

Rating Action: Moody's assigns Ba1 rating to CSN's bond issuance

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Between USD 500 million and USD 1 billion in debt securities affected

Sao Paulo, July 14, 2010 -- Moody's Investors Service has affirmed Companhia Siderurgica Nacional's (CSN) corporate family rating of Ba1 on the global scale and Aa1.br on the Brazilian national scale. The rating outlook remains stable. Simultaneously, Moody's assigned a Ba1 foreign currency rating and a stable rating outlook to the issuance of senior unsecured notes due 2020 in the amount of between USD 500 million and USD 1 billion by CSN Resources S.A. (Luxembourg), to be fully and unconditionally guaranteed by CSN. The net proceeds of the issuance will be used for general corporate purposes.

The following ratings were affirmed:

- Issuer: Companhia Siderúrgica Nacional -- CSN

Corporate Family Rating: Ba1 (global scale), Aa1.br (Brazilian national scale)

- Issuer: CSN Islands VIII Corporation

USD 550 million 9.750% Guaranteed Senior Unsecured Notes Due 2013: Ba1 Foreign Currency Rating

- Issuer: CSN Islands IX Corporation

USD 400 million 10.500% Guaranteed Senior Unsecured Notes Due 2015: Ba1 Foreign Currency Rating

- Issuer: CSN Islands XI Corporation

USD 750 million 6.875% Guaranteed Senior Unsecured Notes Due 2019: Ba1 Foreign Currency Rating

The following rating was assigned:

- Issuer: CSN Resources S.A. (Luxembourg)

between USD 500 million and USD 1 billion Guaranteed Senior Unsecured Notes Due 2020: Ba1 Foreign Currency Rating

The outlook for all ratings is stable.

The Ba1 rating and stable outlook of the proposed notes assume that the final transaction documents will not be materially different from draft legal documentation reviewed by Moody's to date and assume that these agreements are legally valid, binding and enforceable. The fact that the notes are rated the same as CSN's corporate family rating reflects the low level of secured debt on a consolidated basis as well as the fact that the large majority of consolidated debt is either at or guaranteed by CSN.

CSN's Ba1 rating reflects its position as a leading manufacturer of flat-rolled steel in Brazil, with a favorable product mix focused on value-added products. Historically, the company has reported a strong EBITDA margin in the 40% range, supported by its solid domestic market position and globally competitive production costs. CSN's operational efficiency and low costs reflect the large scale of its integrated steel mill, its own captive iron ore mine and its self-sufficiency in electricity and 75% self-sufficiency in coke. Also supporting CSN's high margins are the company's strategic location in the most industrialized region of Brazil and its proximity to high-grade iron ore reserves and port terminals, as well as its efficient logistics. While we believe that the company is better-positioned than most of its global peers to face the ups and downs of the cyclical steel industry from an operational standpoint, CSN's ratings are primarily constrained by its track record of aggressive shareholder return, low operational diversity, with the concentration of its steel production in a single site, and by the event risk from its large capex program to expand iron ore mining, cement and logistics operations.

The stable outlook reflects our expectation that CSN will continue to report robust operating performance as demonstrated in the last two quarters, with recurring EBITDA margins (as defined by Moody's) above 40%, which we believe are sustainable over the near term based mainly on the company's efficient cost controls and on the continuous expansion of the high-margin iron ore operations. Although CSN has aggressive investment plans for the next several years, we expect the company to manage its modular-in-nature capex and dividends in order to maintain adequate leverage and liquidity.

CSN's ratings could be positively affected if the company maintains a strong liquidity position (with cash balance covering 130% of short term debt maturities) and adequate leverage during the execution of its large capex program, with Net Debt (considering a minimum readily available liquidity cushion of BRL 3.5 billion) to EBITDA below 3x. Sustainable Cash From Operations less Dividends to Net Debt approaching 20% would also be necessary for an upgrade.

Conversely, the rating could suffer downward pressure should CSN's operating margins weaken significantly and dividends remain high, resulting in CFO less Dividends to Net Debt consistently in the single digit range, or in the case of a substantive deterioration of its liquidity position, with an inability to cover 130% of short term debt with readily available liquidity and free cash flow. Downward pressure could also affect the ratings or outlook if Consolidated Net Debt (considering a minimum readily available liquidity cushion of BRL 3.5 billion) to EBITDA remains above 3.5x for an extended time period. A significant increase in consolidated secured debt or debt benefiting from claim priority could negatively affect the rating or outlook of CSN's senior unsecured debt.

Moody's last rating action on CSN occurred on February 25, 2010, when its corporate family ratings of Ba1 on the global scale and Aa1.br on the Brazilian national scale were confirmed and the rating outlook was revised to stable following the announcement that CSN failed in its attempt to

acquire a controlling stake in Cimpor -- Cimentos de Portugal SGPS S.A. (unrated). The launch of the takeover for Cimpor in December 2009 had prompted Moody's review for possible downgrade.

The principal methodology used in rating CSN was Moody's Global Steel Industry rating methodology, published in January 2009 and available on www.moody's.com in the Rating Methodologies sub-directory under the Research & Ratings tab. Other methodologies and factors that may have been considered in the process of rating this issuer can also be found in the Rating Methodologies sub-directory on Moody's website.

Companhia Siderúrgica Nacional is a vertically integrated, low-cost producer of flat-rolled steel, with an annual capacity of 5.6 million tons of crude steel and 5.1 million tons of rolled products. CSN also produces and sells iron ore and cement. In the twelve months ended on March 31, 2010 CSN recorded consolidated net revenues of BRL 11.7 billion (USD 6.2 billion converted by the average exchange rate).

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