1Q08 Earnings Presentation

São Paulo - May 7, 2008.



Forward-looking Statements

Certain of the statements contained herein are forward-looking statements based on based on Management's current estimates regarding future performance that may result in material differences regarding future results, performance and events. In fact, actual results, performances or events may differ materially from those expressed or implied by the forward-looking statements, as a result of several factors, such as the general and economic conditions in Brazil and other countries, interest rate and exchange rate levels, future rescheduling or prepayment of debt denominated in foreign currencies, protectionist measures in the US, Brazil and other countries, changes in laws and regulations and general competitive factors (on a global, regional or national basis).



Global Steel Sector

USA:

- Slowdown of the US economy: impact on the banking system, employment rates, spending and consumer confidence;
- However, a combination of an increase in the price of the main inputs (iron ore, coal, coke), low inventories and the devaluation of the dollar in an important steel-importing economy have pushed up prices by an average **90%** since the beginning of the year.

EUROPE:

- Cost pressure from raw materials and big reduction in imports from China;
- Average price hikes of **50%** since the beginning of the year.

ASIA:

- Import restrictions announced by the Chinese government: removal of incentives and imposition of taxes;
- Closure of small local steel plants due to obsolete equipment and low profitability;
- Despite reduced production, China's economy grew by more than 10% in the 1Q08, followed by the highest increase in steel product prices since 2003;
- Chinese steel output is expected to climb by 8% in 2008, most of which will be routed to the domestic market.

CSN favored by self-sufficiency in most raw materials



Brazilian Steel Sector

Growth of steel production in the 1Q08:

- ✓ Total production= 8.6 million tonnes, 8.1% up on the 1Q07;
- ✓ Rolled output = 6.5 million tonnes, 6.5% up year-on-year;
- ✓ Sales of rolled flat products and long steel grew by 19% and 27%, respectively, over the 1Q07;
- ✓ Performance of the main steel consuming sectors:
  - ⇒ *Automotive*: domestic vehicle production of 648,000 units in the 1Q08, 31.4% more than in the 1Q07;
  - ⇒ *Home appliances / OEM*: year-on-year growth of 9% in the first two months of 2008;
  - ⇒ *Agricultural machinery*: first-quarter production of 12,000 units, 56% up on the 1Q07;
  - ⇒ *Construction*: expected growth of close to 12% in 2008.
- ✓ GDP growth of 5.4% in 2007.



CSN: 1Q08 Highlights

✓ Net income of R$ 767 million, 51% up on the 4Q07 and remaining flat to the 1Q07, when the Company recognized non-recurring gains of R$ 255 million related to Chorus auction;

✓ Steel product sales volume of 1.4 million tonnes, a new period record, 17% up year-on-year and stable in relation to the 4Q07, when sales are traditionally higher:

✓ In March/08, 84% of CSN's total steel product sales volume went to the domestic market, a new record; in the case of the parent company, the ratio was 93%;

✓ Net revenue of R$ 3.0 billion, a quarterly record, 22% higher than in the 1Q07 and slightly up on the 4Q07;

✓ EBITDA of R$$ 1.3 billion, 26% and 1% up, on the 1Q07 and 4Q07, respectively;

✓ EBITDA margin of 42% in the 1Q08, a 1.5 p.p. improvement over the 1Q07 and identical to the 4Q07 figure. CSN's EBITDA margin has remained above 40% for the last 7 years;

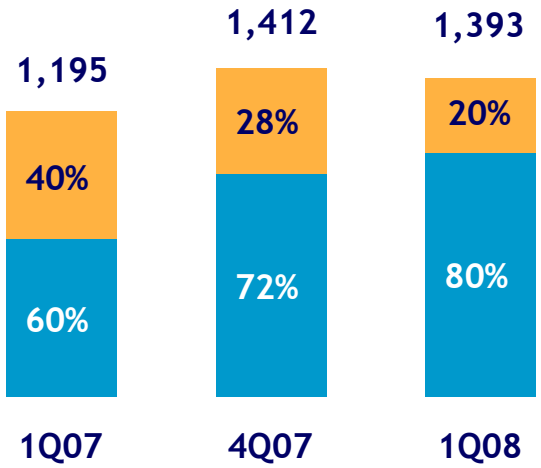
✓ The Company's market share in the flat steel domestic market reached 38% in the 1Q08, led by tin plate, galvanized, hot-rolled, and cold-rolled, which presented growth rates of 1%, 4%, 3%, and 6%, respectively;

✓ As a result of this healthy share performance, in April/08 the Company's market cap (including shares held in treasury) totaled US$ 35 billion, the 5th highest of all the world's steelmakers.

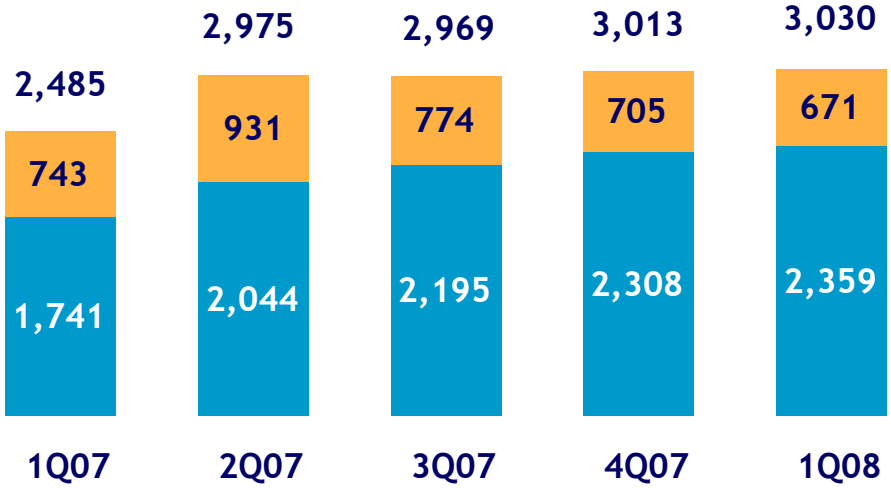


Net Revenue and Sales Volume by Market

Sales Volume (thousand tonnes)



Net Revenue (R$ million)



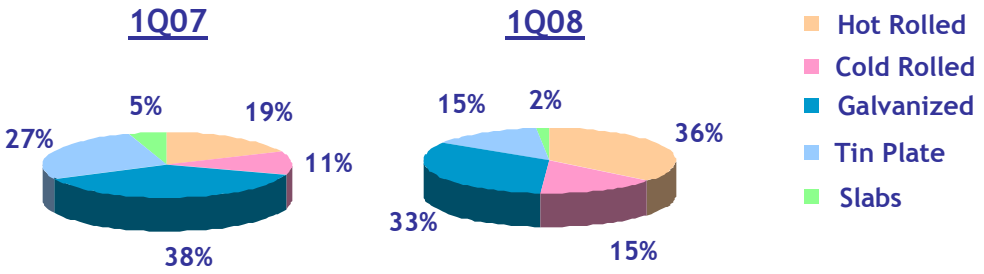
Export Market

Domestic Market

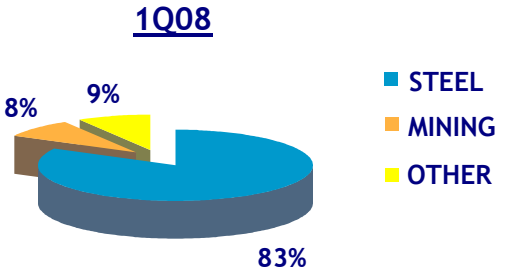


Sales Volume by Product and Market Segment

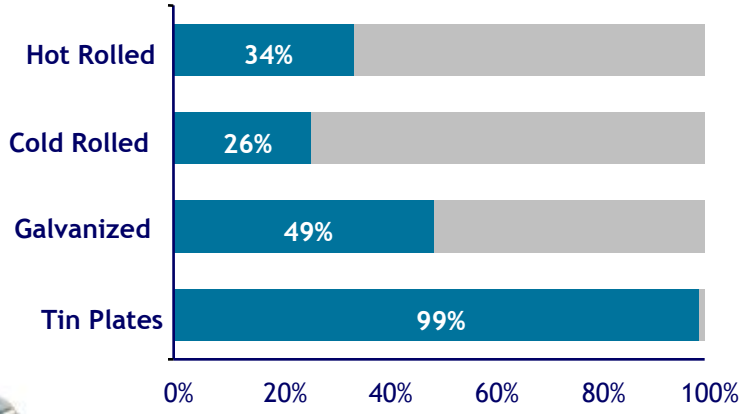
Sales by Product



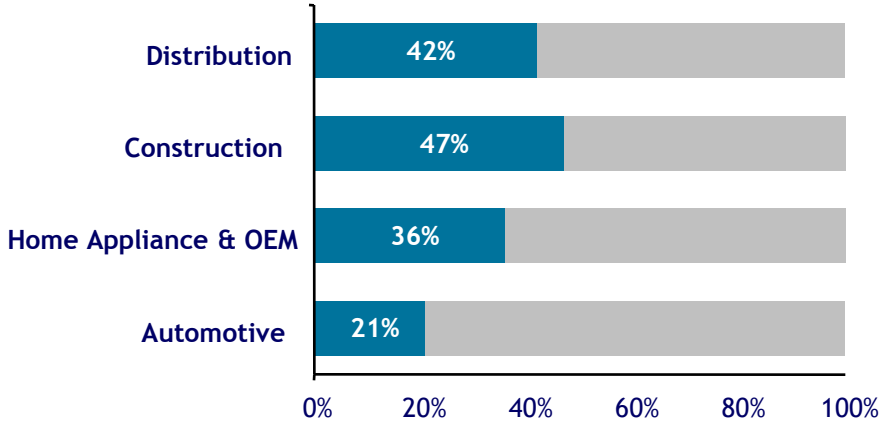
Net Revenue by Segment



Market Share by Product



Market Share by Segment



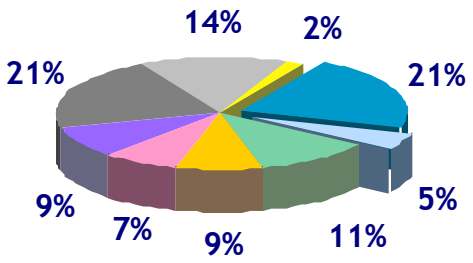
CSN Other



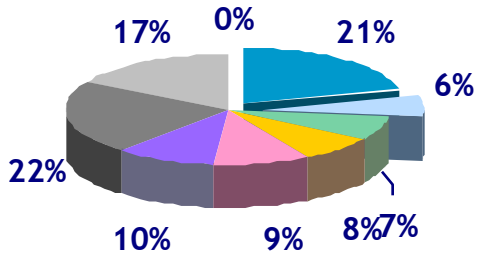
Steel - Production Costs

PRODUCTION COSTS - PARENT COMPANY

1Q07



1Q08



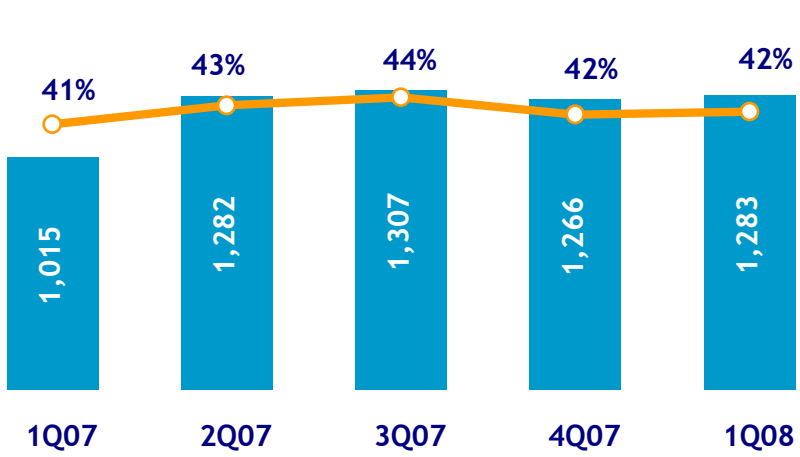
- Coal and Coke
- Iron Ore
- Metals
- Other Raw Materials
- Labor
- Energy / Fuel
- Maintenance / General Costs
- Depreciation
- Purchased Slabs and Coils

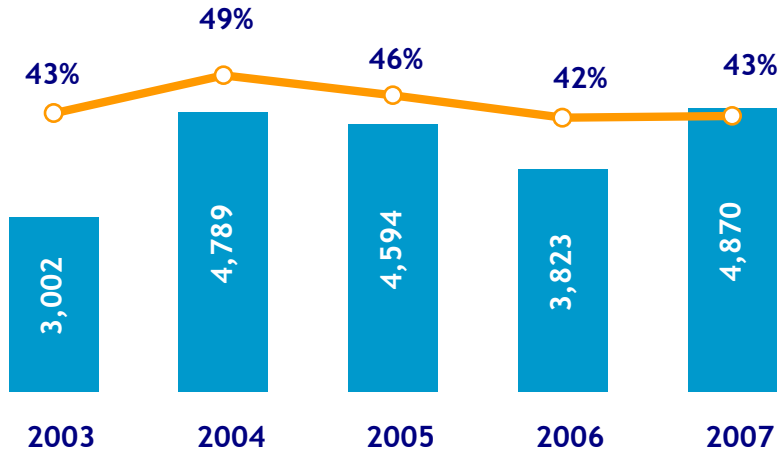
✓ COAL: Two-month Stock - Average Cost in 1Q08: R$ 220/t

✓ COKE: Three-month Stock - Average Cost in 1Q08: R$ 443/t



EBITDA and EBITDA Margin





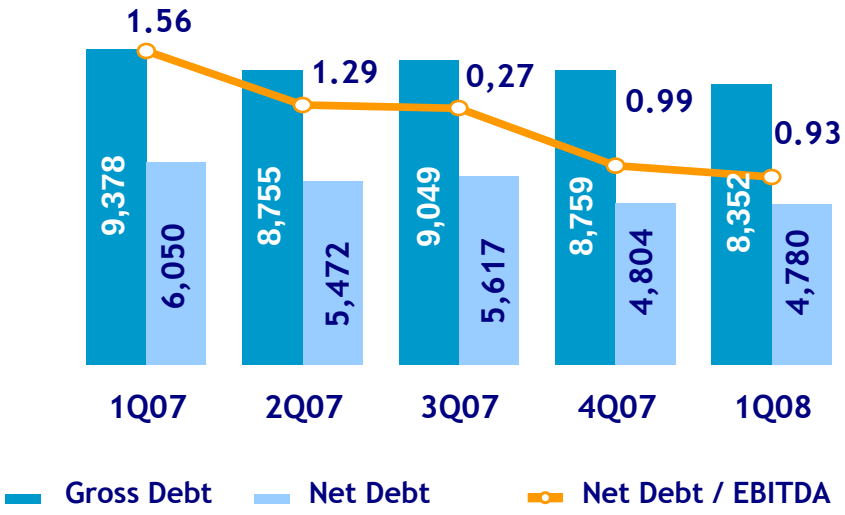
EBITDA (R$ Million)

EBITDA MARGIN (%)



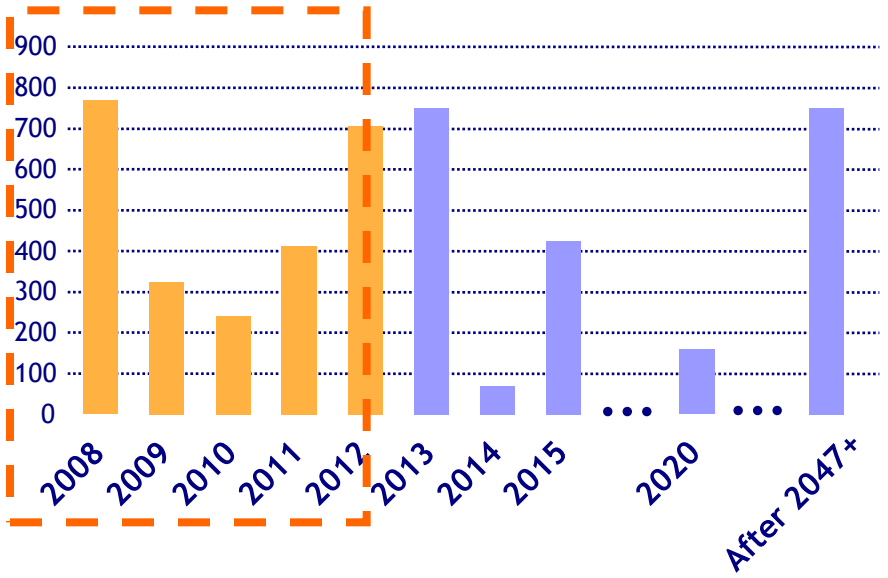
Debt Trends and Amortization Schedule

Debt Trends (R$ Million) and Net Debt/EBITDA (x)



Average Maturity of CSN's Gross Debt is now10.4 years.

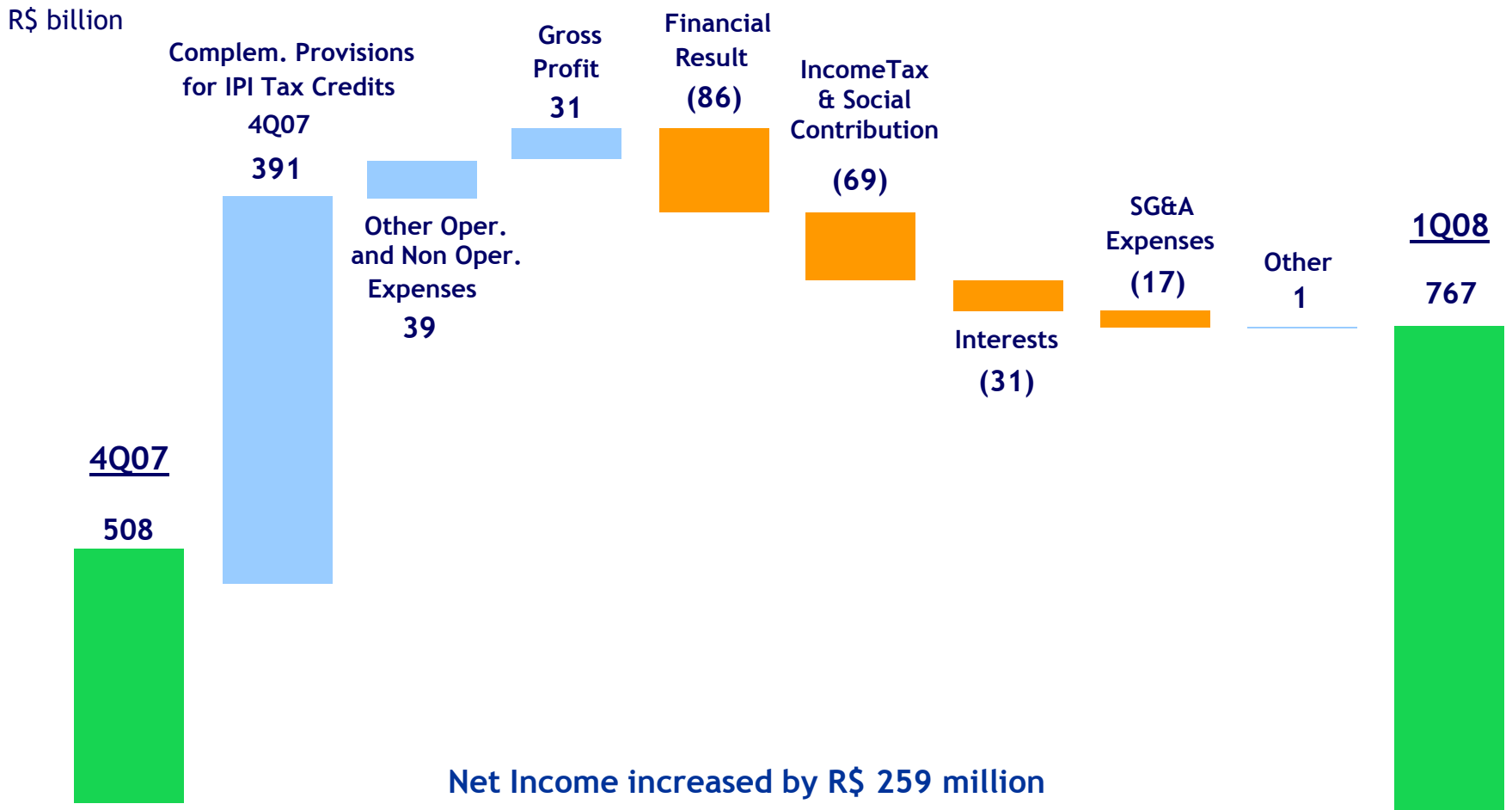
Amortization Schedule(US$ MM)



Cash balance and cash equivalents are sufficient to pay debt principals by 2012.



Consolidated Net Income 1Q08 vs 4Q07

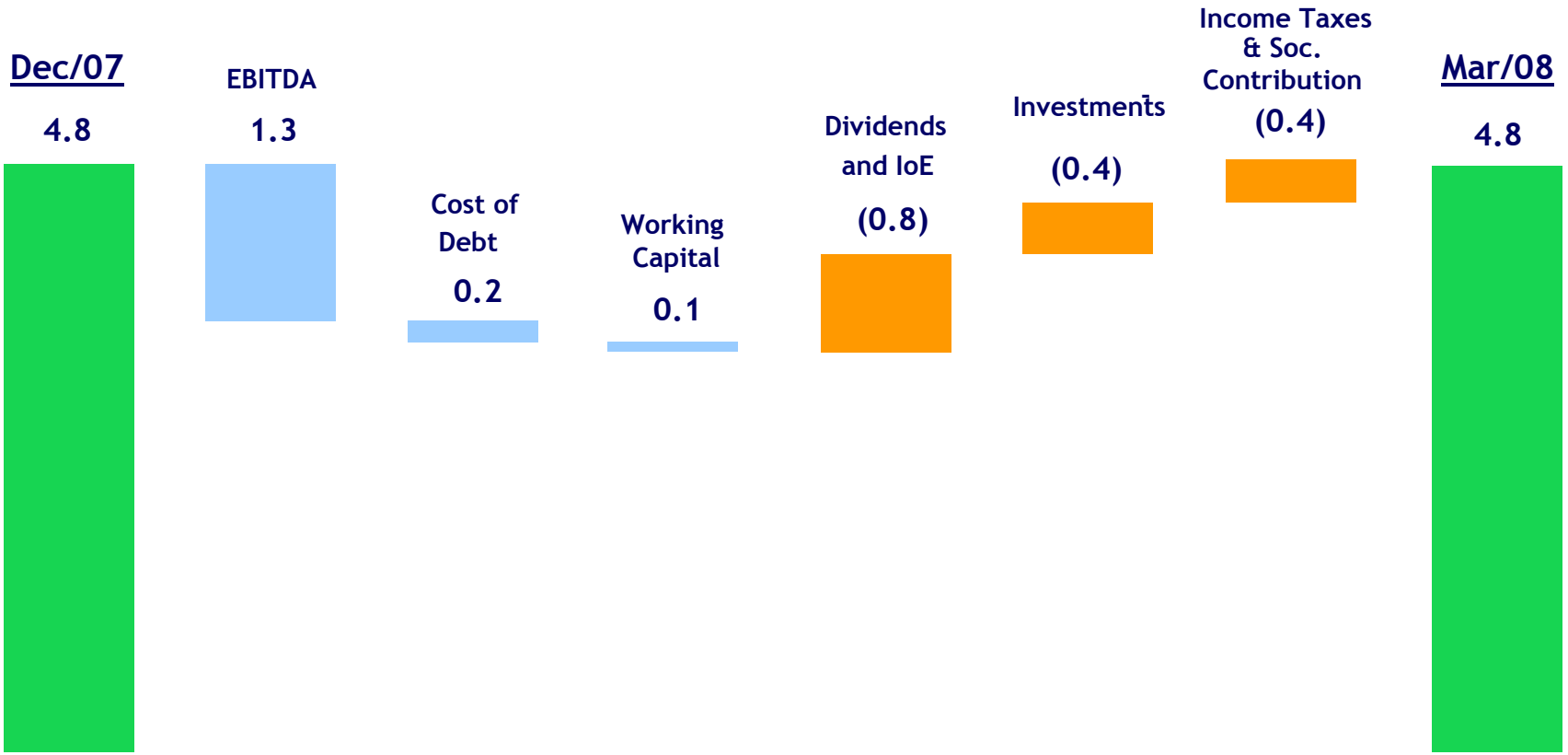




Net Debt Trends - Dec/07 to Mar/08

R$ billion

Net Debt "in line": reduction of R$ 24 million





Share Profitability and Market Cap

BOVESPA – 1Q08

Ranking	Company	Type	Appreciation %
1º	Telemar	PN	36,5
2º	Telemar N L	PNA	32,8
3º	Cosan	ON	25,0
4º	Usiminas	PNA	21,9
5º	**Sid Nacional**	**ON**	**19,1**
6º	Comgas	PNA	12,4
7º	Eletrobras	ON	12,0
8º	Vivo	PN	8,7
9º	Copel	PNB	7,1
10º	Brasil Telec	PN	10,2

LATIN AMERICAN ADRs NYSE 1Q08

Ranking	Company	Type	Appreciation %
1st	Telemar	PN	37.7
2nd	Sqm	B	32.3
3rd	Endesa	Ord	30.2
4th	Sqm	A	23.3
5th	Chile	Ord	23
6th	Tele Nort Cl	PN	21.1
7th	Buenaventura	C1	21
8th	**SID**	**ON**	**20.5**
9th	Homex Desarr	Ord	17.4
10th	Andina	A	15.5

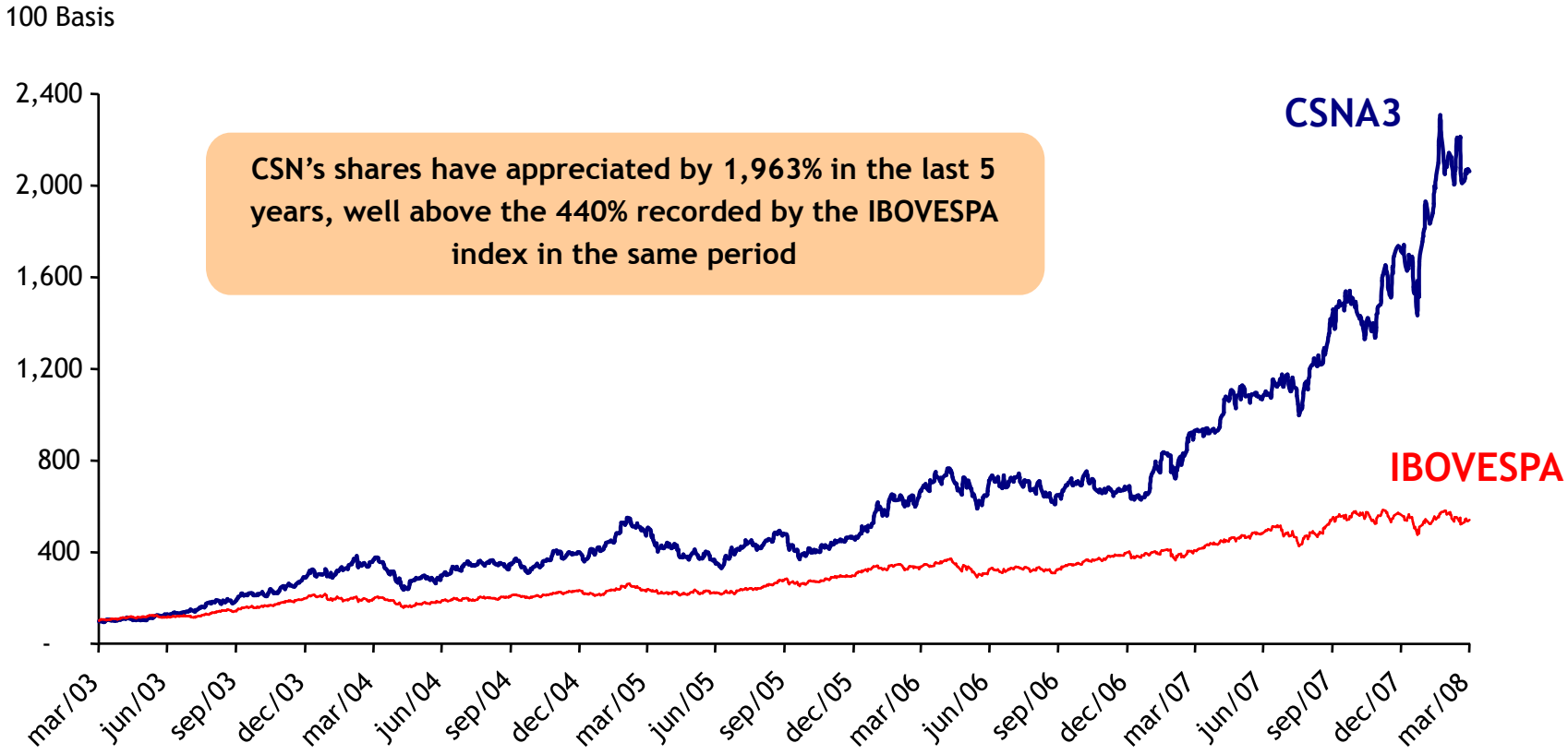
Ranking	Company	Mkt Cap (US$ bi)
1st	Arcelor Mittal	134.4
2nd	Posco	44.2
3rd	Nippon Steel	39.4
4th	Evraz	36.4
5th	**CSN**	**35.8**
6th	Baoshan Iron/Steel	34.6
7th	JFE Holdings	33.7
8th	Thyssenkrupp	33.7
9th	Gerdau	30.1
10th	Usiminas	25.5



Source: Economática and Bloomberg - 05/06/2008

Share Performance

Share Performance: CSN vs IBOVESPA



CSN's shares have appreciated by 1,963% in the last 5 years, well above the 440% recorded by the IBOVESPA index in the same period



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Visit our website:

www.csn.com.br/ir

Investor Relations:

(55 11) 3049-7588 / 3049-7592 / 3049-7526

invrel@csn.com.br

