NATIONAL STEEL CO
Form 6-K
March 27, 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 March, 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____

A Message from the Board of Directors

CSN: PURSUING THE GROWTH PATH

For CSN, 2002 represented perhaps one of the greatest challenges it has faced since its privatization in 1993. It was a period of major adjustments, sacrifices and concerns - brought about by the challenging domestic and external economic environments.

We made a concerted effort to reduce our indebtedness, much impacted by the appreciation of the U.S. dollar. At the same time, our commitment to reducing costs and expenses, as well as to enhance profitability and earnings, has enabled us to improve our operational performance, productivity and competitiveness.

Our financial results and the substantial reduction of our indebtedness were a direct consequence of these efforts.

When we think about this debt reduction and what it means, we have only reasons to be proud of being part of a company that knows how to fulfill its destiny, ever since it was founded.

And CSN's destiny is to grow.

From the very start, the company grew alongside Brazil, bringing it into the industrial era. From then on, it spawned the technology and expertise essential for its own development, as well as for other Brazilian steel companies that emerged during the national development project. With an eye on the future, CSN completely modernized its industrial facilities, laying the foundation to later absorb the continuous flow of innovations in steelmaking. This has allowed CSN to maintain the leadership position that has always been its trademark.

CSN dedicates its undivided effort to fulfill its destiny - blazing a trail of growth and overcoming setbacks along the way, with the confidence and the determination to move ahead and be recognized, at the end of the journey, for its courage, willingness, competence, and quality.

We stick to our determination to become a global Company. This is our main goal.

Fulfilling our destiny is something that demands will, patience and common sense. It demands, more than ever, balance and conviction.

The results achieved in 2002 show us that we are pursuing the right path - with perseverance, committment, and confidence. Our employees, who are also dedicated to meeting this challenge as the driving force along our journey, know better than anyone what we are talking about.

We have prepared our Company for 2003 and for the future, in which new challenges will demand much more from everyone of us - especially in a currently undefined global environment.

Steady and mindful of the road ahead of us, we thank God. We trust in Him and in our ability to ensure that CSN fulfills its destiny with excellence - and receives all the praise for a great victory.

Benjamin Steinbruch
Chairman of the Board

THE COMPANY

Companhia Siderúrgica Nacional (CSN) continues to be a leader in the Brazilian steel industry. The Company's origin is core to the early industrialization process in Brazil. The excellent combination of raw material sources (wholly-owned, high quality iron ore mines together with sources of limestone and dolomite), railways, ports, mill, service and distribution centers, as well as its own source of energy, all contribute to give CSN an effective competitive edge. Investments in the constant modernization of its production processes and the preservation of the environment also place CSN at the vanguard of the industry worldwide.

CSN provides solutions for its clients involving a vast array of products which are closely connected to their final use: hot rolled products, cold rolled products, tin plate and galvanized plate. CSN seeks to combine the excellence of its product with its clients' individual requirements through services organized around Market Business Units which are targeted to specific economic segments.

BUSINESS ENVIRONMENT

We had a very challenging environment in 2002. Both the pre-recessive economic environment in the world and the uncertainty surrounding the Brazilian presidential elections could have had significant impacts on our results. However, we overcame the 2% decrease on the apparent consumption of flat steel in Brazil, as well as the 52.3% devaluation of the real - and also a very complex electoral transition, rife with pessimism.

In the macroeconomic scenario, the difficulties experienced in the international market, as well as the political transition in Brazil, led once more to exchange rate volatility: the US dollar reached R$ 3.96 on October 22, closing 2002 at R$ 3.53, restricting credit for Brazilian companies. However, our hedging strategy and higher sales volume in the international market contributed to an after-tax positive impact of R$ 380 million on our earnings.

We also succeeded in renewing 70% of our trade financing due in 2002, and did not face any liquidity problems in meeting our financial commitments.

In the global steel industry, 2002 began with the announcement of the restrictions imposed by Section 201 in the USA, followed by a large number of additional tariffs in other parts of the world. With the reduced global supply, average hot-rolled product prices in the international market rose 9%, which also had a positive impact on our results.

COMMERCIAL STRATEGIES

Sales

Sales of rolled and semi-finished products in 2002 totalled 4.8 million tons, 0.8 million higher than in 2001. We took advantage of market opportunities and expanded our exports. As a result, exports as a percentage of total sales increased from 18% in 2001 to 33% in 2002, totalling 1.6 million tons. The increase in exports was part of a sales strategy adopted since 2002, as a way to generate a continuous flow of U.S dollar revenues, as well as benefit from both the recovery in international prices and the appreciation of the U.S. dollar against the real.

Domestic market sales of 3.2 million tons were driven by higher sales in the Home Appliances & OEM and Construction segments, as well as the strong performance of the Distribution segment. Domestic market sales constituted 67% of our total sales in 2002, compared to 82% in 2001, although our total domestic sales volume remained unchanged. The difference in the domestic market's share reflects the significant increase in our total sales.

Consolidated sales volume totalled 5 million tons, 171 thousand tons greater than the parent company sales volume. This difference is due to inventory reductions carried out at Inal, CISA and Galvasud. Specifically at CISA, we contributed with 56,000 tons to increase CISA's capital. These products were sold, thus contributing to the higher consolidated sales volume.

During the first half of 2002, we maintained the same slab export levels as in 2001. During the second half of the year, we intensified our finished products exports - in large part concentrated in North America, Asia and Latin America, specifically the USA, China, and Colombia. This performance confirms our long-term strategy of maintaining a continuous presence in the international market.

Below are highlights from CSN's Commercial Area during 2002:

Market Units

Automotive - We highlight the fact that GalvaSud, a company equipped with the latest in steel making technology for the automotive segment, began to offer high-resistance and deep drawing steels for the new vehicle platforms, as well as value-added welded blanks and zinc-coated materials (HDG) to be used in external panels (substituting electrolytic material), in line with recent global market trends.

Construction - In 2002, we continued to expand our presence in this segment and established partnerships for the development of new construction systems.

Galvalume steel and pre-painted steel, two new products which are widely used in the construction segment, will be incorporated into CSN's portfolio in the first half of 2003, when CISA's new production unit in Araucária, Paraná starts its operations. CISA's service center will continue to provide its special services, basically for the Construction and Home Appliances markets.

Distribution - In 2002, the Distribution Market Unit consolidated its operation strategy through CSN's subsidiaries. This provided significant gains, mostly in agility and in reducing distances from final consumers. INAL, a subsidiary operating in the distribution segment, became the second largest Brazilian steel distributor, focused basically on the domestic market.

Home Appliances & OEM - The unique, tailor-made product offering of the Home Appliances & OEM (Original Equipment Manufacturer) Market Unit enabled it to become the leader in its segment in 2002. We are constantly seeking highly efficient usage of our steel for such applications, as well as cost reduction along the supply chain. The Market Unit supplies segments such as home appliances, hermetic compressors, steel furniture, re-rolling, electrical motors, agribusiness and gas cylinders.

In 2002, we started the Just in Time supply system for the home appliances segment, and developed new products for the agriculture and electric industries. Starting with the implementation of the CISA plant, the Home Appliances & OEM Market Unit will be offering its costumers galvalume steel, which is more corrosion-resistant, as well as pre-painted steel.

Packaging - The packaging segment experiencied significant growth in the domestic steel market in the fourth quarter of 2002, due to the strong performance of the processed and packaged food industry -3 particularly canned meat, milk-related products and coffee (instant, ground, and toasted). In this market, steel packaging was the product of choice due to its greater conservation properties, higher resistance during transportation, and longer shelf-life.

Steel packaging sales remained strong in the painting/chemicals segment and were expanded in the pet food segment, but had to face strong competition in the dairy and soy oil segments. The best prospects for 2003 are in the two-piece beverage can segment, which has grown with CSN's recent acquisition of Cia. Metalic Nordeste (Metalic).

Exports

Exports grew significantly in 2002, accounting for 33% of total sales volume, well above our historic average of 25%. The increase was due to stronger international demand - particularly in the second semester, in a process led by China.

In line with our existing commercial strategy, we sell directly to final customers. Our products are sold to 60 countries in all continents, particularly North America (37%), Asia (23%), Latin America (19%), and Europe (17%). Our semi-finished products exports in 2002 accounted for 39% of our export sales, while non-coated products represented 30%, and coated products accounted for 31%.

Our goal for 2003 is to reach a regular and programmed growth in exports, prioritizing direct sales and preserving our commitments to the domestic market.

PRODUCTION

Crude steel production was 1.1 million tons higher than in 2001, with the rolled product production increasing 0.6 million tons in 2002. Such increases were a result of the major revamping of Blast Furnace #3 and Hot Strip Mill #2, which took place in 2001.

We produced 5.1 million tons of crude steel and 4.7 million tons of rolled products in 2002 (tonnages measured, respectively, at the output of our continuous casting facility and hot strip mill. Due to normal production losses, these volumes differ from inventory inputs).

Average productivity, measured in tons of crude steel/man-year, has increased by 42% in the last five years. Such increase reflects the cost reduction efforts, as well as internal restructuring and the investments we have made in the period to optimize processes and add value to our products. In contrast to the impact on the total crude steel production in 2001, the revamping of Blast Furnace #3 led to a relevant increase in productivity in 2002, since output increased significantly during the period.

FINANCIAL PERFORMANCE

EBITDA and Net Income

Our operational results in 2002 were excellent. The increase in sales volume, coupled with the strategy of pursuing a larger presence in the international market and cost reduction efforts, allowed us to obtain historical gains, both in margin and in operational cash generation. EBITDA reached a record R$ 2.2 billion, 69% higher than in 2001, for a 47% EBITDA margin (EBITDA/net revenues) (See Note 25 to the Financial Statements). In the fourth quarter alone, EBITDA margin was 52%, reaching a record high of 55% in November.

2002 was filled with challenges and achievements. Once again we were impacted by the real devaluation against the U.S. dollar, since the majority of our debts are denominated in dollars. Differently from 1999 and 2001, losses due to the strong exchange variation observed in 2002 were not eligible for deferral. We not only absorbed the entire impact in 2002's final results, but also amortized R$ 619 million from the deferrals of 1999 and 2001. We have also accrued provisions for unfunded pension liabilities from Caixa Beneficente dos Empregados da CSN (CBS), the employees' pension fund. Effects of 2002's R$ 66 million provision, in addition to the exchange deferral amortizations, represented a total negative effect of R$ 452 million on 2002 net results.

The above-mentioned factors explain the net loss of R$ 219 million reported in 2002, as well as the variation as compared to the net income of R$ 296 million in 2001. Given the circumstances, we consider that the 2002 net loss is in fact an achievement: we were able to offset by R$ 358 million the running loss through September as a result of our operational results and an effective hedging strategy.

EBITDA

Our R$ 2.2 billion EBITDA in 2002 was R$ 878 million higher than in 2001, representing an EBITDA margin of 47%. The increase in sales volume, higher prices obtained, a better sales mix, and lower costs on a per tonne basis were fundamental for our excellent operational results. Pricewise, we benefited from the higher export margins in the last months of 2002, a result of the recovery in international prices and the appreciation of the U.S. dollar. Higher international prices, coupled with very favorable internal demand, allowed us to realign prices in the domestic market by the end of 2002.

The improved sales mix was a consequence of higher export sales in a year when the average international prices were much higher than the average prices in 2001. This effect offset the lower share of coated products in total sales (36% of total rolled products and slabs sales, against 42% in 2001). This proportion is expected to remain stable in 2003, since the production increase observed after the revamping of Blast Furnace #3 and Hot Strip Mill #2 focused on slabs and hot-rolled products.

We were able to achieve lower costs, on a per tonne basis, despite the strong exchange rate impact on the cost of raw materials and items which are either imported or dollar-indexed. Such impact was partially offset by more efficient consumption in the year and also by the larger production volume - which, in turn, allowed us to dilute fixed costs. It is important to mention that, in 2001, we had the impact of outsourcing slabs to make up for the downtime during the revamping of Blast Furnace #3.

Consolidated EBITDA reached R$ 2.3 billion in 2002 (R$ 1.7 billion in 2001), with a 44%EBITDA margin. This amount is R$ 126 million higher than the EBITDA of the parent company, again due to inventory reductions at Inal, CISA, and GalvaSud.

Financial Results

Our hedging strategy against exchange rate variation, which was implemented through financial investments in dollars and in hedging operations - swap and options amounting to an average of US$ 1.3 billion and US$ 0.6 billion, respectively - accounted for the expressive growth in financial revenues, which reached R$ 1.5 billion in 2002, before the impact of the amortization of the exchange losses deferred in 2001.

Conversely, the higher exchange variation reported in 2002 has negatively impacted financial expenses and monetary/exchange variations. The U.S. dollar exchange rate at the end of 2002 was R$ 3.53, accumulating an exchange variation of 52.3%, compared to 18.7% in 2001. We reported financial expenses amounting to R$ 806 million, which include tax (PIS/COFINS) provisions on financial revenues. Such provisions also increased considerably, due to the increase in financial revenues. Monetary/exchange variations - excluding the 2001 exchange rate deferral and the amortizations of the 1999 and 2001 deferrals - had a negative impact of R$ 3.1 billion, compared to R$ 0.8 billion in 2001, due to the higher exchange rate variation.

In 1999 and 2001 we deferred our exchange rate variation net losses, according to CVM Rules # 294/99, 404/01, and 409/01. In 2002 we amortized R$ 619 million, which included deferrals from both 2001 and the final deferral related to 1999. On December 31, 2002, the outstanding balance of the 2001 deferral amounted to R$ 154 million, after taxes. In 2001, the positive effect of the deferral on the results amounted to R$ 621 million, or R$ 410 million after income taxes and social contribution.

Net Debt

Our consolidated net debt totalled US$ 1.4 billion at the end of 2002, a reduction of US$ 678 million compared to the total at the end of 2001. This reduction was achieved through our effective hedging strategy and our operational cash generation. In reais, our consolidated net debt of R$ 5.1 billion at the end of 2002 was R$ 0.2 billion higher, compared to the total at the end of 2001. The slight increase is explained by the effects of the exchange variation on dollar-denominated debt. This impact was partially offset by higher financial revenues, which contributed to increase our cash by R$ 1 billion.

Earnings Distribution

We have always strived to maintain a stable dividend distribution policy, to reflect not only our concern for our shareholders' return on investment, but also our confidence on CSN's future prospects. As a result, the dividend distribution for the fiscal year ending December 31, 2002, will be based on earnings from previous periods that, together, form the balance of the investment reserves.

The proposal for the payout to our shareholders is to distribute interest on equity in the total amount of R$ 293.5 million - in addition to the R$ 50 million interest on equity approved in April 2002 and paid in June 2002.

Value Added

Value added in 2002 totalled R$ 4.9 billion (see Note 24 to the Financial Statements), which differs from 2001 particularly in the Interest and Exchange Rate Variation item, due to the significant currency devaluation reported in the period.

Table 1: Performance Indexes - Parent Company

OPERATIONAL INVESTMENTS

Our main operational investment in 2002, in the amount of R$ 326 million, was the implementation of the Rolling, Galvanizing and Pre-Painting Unit in

Araucária, Paraná, through our subsidiary CISA.

For 2003, the most important operational investments will also take place at CISA, with the start-up of the Galvanizing and Pre-Painting lines in the first half, and the conclusion of the cold-rolling mill and the pickling line during the year, thus completing the mill as planned.

In the steelmaking complex - which includes Usina Presidente Vargas (steel mill in Volta Redonda), the coal terminal at the Sepetiba port (Tecar) and the iron ore, limestone, and dolomite mines - we invested R$ 383.5 million in 2002. Investments of R$ 56 million in the plant and in Tecar were focused on environmental issues.

The remaining investments represent, basically, payments involving previous years' projects, and also several minor projects aimed at sustaining our competitiveness and also the quality of our products and services.

The main investments planned for the Volta Redonda steel mill in 2003 include the substitution of some of the steel-producing pots, in order to allow us to reach a production capacity of 5.8 million tons, as well as the revamping of the coke-producing units 1, 4, and 5. These and other general investments are basically focused on sustaining the mill's competitiveness and preserving the environmental quality of the area surrounding Usina Presidente Vargas.

Research and Development expenses totalled R$ 21 million in 2002, including product development initiatives. Product development was the main focus, with particular emphasis on production process improvements involving steels for two-piece beverage cans, high resistance steel for the automotive industry and special application steels for several other industrial segments. We also proceeded with our simultaneous engineering programs together with several customers, aimed at providing direct technical support within the customers' industrial facilities.

CAPITAL MARKET

Market Performance

In 2002 as in 2001, the stock market trended downward. The Ibovespa(1) fell 17.0% while the Dow Jones Industrial Average(2) fell 16.8%.

Despite the difficult market environment, our shares at Bovespa rose 46.2% throughout 2002. On the New York Stock Exchange (NYSE), our ADRs fell 11.0% in dollars, as a consequence of the 52.3% depreciation of the real during 2002.

At Bovespa, the 2002 average daily trading volume was close to 200 million shares in more than 49 thousand transactions during the year. This average was almost two times higher than in 2001. ADR trading volume remained stable, representing 35% of all transactions involving shares, both at Bovespa and NYSE. Foreign ownership of CSN's shares reached 25% in 2002, compared to 20% in 2001, both at Bovespa and NYSE.

In 2002 we conducted important financing transactions, despite the country's tight credit environment. In the domestic market we issued R$ 690 million in 3 and 4-year debentures as of March 2002, and a R$ 197 million facility with BNDES in December, maturing in 6 years.

Our trade finance facilities - such as export/import pre-payment and financing - totalled US$ 430 million. On average, we refinanced between 70 and 75% of these obligations in 2002. In spite of a difficult market environment, the average cost of these obligations remained at Libor plus 3.5/3.75% p.a.

In March 2003, we issued US$85 million in Notes through our subsidiary CSN Islands II Corp. The one-year transaction, with a coupon of 9.5% p.a., was the first one to be carried out by a Brazilian non-financial company since March 2002.

(1) - Index of Bolsa de Valores de São Paulo - Bovespa
(2) - Index of the New York Stock Exchange - NYSE

HUMAN RESOURCES

Throughout 2002, our Human Resources department developed and implemented a series of programs focused on the development of our 8,470 employees along all human dimensions: physical, mental, emotional, and intellectual. The idea is to improve quality of life in and out of the working environment, so that employees feel stimulated, challenged, and valued on a daily basis.

Among the most important programs were those focused on information and participation ("HELLO HR" hotline with 4,000 calls received in 2002; "HR GATHERINGS", informal encounters in all CSN units to explain benefits and programs impacting employees; the implementing of HR Integrated System), quality of life ("Healthy Living Program," involving disease/drug/alcohol/obesity prevention programs and special themes of interest), health (two medical units inaugurated at the plant site in Volta Redonda), meals (improvements on the meals served on the premises, based on employee input), education ("PROJECT EDUCATE", which granted 600 full scholarships for elementary and middle school, as well as partial scholarships for college and technical courses), social responsibility (activities that complement the work developed by Fundação CSN and that mapped out the internal supply and demand for a volunteer program, as well as a special retirement preparation workshop, focused on employees approaching retirement), and professional development (internal recruiting, trainee, internship, and competence performance managing programs, the latter focused initially on executives).

In 2002, we conducted a severance incentive program in which 487 employees opted to receive compensation proportional to their period of service, extended health care assistance and outplacement personal consulting services. Total expenditures with the program were around R$ 13 million.

Our goals for 2003 are to maintain the main existing programs, while also broadening some of them. We will extend the competence performance managing program to graduate professionals, coordinators and supervisors. We will also implement a specific program aimed at physically and mentally disabled employees, and conduct an effort to broaden the integration of all human resources systems.

SOCIAL RESPONSIBILITY

Corporate Social Responsibility is an increasingly important issue for the majority of large corporations.

Fundação CSN (CSN Foundation), a non-profit organization that implements CSN's corporate strategy for social responsibility, invested R$ 14 million in 2002 in educational, cultural, environmental, and community-oriented social projects.

The inclusion of individuals in a productive life, the discovery of new talents, the development of citizenship, and professional training were at the heart of the projects supported by Fundação CSN, focused primarily on youngsters of various age groups.

Fundação CSN analyzes, evaluates and measures the performance of the projects it develops and supports, in order to prioritize investments and adjust them to the needs of the target groups, thus guaranteeing its sustainability.

Among the best performing projects in 2002 were Projeto Acontecer, which finances revenue-generating activities in philanthropic organizations and offer professional training to youngsters and adults, thus promoting the organizations' sustainability through such activities; and Projeto Garoto Cidadão, aimed at discovering new talents in music, sports, and arts through the development of self-esteem, the boosting of physical and mental development, as well as an integrated effort to ensure social inclusion of children and teenagers in marginal situations, between the ages of 8 and 18. The project contributed to a measurable improvement in the scholastic performance of its participants.

Fundação CSN's primary focus is directed to the communities around the Company's operating units: Volta Redonda and Itaguaí (RJ), Araucária (PR), Congonhas, and Arcos (MG).

RISKS AND CHALLENGES

Foreign Currency Exposure

On December 31, 2002, 80% of our consolidated gross debt, or US$ 1.6 billion, was denominated in foreign currency, compared to the 96% reported at the end of 2001. Despite this reduction, our balance sheet was once more affected by the exposure to exchange rate volatility, as a consequence of the floating exchange system adopted by Brazil. In order to reduce such exposure, we increased our hedging operations - which totalled US$ 1.7 billion at the end of 2002, while our cash invested abroad totalled US$ 100 million.

In addition to the financial instruments, our export revenues totalled R$ 1.4 billion (US$ 0.4 billion) in 2002, which represented not only a 200% increase in comparison to the previous year, but also additional protection against the exchange rate variation.

Thirty one percent of our production cash-cost was exposed to exchange rate variation, 25% of which corresponded to imported raw materials, such as coal and coke, and the remainder to dollar-linked raw materials, such as zinc and tin.

Internationalization and export market

Internationalization

In July 2002 we announced our intention of combining our assets with those of the Corus Group, plc, an Anglo-Dutch company and the second largest European steelmaker in installed production capacity. The proposition fitted into our strategy of globalizing our activities and had operational and financial synergies. However, both the Brazilian and the international economic scenario at the end of 2002 led us to abandon this project. We will continue to study proposals and opportunities for alliances, mergers or acquisitions that allow us to achieve the status of global company.

To confirm this strategy, we intend to exercise our option to acquire CSN LLC, Inc., a re-rolling unit located in Terre Haute, in the United States. We are firmly resolved to complement this operation with the acquisition or construction of a hot strip mill, so that we can benefit from the surplus slabs produced by our mill in Brazil, thus adding value in the North American steel market.

Export Market

According to the International Iron & Steel Institute - IISI, global apparent steel consumption, which is estimated at 802 million tonnes, is expected to increase 5% in 2003 to 840 million tonnes. However, the world supply/demand balance, deeply influenced by China, will still experience some instability, particularly in the second semester.

International prices for hot-rolled products in 2002 were 50% higher, reaching US$ 320/ton, compared to the average US$ 210/ton in 2001. Such a substantial recovery was more a function of inventory replenishing than that of a stronger demand; besides, it reflects the protectionist measures adopted by several countries, especially the United States.

Global demand - except for China, which is now the leading steel importing country, having expanded its domestic steel production more than 12% - has shown only a marginal increase, which indicates that the ongoing price level may undergo adjustments during the year 2003.

STRATEGIC INVESTMENTS

Metalic

We are one of seven steel companies in the world that produce DWI (Drawing & Wall Ironing) steel, a highly-valued product which is used in the production of two-piece beverage cans. In Brazil, steel beverage cans account for only 5% of the market. In comparison to Europe and Asia, where the use of steel in this segment has been growing in recent years and is already significant, the prospects for growth are very promising, since steel is a lower cost and better performance alternative to aluminum, in terms of filling as well as aesthetically.

With the strategic goal of promoting such growth and expanding the presence of steel in the Brazilian beverage can market, in November 2002 we acquired Metalic, the only Brazilian producer of two-piece beverage cans. The price paid was R$ 108.5 million, divided in twelve monthly payments starting November 2002.

CISA-INAL

At the end of 2002 we sold our shares at INAL to CISA, pursuing our strategy of unifying similar activities and strengthening synergies.

The partial splitting of CISA into one Service Center and one Main Operating Plant, as well as the Plant's incorporation by CSN, were approved in February 2003. Our main objective was to maximize essential activities, efficiency, and competitiveness. As a consequence, the Service Center continues to operate as CISA, and the Main Operating Plant becomes a CSN unit.

Energy

In October 2002, we decided to discontinue the contract for energy acquisition maintained with Light, which would expire in December 2005. Since then we have been relying on self-generated energy to meet all of our operational needs. Our energy sources include the Co-generation Thermoelectrical Power Plant (CTE), with an installed capacity of 238 MW; the Igarapava Hydroelectric Power Plant, in which our stake is around 22 MW; and the Itá Hydroelectric Power Plant (Itá), where our stake through Itá Energética S/A (Itasa) is 170 MW.

In 2002, we confirmed our intention to sell our stake in Itasa. In December of the same year we also announced our intention to sell the CTE. This sale, however, was not carried out. CSN continues to pursue the most efficient structure for the sale of this asset, while securing the ongoing supply of electric power.

INDEPENDENT PUBLIC ACCOUNTANTS

In 2002, the independent public accountants that audit CSN and its subsidiaries were hired to perform additional services, distinct from the examination of the Company's financial statements.

Both CSN and the independent public accountants understand that such services, which consist basically of consulting issues over fiscal and corporate matters related to the project of combining activities with CORUS, do not affect the independence of the public accountants.

The additional services hereby mentioned amounted approximately to R$ 100 thousand and represented more than 5% of the total amount paid for the auditing services performed.

As a routine practice, CSN involves its Legal Department in the evaluation of the nature of specific services to be contracted with its external auditors - distinct from, and in addition to, the examination of its financial statements - in order to ensure that such services, due to their nature, represent neither a conflict of interests, nor affect the independence and the objectivity of the independent public accountants, in light of existing regulations.

Statements that express or imply future results, performance or events are forward-looking statements. Forward-looking statements herein include statements about CSN's destiny, becoming a global company and maintaining a continuous presence in the international market, the start-up of CISA and its activities and products, two-piece can prospects, growth in exports, future pension obligations, future results implied by historical results and proposals to sell electric generating facilities. Actual results, performances and events may differ materially fom those expressed or implied by the forward-looking statements as a result of several factors, such as general and economic conditions in Brazil and other countries, interest rate and exchange rate levels, protectionist measures in the United States, Brazil and other countries, changes in laws and regulations and general competitive factors (on a global, regional or national basis).

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: March 27, 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.