), group life insurance and the general civil liability were renewed.

28. NEW BUSINESS

In accordance with CSN s international business development strategy, on June 19, 2001, CSN obtained the right to acquire assets, with approximate value of US$50 million that belonged to Heartland Steel Inc., a company in Chapter #11, located in Terre Haute, state of Indiana, USA.

As of July 16, 2001, CSN ceded its right to a limited liability corporation LLC (LLC), organized according to the Delaware legislation, and controlled by Tangua Incorporated, which is controlled by an unrelated entity. LLC acquired the above mentioned assets for the amount of US$55 million and assumed certain liabilities in the total amount of US$19 million.

CSN may acquire the quota of LLC on July 2003, as part of a put and call agreement signed by CSN and the administrative agent of Credit Agreement, related to a Tangua s loan. The principal amount of the loan in July 2001 is US$175 million, with Libor plus interest of 1.875% p.a. The price for CSN to exercise this right in the put and call agreement is the borrowing balance (plus accrued interest) on the acquisition date.

29. ADMINISTRATION REMUNERATION

The administration fees were fixed at the Extraordinary and Ordinary Stockholders' General Meeting held on April 30, 2002, in the total amount of R$9,000. The remuneration recorded in general and administrative expenses during the year ended December 31, 2002 amounted to R$8,766 (2001 - R$7,319).

30. SUBSEQUENT EVENTS

(a) Tecar

On January 10, 2003, there occurred an accident with the ship unloader number 1 at the coal terminal at Porto de Sepetiba - RJ leased and operated by CSN. The accident caused no personal damages or risk to the environment.

There was no loss to CSN operations as the Company s coal inventories were sufficient for 40 days of operation of the Volta Redonda mill under normal conditions. All installations and equipments affected are duly insured and the terminal restarted operating on January 28, 2003 when unloading of the first ship started, a period shorten than initially estimated.

During the period of interruption the Company s raw materials imported were unloaded at Espirito Santo terminal Praia Mole and the cosipa terminal in São Paulo.

(b) CTE

On February 12, 2003, the company disclosed in the press as a significant matter that the sale of the thermo-eletric (CTE II) announced on December 03, 2002, as a significant matter was called off.

The sale proposed, as disclosed, was subject to several conditions, among which the approval of BNDES and private banks consortium lead by Santander. The financial conditions presented, after a prolonged negotiation rendered unviable the implementation of the transaction in the terms proposed, once they significantly reduced the economic results that justified the transaction.

(c) Offering

Through its subsidiary CSN Islands II Corp., the Company issued US$ 85 million in notes, guarantee by CSN. The notes mature in one year and yield 9.5% per year. The financial resources from this transaction will be fully used for working capital, increasing the Company s liquidity.

(d) CISA - INAL

In the end of 2002, the Company transferred its participation in INAL to CISA, in accordance with our share reorganization strategy, unification of similar activities and intensification of synergies. Accordingly, we decided to spin-off CISA, by segregating the services center of main plant, a proposal that was approved in the Extraordinary General Shareholders Meeting on February 28, 2003.

As a result, at the moment the service center continuous to operate separately as CISA and the main plant operated as a CSN branch.

(e) Tax Assessment

On February 25, 2003 the Company was assessed by tax authorities with respect to the determination of the income tax and social contribution on the prior years net income. The tax claim aggregated R$328 million and at the moment the company s management and legal advisors are preparing the contestation of the tax claim. The preliminary evaluation of the company s legal adviser is that the chances of success are possible. Accordingly no provision for contingence was recognised in the financial statements as of December 31, 2002.

31. EXPLANATION ADDED FOR TRANSLATION INTO ENGLISH

The accompanying financial statements have been prepared on the basis of accounting practices laid down by the Corporate Law in Brazil.

Certain accounting practices applied by the Company and its subsidiaries that conform with those accounting practices in Brazil may not conform with generally accepted accounting principles in other countries.

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: April 10, 2003

COMPANHIA SIDERÚRGICA NACIONAL

By: /s/ Otavio de Garcia Lazcano

Otavio de Garcia Lazcano
Principal Financial Officer

FORWARD-LOOKING STATEMENTS

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