

NATIONAL STEEL CO
Form 6-K
November 08, 2006

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 November, 2006

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)

**Av. Brigadeiro Faria Lima 3400, 20º andar
São Paulo, SP, Brazil
04538-132**

(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 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

São Paulo, Brazil; November 8, 2006

Companhia Siderúrgica Nacional (CSN) (BOVESPA: CSNA3) (NYSE: SID) announces its **results for the third quarter of 2006 (3Q06)**, in accordance with Brazilian accounting principles and denominated in Brazilian Reais. The comments presented herein refer to **consolidated** results and **comparisons refer to the third quarter of 2005 (3Q05)**, unless otherwise stated. On September 29, the Real/Dollar exchange rate was R\$2.1742.

Main Highlights

- **Net revenue of R\$2.6 billion in the third quarter**, higher than in the 3Q05 and 2Q06 due to higher prices and sales volumes.
Year-to-date net revenue totaled R\$ 6.5 billion.
- **EBITDA of R\$ 1.1 billion in the quarter**, already including the adjustments for lost profits.
- **Net income of R\$1.1 billion in the first nine months, confirm that operations have fully recovered following the accident to Blast Furnace #3 (BF-3), in January, 2006.** Third-quarter net income was at R\$334 million.
- **Third-quarter domestic sales and exports improved 16% and 90%**, respectively, over the previous three months.
- **Sales mix concentrated in the domestic market**, which accounted for 63% of third-quarter sales.
- **Average 3Q06 prices increased by 8% in Brazil and 6% abroad.**
- **Market share of the Distribution segment climbs from 29% to 34%.**
- **Quarter-over-quarter increase in raw material costs resulting from the return to operations of BF-3.**
- **Investments of R\$380 million in the third-quarter and R\$1,115 million over the nine months.** In the quarter, the main investments went to technological improvements, repairs and maintenance, Casa de Pedra Mine expansion project, and the **acquisition of the remaining 50% of Lusosider Projetos Siderúrgicos S.A, in Portugal.**
- **Anticipated payments of dividends of R\$333 million, in 3Q06.** Year-to-date, the total amount of distributed dividends is R\$2,072 million.
- **Lost profits (BF-3 insurance claim): In 3Q06, The Company booked R\$253 million under Other Operating Income/Expenses .** Until September 2006, adjustments for lost profits totaled R\$923 million.

| Consolidated Highlights | 3Q05 | 2Q06 | 3Q06 | 9M05 | 9M06 |
|--|--------------|--------------|--------------|--------------|--------------|
| Crude Steel Production (thousand t) | 1.317 | 393 | 1.259 | 3.846 | 2.192 |
| Sales Volume (thousand t) | 1.181 | 933 | 1.261 | 3.515 | 3.191 |
| Domestic Market | 613 | 687 | 794 | 2.277 | 2.086 |
| Exports | 568 | 246 | 466 | 1.238 | 1.105 |
| Net Revenue per unit (R\$/t) | 1.671 | 1.706 | 1.805 | 1.922 | 1.739 |
| Financial Data (RS MM) | | | | | |

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| | | | | | |
|--------------------------|--------------|--------------|--------------|--------------|--------------|
| Net Revenue | 2.222 | 1.918 | 2.593 | 7.630 | 6.464 |
| Gross Income | 907 | 436 | 913 | 3.505 | 2.086 |
| EBITDA | 920 | 477 | 912 | 3.541 | 2.176 |
| Adjusted EBITDA | 920 | 924 | 1.142 | 3.541 | 3.014 |
| Net Income | 517 | 409 | 334 | 1.653 | 1.084 |
| Net Debt (R\$ MM) | 5.176 | 6.048 | 6.239 | 5.176 | 6.239 |

| Consolidated Highlights | 3Q06 X 3Q05 (Ch.%) | 3Q06 X 2Q06 (Ch.%) | 9M06 X 9M05 (Ch.%) |
|---|-------------------------------|-------------------------------|-------------------------------|
| <u>Crude Steel Production (thousand t)</u> | -4,4% | 220,2% | -43,0% |
| <u>Sales Volume (thousand t)</u> | 6,7% | 35,1% | -9,2% |
| Domestic Market | 29,5% | 15,5% | -8,4% |
| Exports | -17,9% | 89,8% | -10,7% |
| <u>Net Revenue per unit (R\$/t)</u> | 8,0% | 5,8% | -9,5% |
| <u>Financial Data (RS MM)</u> | | | |
| Net Revenue | 16,7% | 35,2% | -15,3% |
| Gross Income | 0,6% | 109,1% | -40,5% |
| EBITDA | -0,9% | 91,4% | -38,5% |
| Adjusted EBITDA | 24,1% | 23,6% | -14,9% |
| Net Income | -35,3% | -18,4% | -34,4% |
| Net Debt (R\$ MM) | 20,5% | 3,2% | 20,5% |

Bovespa: CSNA3 R\$ 62.00/share
NYSE: SID US\$ 28.43/ADR (1 ADR = 1 share)
Total shares = 272,067,946
Market Cap: R\$ 16.9 billion / US\$ 7.8 billion
Prices on 09/29/2006

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Steel Sector & Economic Scenario

On the international market, the third quarter was characterized by weaker demand and lower service-center inventories. Some plants have already announced production cut-backs in order to reduce pressures on prices. The market, therefore, is not expecting significant price swings in the fourth quarter.

The Brazilian steel market performed better than its international counterpart. Domestic sales moved up 20.0% and 0.8%, respectively, over the 3Q05 and 2Q06 and by 1.7% year-on-year, in the first nine months of the current year. The main demand drivers were the auto industry, distribution, home-appliance & OEM (Original Equipment Manufacturing) market and, to a lesser extent, the civil construction industry.

The auto industry sector presented a positive performance, with third-quarter consumption remaining flat over the previous three months and climbing 16% year-on-year. In year-to-date terms, consumption moved up 3.4% over the 9M05.

The Distribution segment also played an important part, growing by 29% over the 3Q05 and 3.5% year-on-year in the first nine months, due to the improved performance of auto-parts and welded tubes.

The home-appliance & OEM markets recorded growth of 24%, 3.8% and 4% over the 3Q05, 2Q06 and 9M05, respectively, pushed by industrial machinery and equipment, electrical and electronic goods, and home appliances.

Civil Construction also did well, although more modestly, moving up 5.4 year-on-year in the third quarter and 8% over the previous three months.

All in all, confirming predictions, the 3rd quarter was one of increased sales as various sectors which integrate the steel consumption chain staged a recovery, leading to expectations of a probable annual growth.

Output

In CSN, the third quarter was marked by the return to operations of CSN's BF-3, which reached full capacity in the first two weeks of August.

Crude and rolled steel output totaled **1,259,000 and 1,090,000** tonnes, respectively, 4% and 1% below the 3Q05. However, consumption of slabs acquired on the market led to an increase in the delivery of rolled products, when compared to 2005.

Rolled product deliveries from the Presidente Vargas Steel Mill (UPV), in Volta Redonda, totaled 1,090,000 tonnes, in line with the 3Q05 figure. CSN Paraná plant and GalvaSud delivered 67,000 and 76,000 tonnes, respectively, 14% and 55% up year-on-year.

In the first nine months, crude and rolled production fell by 1,654,000 and 480,000 tonnes, respectively, with deliveries dropping by 503,000 tonnes year-to-date, pulled down by the BF-3 accident, in January, 2006.

| Output (data in thousand t) | 3Q05 | 2Q06 | 3Q06 | 9M05 | 9M06 |
|-------------------------------------|-------|------|-------|-------|-------|
| Presidente Vargas Mill (UPV) | | | | | |
| Crude Steel | 1.317 | 393 | 1.259 | 3.846 | 2.192 |
| Finished Products * | 1.106 | 744 | 1.090 | 2.003 | 1.523 |
| CSN Paraná * | 59 | 67 | 67 | 205 | 210 |

| | | | | | |
|-------------------|----|----|----|-----|-----|
| GalvaSud * | 49 | 46 | 76 | 208 | 180 |
|-------------------|----|----|----|-----|-----|

*** Products delivered for sale**

Return to operations of Blast Furnace #3, at full capacity

Sales

The third quarter saw an important recovery in domestic sales volume, which moved up 16% over the 2Q06 and 30% year-on-year, and CSN's total market share increased by 3 percentage points when compared to the same quarter last year. It is also worth noting that the export recovery, coupled with the BF-3's return to operations, occurred when international prices were at higher levels.

Sales volume per segment remained in line with the previous quarter. The distribution sector once again headed the consumption rankings, accounting for 40% of sales, followed by packaging, home appliances & OEM, civil construction and the auto industry, with 21%, 15%, 10% and 13%, respectively.

Prices

In the third quarter, average international steel prices have shown some weakening trend in North America and Asia after peaking last July. In Europe, however, prices closed the quarter at their June levels, due to effective production controls by the region's more disciplined manufacturers.

With BF-3 back on line, CSN's exports climbed back to 37% of total sales volume. Thanks to the Company's strategy of maintaining a local presence in the USA and Europe, it was able to successfully introduce an average of 10% price increase in those markets, versus the previous three months.

Recovery of domestic and export sales volume

The scenario was equally positive in Brazil as a consequence of improved sales, CSN's prices moved up 7% over the 2Q06. Given that the sales mix remained unaltered, the increase was due entirely to the interim price increases announced by CSN, which were well accepted by the local market. Prices are expected to remain at the same level in the 4th quarter, 2006. Although, revenue could be slightly higher in 4Q06 due to a probable improvement in the domestic sales mix. CSN remains committed to increasing its share of the domestic market, while guaranteeing its competitiveness.

Net Revenue

Third-quarter net revenue climbed by 35% over the 2Q06, due to the substantive upturn in sales volume and prices both at home and abroad. The year-on-year comparison, nine-month terms, was clearly affected by the reduction in output triggered by the BF-3 accident, last January.

Third-quarter net revenue climbed by 35% over the 2Q06

Production Costs (Parent Company)

Total production costs reached R\$1,392 million in the third quarter, 17% up on the 2Q06 and 21% higher than the same period last year.

In the quarter-over-quarter comparison, the total costs reflect a higher level of raw material consumption added to General Manufacturing Costs, although the impact was partially offset by the reduction in the purchase of slabs. On the other hand, the upturn over the 3Q05 was due to increased slab purchases.

As for the raw materials themselves, average coal prices remained flat over the second quarter at US\$136/t, while the inventory cost averaged US\$120/t, in September, 2006. Coke prices averaged US\$214/t for the quarter (it is important to highlight that no coke was consumed in the 2Q06), and the average inventory cost was US\$232/t, at the close of the quarter.

CSN has the lowest cost of slab production globally

Operating Expenses/Income

The main item was, once more, the adjustment for lost profits in the Other Net Operating Income/Expenses line. **In the third quarter, a total adjustment of R\$253 million was registered. Year-to-date, these adjustments totaled R\$923 million or US\$424 million.**

Based on specific data collected and analyzed by the insurers, the Company, under conservative assumptions, registered in Other Net Operating Income/Expenses the amount of R\$923 million related to estimated indemnity for lost profits year-to-date.

The policy's maximum indemnification limit is US\$750 million, including lost profits and material damages. It is worth noting that CSN has received US\$75 million from insurance companies to date, in advance.

EBITDA

Third-quarter EBITDA was R\$912 million, or R\$1,142 million if we include the adjustments for lost profits, or 24% up on the 2Q06. **The year-to-date figure, also including these adjustments, totaled R\$3,014 million.**

It is important to notice that the Company has not calculated the adjusted EBITDA margin since the adjustments for lost profits were not booked separately in each line impacted by the insurance claim (Net Revenue and Cost of Goods Sold), but only in Other Operating Expenses/Income. The adjustment would, therefore, lead to a distorted figure.

| Consolidated EBITDA variation | 3Q06 x 2Q06 | 3Q06 x 3Q05 |
|-------------------------------|-------------|-------------|
| EBITDA (var. %) | +91,5 | -0,01 |
| *Adjusted EBITDA (var. %) | +23,6 | +24,1 |

*EBITDA considering the effect of the lost profits provision

Even without adjustments, the 3Q06 EBITDA remained in line with the 2005 average EBITDA level

Net Financial Result and Debt

Third-quarter net debt increased by R\$191 million over the previous three months, due to R\$333 million in dividend payments, to CAPEX investments of R\$380 million in 3Q06 and R\$316 million in the cost of debt. As a result, the net debt/EBITDA ratio using 2005 EBITDA, which was not affected by non-recurring events climbed from 1.32x, in the second quarter, to 1.36x.

The 3Q06 decline in the gross debt was due to the amortization of short-term loans, especially the **US\$300 million due in August, 2006**. In terms of financial cost and average maturity, the average accumulated cost of debt was 12 p.a. in Brazilian Reals, or 76.4% of the CDI (The Interbank Interest Reference Rate) and the average maturity was 7.5 years for the Gross Debt.

In 3Q06, Net Financial Expense was affected by operations with derivatives, since those assets are adjusted under mark to market conditions. When comparing the 3Q06 with the 2Q06, it is important to highlight the non recurrent effect of a reversion of a provision, which took place in the second quarter of the current year and producing a positive impact on the financial result of 2Q06, alone.

Income Taxes

Third-quarter income taxes totaled R\$48 million, R\$70 million less than the previous three months.

Net Income

Third quarter net income was of R\$334 million, 18% lower than the R\$409 million reported on 2Q06. Year-to-date, CSN's net income totaled R\$1,084 million.

Capex

Third-quarter investments totaled R\$380 million, R\$73 million of which went to projects related to the Casa de Pedra expansion (mine, port and pelletizing plant); R\$138 million to technological upgrades/ repairs/maintenance ; R\$29 million to MRS railway system and R\$69 million to the acquisition of the remaining 50% of Lusosider, in Portugal. Year-to-date investments totaled more than R\$1 billion (R\$1,115 million).

Working Capital

Working capital increased by R\$99 million over the second quarter. This increase was mainly caused by a higher level of Accounts Receivable (sales improvement in the domestic and export market), which was partially offset by the upturn in Payments to Suppliers (due to the acquisitions of slabs).

Year-to-date CAPEX already totaled R\$1,115 million

| WORKING CAPITAL VARIATION: | | | In R\$ MM |
|-----------------------------------|--------------|--------------|---------------|
| Account | 2Q06 | 3Q06 | Change |
| Assets | 3.345 | 3.892 | +547 |
| Cash equivalents | 157 | 159 | +2 |
| Accounts Receivables | 917 | 1.311 | +394 |
| Domestic Market | 795 | 976 | +181 |
| Export Market | 238 | 464 | +226 |
| Allowance for Doubtful | (115) | (129) | (14) |
| Inventories | 2.271 | 2.422 | +151 |
| Liability | 1.769 | 2.217 | (448) |
| Suppliers | 1.256 | 1.599 | (343) |
| Salaries and Social Contribution | 104 | 119 | (15) |
| Deffered Taxes | 409 | 499 | (90) |
| Working Capital | 1.576 | 1.675 | +99 |

Capital Markets

Through September 2006, CSN's shares have appreciated by 39%, despite the 9% slide in the third quarter, affected then by doubts surrounding the global economy (US interest rates) and political uncertainties in Brazil, itself.

Capital Markets - CSNA3/SID

| | 3Q05 | 4Q05 | 1Q06 | 2Q06 | 3Q06 |
|--------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| N# of shares | 272.067.946 | 272.067.946 | 272.067.946 | 272.067.946 | 272.067.946 |
| Market Capitalization | | | | | |
| Closing price (R\$/share) | 45,88 | 44,58 | 63,80 | 68,23 | 62,00 |
| Closing price (US\$/share) | 16,30 | 23,25 | 21,05 | 31,70 | 32,57 |
| Market Capitalization (R\$ million) | 12.483 | 12.129 | 17.359 | 18.562 | 16.868 |
| Market Capitalization (US\$ million) | 5.617 | 5.182 | 7.991 | 8.577 | 7.758 |
| Variation | | | | | |
| CSNA3 (%) | 34,1 | (2,8) | 43,1 | 6,9 | (9,1) |
| SID (%) | (32,9) | 42,6 | (9,5) | 50,6 | 2,7 |
| Ibovespa - index | 31.583 | 33.455 | 37.951 | 36.630 | 36.449 |
| Ibovespa - variation (%) | 26,1 | 5,9 | 13,4 | (3,5) | (0,5) |
| Volume | | | | | |
| Average daily (n# of shares) | 869.511 | 825.845 | 844.315 | 695.989 | 528.695 |
| Average daily (R\$ Thousand) | 39.741 | 37.706 | 50.665 | 48.106 | 35.177 |
| Average daily (n# of ADR's) | 812.392 | 773.876 | 1.007.920 | 1.042.424 | 758.238 |
| Average daily (US\$ Thousand) | 15.715 | 15.384 | 27.910 | 32.878 | 22.959 |

Source: *Economática*

In the last five years, CSN's share price appreciated over by 1,000%

Capital Markets

Recent Developments

Investment grade:

Following a review of CSN's fundamentals by the risk rating agency **Fitch**, the Company was upgraded from **BB+** to **BBB-** and granted **Investment Grade status in Foreign Currency**.

Merger between CSN LLC and Wheeling-Pittsburgh Corporation:

On October 25th, 2006, Companhia Siderúrgica Nacional ("CSN") and Wheeling-Pittsburgh Corporation ("WPC") announced that they have entered into a definitive agreement to seal the strategic alliance between these two companies. The merger agreement is expected to create a strong, well-capitalized steel producer with a more flexible cost structure, broader value-added product offering, access to CSN's product and process technology, and significant long-term earnings potential. This definitive agreement reflects the strategic arrangement announced on August 2006.

On November 6th, 2006, CSN offered new enhanced conditions to WPC shareholders. Under these, for each share of Wheeling-Pittsburgh Corporation, shareholders will have the choice of electing to receive either i) a share of common stock in the new combined company (A Share); ii) a Depositary Share that requires CSN to pay \$30 per share in cash four years after the merger (B Share); or iii) a combination of A and B Shares. Each B share will represent the same class of common stock as the A Share that is deposited with a depositary and will be subject to a mandatory purchase by CSN for \$30 per share on the 4th anniversary of the merger. The total number of B Shares will be limited to approximately 50 percent of the total of A and B Shares issued to Wheeling-Pittsburgh shareholders in the merger. CSN and the Company are in discussions to finalize the enhancement, subject to an amendment of the existing definitive agreements.

The merger implementation still depends on certain conditions: election of WPC's new Board of Directors, scheduled to take place on November 17, 2006; the approval of this transaction by local authorities and the approval of the Merger by WPC's shareholders, on a **Special Meeting of Stockholders scheduled for January 2007**.

CSN Cimentos:

The Rio de Janeiro State Environmental Control Commission (CECA) and Environmental Engineering Foundation (FEEMA) granted CSN Cimentos S.A. an **environmental license** for the installation of its plant in the municipality of Volta Redonda.

CSN Cimentos S.A. also signed an equipment supply contract with the Chinese firms- **Shenyang Heavy Machinery Group and Chengdu Design Institute**.

Lusosider Portugal:

On August 31st, 2006, all the shares in Lusosider Projectos Siderúrgicos S.A. held by Corus Staal B.V., a subsidiary of Corus Group Plc **were transferred to CSN Steel Corp.**, a CSN subsidiary. Outright control of Lusosider Projectos Siderúrgicos S.A. was acquired for EUR 25 million.

The transaction reinforces the Company's globalization strategy of gaining access to the world's leading steel consuming markets.

Renewal of ISO9001 Certification:

On November 1st, 2006, the Presidente Vargas Plant's ISO9001 TS 1649 certification (specific to the automotive sector) was renewed for three years by the certifying body ABS, following an audit of all the processes involved in the plant's quality system.

New Executive Appointment:

Juarez Saliba Avelar, Director of Mining, was appointed Executive Officer for the mining area for a two-year term. Before joining CSN, Mr. Avelar was CEO of FERTECO Mineração and headed CVRD's Southern and Northern Systems, respectively.

* * *

Third Quarter 2006 Earnings Release Webcasts

CSN will host presentations to discuss its third quarter 2006 earnings as follows:

| | |
|---|---|
| <p>Portuguese Presentation November 9 Thursday 10:00 am Brasília 7:00 am US-ET Dial-in:(11) 4003-9004 Code: CSN</p> | <p>English Presentation November 9 Thursday 12:00 pm Brasília 9:00 am US-ET Dial-in: (1-973) 935-8893 Code: 7953256</p> |
|---|---|

Companhia Siderúrgica Nacional, located in the State of Rio de Janeiro, Brazil, is a steel complex comprising investments in infrastructure and logistics whose operations include captive mines, an integrated steel mill, service centers, ports and railways. With a total annual production capacity of 5.6 million tonnes of crude steel and consolidated gross revenues of R\$12.3 billion in 2005, CSN is also the only tin-plate producer in Brazil and one of the five largest tin-plate producers worldwide. It is also one of the world's most profitable steelmakers.

Certain of the statements contained herein are forward-looking statements, which express or imply results, performance or events that are expected in the future. They include future results that may be implied by historical results, the statements under Outlook, the expected cost of net debt compared to the CDI in 2005. 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, 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).

Eight pages with tables to follow

* * *

INCOME STATEMENT
CONSOLIDATED - Corporate Law - In Thousand of R\$

| | 3Q2005 | 1Q2006 | 2Q2006 | 3Q2006 | 9M2005 | 9M2006 |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Gross Revenue | 2.714.016 | 2.408.857 | 2.413.126 | 3.211.791 | 9.440.566 | 8.033.774 |
| Gross Revenue deductions | (491.654) | (455.910) | (494.924) | (618.883) | (1.810.526) | (1.569.717) |
| Net Revenues | 2.222.362 | 1.952.947 | 1.918.202 | 2.592.908 | 7.630.040 | 6.464.057 |
| Domestic Market | 1.472.519 | 1.345.188 | 1.508.637 | 1.815.855 | 5.491.752 | 4.669.680 |
| Export Market | 749.843 | 607.759 | 409.565 | 777.053 | 2.138.288 | 1.794.377 |
| Cost of Good Sold (COGS) | (1.315.291) | (1.216.783) | (1.481.707) | (1.679.998) | (4.125.490) | (4.378.488) |
| COGS, excluding depreciation | (1.096.646) | (983.655) | (1.263.440) | (1.447.788) | (3.470.084) | (3.694.883) |
| Depreciation allocated to COGS | (218.645) | (233.128) | (218.267) | (232.210) | (655.406) | (683.605) |
| Gross Profit | 907.071 | 736.164 | 436.495 | 912.910 | 3.504.550 | 2.085.569 |
| Gross Margin (%) | 40,8% | 37,7% | 22,8% | 35,2% | 45,9% | 32,3% |
| Selling Expenses | (138.930) | (110.942) | (90.282) | (142.521) | (411.539) | (343.745) |
| General and administrative expenses | (66.827) | (70.884) | (87.949) | (90.491) | (207.775) | (249.324) |
| Depreciation allocated to SG&A | (13.145) | (12.752) | (13.121) | (13.123) | (40.072) | (38.996) |
| Other operation income (expense), net | 148.977 | 136.255 | 408.398 | 179.363 | 76.889 | 724.016 |
| Operating income before financial equity interests | 837.146 | 677.841 | 653.541 | 846.138 | 2.922.053 | 2.177.520 |
| Net Financial Result | (38.679) | (106.634) | (101.138) | (436.994) | (356.709) | (644.766) |
| Financial Expenses | (301.920) | (343.806) | (238.431) | (402.344) | (1.006.968) | (984.581) |
| Financial Income | 49.869 | (23.363) | 51.633 | (24.282) | 193.551 | 3.988 |
| Net monetary and forgain exchange variations | 213.372 | 260.535 | 85.660 | (10.368) | 456.708 | 335.827 |
| Equity interest in subsidiary | (19.049) | (10.789) | (24.571) | (28.204) | (35.192) | (63.564) |
| Operating Income (loss) | 779.418 | 560.418 | 527.832 | 380.940 | 2.530.152 | 1.469.190 |
| Non-operating income (expenes), Net | 2.391 | 201 | (363) | 1.578 | (4.175) | 1.416 |
| Income Before Income and Social Contribution Taxes | 781.809 | 560.619 | 527.469 | 382.518 | 2.525.977 | 1.470.606 |
| (Provision)/Credit for Income Tax | (192.493) | (165.028) | (95.808) | (30.281) | (644.522) | (291.117) |
| (Provision)/Credit for Social Contribution | (72.423) | (55.173) | (22.197) | (17.994) | (228.528) | (95.364) |
| Minority Interest | - | - | - | (15) | - | (15) |
| Net Income (Loss) | 516.893 | 340.418 | 409.464 | 334.228 | 1.652.927 | 1.084.110 |
| EBITDA* | 919.959 | 787.466 | 476.531 | 912.108 | 3.540.642 | 2.176.105 |
| EBITDA Margin (%) | 41,4% | 40,3% | 24,8% | 35,2% | 46,4% | 33,7% |
| Adjusted EBITDA | 919.959 | 947.744 | 924.125 | 1.141.794 | 3.540.642 | 3.013.664 |

* EBITDA = Gross income excluding selling, general and administrative expenses added to depreciation, amortization and exhaustion.

INCOME STATEMENT

PARENT COMPANY - Corporate Law - In Thousand of R\$

| | 3Q2005 | 1Q2006 | 2Q2006 | 3Q2006 | 9M2005 | 9M2006 |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Gross Revenue | 2.219.569 | 1.872.179 | 1.801.541 | 2.598.645 | 8.030.429 | 6.272.365 |
| Gross Revenue deductions | (418.926) | (367.492) | (405.611) | (503.733) | (1.622.679) | (1.276.836) |
| Net Revenues | 1.800.643 | 1.504.687 | 1.395.930 | 2.094.912 | 6.407.750 | 4.995.529 |
| Domestic Market | 1.271.697 | 1.103.673 | 1.255.470 | 1.521.054 | 4.987.990 | 3.880.197 |
| Export Market | 528.946 | 401.014 | 140.460 | 573.858 | 1.419.760 | 1.115.332 |
| Cost of Good Sold (COGS) | (1.075.699) | (1.003.240) | (1.157.006) | (1.356.242) | (3.438.714) | (3.516.488) |
| COGS, excluding depreciation | (883.341) | (798.130) | (970.833) | (1.160.456) | (2.863.998) | (2.929.419) |
| Depreciation allocated to COGS | (192.358) | (205.110) | (186.173) | (195.786) | (574.716) | (587.069) |
| Gross Profit | 724.944 | 501.447 | 238.924 | 738.670 | 2.969.036 | 1.479.041 |
| <i>Gross Margin (%)</i> | <i>40,3%</i> | <i>33,3%</i> | <i>17,1%</i> | <i>35,3%</i> | <i>46,3%</i> | <i>29,6%</i> |
| Selling Expenses | (62.740) | (63.662) | (59.682) | (78.285) | (189.114) | (201.629) |
| General and administrative expenses | (45.007) | (48.350) | (61.731) | (67.315) | (144.660) | (177.396) |
| Depreciation allocated to SG&A | (5.722) | (5.769) | (6.091) | (6.061) | (18.254) | (17.921) |
| Other operation income (expense), net | 113.194 | 130.065 | 434.305 | 165.578 | 60.917 | 729.948 |
| Operating income before financial equity interests | 724.669 | 513.731 | 545.725 | 752.587 | 2.677.925 | 1.812.043 |
| Net Financial Result | 62.253 | (150.433) | (130.820) | (312.035) | 212.956 | (593.288) |
| Financial Expenses | (141.040) | (271.419) | (140.516) | (310.968) | (658.939) | (722.903) |
| Financial Income | (237.615) | (340.591) | (11.477) | (61.719) | (492.406) | (413.787) |
| Net monetary and forgain exchange variations | 440.908 | 461.577 | 21.173 | 60.652 | 1.364.301 | 543.402 |
| Equity interest in subsidiary | (129.596) | 82.948 | 25.373 | 35.217 | (645.111) | 143.538 |
| Operating Income (loss) | 657.326 | 446.246 | 440.278 | 475.769 | 2.245.770 | 1.362.293 |
| Non-operating income (expenses), Net | 2.466 | 104 | (130) | 1.253 | (4.017) | 1.227 |
| Income Before Income and Social Contribution Taxes | 659.792 | 446.350 | 440.148 | 477.022 | 2.241.753 | 1.363.520 |
| (Provision)/Credit for Income Tax | (141.370) | (109.125) | (59.095) | (42.164) | (530.611) | (210.384) |
| (Provision)/Credit for Social Contribution | (55.717) | (39.197) | (10.764) | (26.219) | (194.231) | (76.180) |
| Net Income (Loss) | 462.705 | 298.028 | 370.289 | 408.639 | 1.516.911 | 1.076.956 |
| EBITDA* | 809.555 | 594.545 | 303.684 | 788.856 | 3.209.978 | 1.687.085 |
| <i>EBITDA Margin (%)</i> | <i>45,0%</i> | <i>39,5%</i> | <i>21,8%</i> | <i>37,7%</i> | <i>50,1%</i> | <i>33,8%</i> |
| Adjusted EBITDA | 809.555 | 754.823 | 751.278 | 1.018.542 | 3.209.978 | 2.524.644 |
| Additional Information | | | | | | |
| Delibetated Dividends and Interest on Equity | - | - | 1.324.087 | - | 2.303.045 | 1.324.087 |
| | - | - | 415.000 | 333.000 | - | 748.000 |

| | | | | | | |
|--|---------|---------|---------|---------|---------|---------|
| Advanced Dividends and Interest on Equity | | | | | | |
| Proposed Dividends and Interest on Equity | 62.721 | 43.796 | 46.698 | 41.667 | 184.176 | 132.161 |
| Number of Shares** - thousands | 264.431 | 257.413 | 257.413 | 257.413 | 264.431 | 257.413 |
| Earnings Loss per Share - R\$ | 1,75 | 1,16 | 1,44 | 1,59 | 5,74 | 4,18 |

* EBITDA = Gross income excluding selling, general and administrative expenses added to depreciation, amortization and exhaustion.

** Excluding shares held in treasury

BALANCE SHEET
Corporate Law - thousands of R\$

| | Parent Company | | Consolidated | |
|---|-------------------|-------------------|-------------------|-------------------|
| | 09/30/2006 | 06/30/2006 | 09/30/2006 | 06/30/2006 |
| Current Assets | 5.978.372 | 5.603.694 | 8.799.894 | 9.083.267 |
| Cash | 69.697 | 43.378 | 159.026 | 156.528 |
| Trade Accounts Receivable | 1.518.533 | 935.404 | 1.310.875 | 916.988 |
| Inventory | 1.557.134 | 1.625.502 | 2.422.014 | 2.271.499 |
| Marketable securities | 1.203.225 | 1.528.252 | 2.958.527 | 4.042.235 |
| Deferred Income Tax and Social Contribution | 294.845 | 301.971 | 398.593 | 340.269 |
| Insurance claims | 924.377 | 636.226 | 924.377 | 636.226 |
| Other | 410.561 | 532.961 | 626.482 | 719.522 |
| Long-term Assets | 1.436.975 | 1.350.912 | 1.665.150 | 1.563.228 |
| Permanet Assets | 17.635.745 | 17.712.728 | 14.444.235 | 14.514.597 |
| Investments | 5.449.106 | 5.400.580 | 298.848 | 319.403 |
| PP&E | 12.026.372 | 12.139.383 | 13.888.985 | 13.919.724 |
| Deffered | 160.267 | 172.765 | 256.402 | 275.470 |
| TOTAL ASSETS | 25.051.092 | 24.667.334 | 24.909.279 | 25.161.092 |
| Current Liabilities | 6.328.788 | 6.016.224 | 5.164.300 | 5.480.598 |
| Loans and Financing | 3.481.542 | 3.494.263 | 2.311.982 | 3.173.764 |
| Suppliers | 1.345.541 | 1.086.213 | 1.598.656 | 1.256.491 |
| Taxes and Contributions | 545.602 | 531.565 | 763.197 | 696.574 |
| Dividends Payable | 133.893 | 92.342 | 133.893 | 92.342 |
| Other | 822.210 | 811.841 | 356.572 | 261.427 |
| Long-term Liabilities | 12.006.041 | 11.968.959 | 13.115.670 | 13.010.512 |
| Loans and Financing | 6.097.333 | 6.203.099 | 7.188.950 | 7.217.021 |
| Provisions for contingences | 3.291.341 | 3.143.168 | 3.383.070 | 3.233.232 |
| Deffered Income and Social Contributions | | | | |
| Taxes | 2.070.115 | 2.101.432 | 2.093.513 | 2.125.617 |
| Other | 547.252 | 521.260 | 450.137 | 434.642 |
| Future Period Results | - | - | 5.361 | 5.930 |
| Minority Interest | - | - | 144 | - |
| Shareholdres' Equity | 6.716.263 | 6.682.151 | 6.623.804 | 6.664.052 |
| Capital | 1.680.947 | 1.680.947 | 1.680.947 | 1.680.947 |
| Capital Reserve | 23.248 | 23.248 | 23.248 | 23.248 |
| Revaluation Reserve | 4.337.850 | 4.398.642 | 4.337.850 | 4.398.642 |
| Earnings Reserve | 973.800 | 973.800 | 911.051 | 911.051 |
| Treasury Stock | (676.721) | (676.721) | (676.721) | (676.721) |
| Retained Earnings | 377.139 | 282.235 | 347.429 | 326.885 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | 25.051.092 | 24.667.334 | 24.909.279 | 25.161.092 |

CASH FLOW STATEMENT
CONSOLIDATED - Corporate Law - thousands of R\$

| | 3Q2005 | 2Q2006 | 3Q2006 | 9M2005 | 9M2006 |
|--|------------------|------------------|--------------------|------------------|--------------------|
| Cash Flow from Operating Activities | 533.604 | 660.578 | 745.166 | 2.462.147 | 1.705.541 |
| Net Income for the period | 516.893 | 409.464 | 334.228 | 1.652.927 | 1.084.110 |
| Net exchange and monetary variations | (449.237) | (62.776) | 19.398 | (1.256.653) | (505.832) |
| Provision for financial expenses | 271.972 | 236.051 | 237.744 | 726.816 | 659.714 |
| Depreciation, exhaustion and amortization | 229.881 | 231.389 | 245.449 | 693.568 | 722.716 |
| Equity results | 19.049 | 24.570 | 28.205 | 35.192 | 63.565 |
| Deferred income taxes and social contributions | 86.298 | 194.230 | (206.468) | (55.082) | (1.646) |
| Provisions | (340.765) | (813.323) | 95.818 | (106.853) | (851.156) |
| Working Capital | 199.513 | 440.973 | (9.208) | 772.232 | 534.070 |
| Accounts Receivable | (7.678) | 140.733 | (407.707) | 359.283 | 35.663 |
| Inventory | 89.732 | (412.403) | (151.308) | 367.361 | (513.396) |
| Suppliers | (18.170) | 221.297 | 339.188 | 237.666 | 353.449 |
| Taxes | (209.920) | (35.825) | 185.904 | 134.749 | 270.393 |
| Others | 345.549 | 527.171 | 24.715 | 391.739 | 387.961 |
| Cash Flow from Investment Activities | (288.727) | (576.039) | (387.519) | (761.368) | (1.208.837) |
| Investments | (81) | (90.748) | (7.206) | (81.430) | (93.626) |
| Fixed Assets/Deferred | (288.646) | (485.291) | (380.313) | (679.938) | (1.115.211) |
| Cash Flow from Financing Activities | 416.410 | 466.715 | (1.357.572) | (874.355) | (1.342.614) |
| Issuances | 1.868.355 | 1.674.924 | 300.330 | 4.321.812 | 2.828.967 |
| Amortizations | (984.127) | (214.588) | (1.056.587) | (1.819.330) | (1.450.164) |
| Interests Expenses | (201.617) | (193.086) | (268.340) | (537.469) | (612.582) |
| Dividends/Interest on own capital | (512) | (800.535) | (332.975) | (2.268.931) | (2.069.725) |
| Shares in treasury | (265.689) | - | - | (570.437) | (39.110) |
| Free Cash Flow | 661.287 | 551.254 | (999.925) | 826.424 | (845.910) |

Net Financial Result
Consolidated - Corporate Law - thousands of R\$

| | 3Q2005 | 2Q2006 | 3Q2006 | 9M2005 | 9M2006 |
|---|------------------|------------------|------------------|--------------------|------------------|
| Financial Expenses | (301.920) | (238.431) | (402.344) | (1.006.968) | (984.581) |
| Loans and financing | (275.506) | (242.638) | (215.767) | (725.889) | (659.714) |
| Local currency | (44.383) | 54.887 | (70.169) | (135.112) | (180.521) |
| Foreign currency | (231.123) | (297.525) | (145.598) | (590.777) | (479.193) |
| Taxes | 25.206 | 59.709 | (125.326) | (155.757) | (197.034) |
| Other financial expenses | (51.620) | (55.502) | (61.251) | (125.322) | (127.833) |
| Financial Income | 49.869 | 51.633 | (24.282) | 193.551 | 3.988 |
| Income from cash investments | 215.716 | 52.658 | (133.614) | 40.516 | (40.896) |
| Other income | (165.307) | (1.025) | 109.332 | 153.035 | 44.884 |
| Exchange and monetary variations | 213.372 | 85.660 | (10.368) | 456.708 | 335.827 |
| Net monetary change | 8.132 | (24.933) | (6.530) | 158 | (39.860) |
| Net exchange change | 205.240 | 110.593 | (3.838) | 456.550 | 375.687 |
| Net Financial Result | (38.679) | (101.138) | (436.994) | (356.709) | (644.766) |

Net Financial Result
Parent Company - Corporate Law - thousands of R\$

| | 3Q2005 | 2Q2006 | 3Q2006 | 9M2005 | 9M2006 |
|---|------------------|------------------|------------------|------------------|------------------|
| Financial Expenses | (141.040) | (140.516) | (310.968) | (658.939) | (722.903) |
| Loans and financing | (108.210) | (44.149) | (62.153) | (294.998) | (188.692) |
| Local currency | (43.529) | (63.102) | (51.788) | (129.550) | (161.531) |
| Foreing currency | (64.681) | 18.953 | (10.365) | (165.448) | (27.161) |
| Transaction with subsidiaries | (61.655) | (146.284) | (121.749) | (216.824) | (326.580) |
| Taxes | 31.263 | 51.734 | (123.068) | (138.129) | (197.938) |
| Other financial expenses | (2.438) | (1.817) | (3.998) | (8.988) | (9.693) |
| Financial Income | (237.615) | (11.477) | (61.719) | (492.406) | (413.787) |
| Transaction with subsidiaries | - | - | 10.886 | - | 10.886 |
| Income from cash investments | (276.619) | 7.459 | (464.937) | (565.375) | (449.656) |
| Other income | 39.004 | (18.936) | 392.332 | 72.969 | 24.983 |
| Exchange and monetary variations | 440.908 | 21.173 | 60.652 | 1.364.301 | 543.402 |
| Net monetary change | 4.516 | (19.754) | (3.895) | (1.529) | (33.119) |
| Net exchange change | 436.392 | 40.927 | 64.547 | 1.365.830 | 576.521 |
| Net Financial Result | 62.253 | (130.820) | (312.035) | 212.956 | (593.288) |

SALES VOLUME
Consolidated - Thousand of tons

| | 3Q2005 | 2Q2006 | 3Q2006 | 9M2005 | 9M2006 |
|------------------------|--------------|------------|--------------|--------------|--------------|
| DOMESTIC MARKET | 613 | 687 | 794 | 2,277 | 2,086 |
| Slabs | 11 | 7 | 6 | 30 | 25 |
| Hot Rolled | 192 | 248 | 294 | 868 | 734 |
| Cold Rolled | 70 | 110 | 135 | 313 | 343 |
| Galvanized | 177 | 177 | 200 | 549 | 537 |
| Tin Plate | 163 | 145 | 158 | 518 | 447 |
| EXPORT MARKET | 568 | 246 | 466 | 1,238 | 1,105 |
| Slabs | 5 | 24 | 61 | 5 | 84 |
| Hot Rolled | 237 | 30 | 108 | 375 | 218 |
| Cold Rolled | 91 | 29 | 40 | 144 | 112 |
| Galvanized | 156 | 140 | 198 | 489 | 531 |
| Tin Plate | 78 | 23 | 59 | 224 | 160 |
| TOTAL MARKET | 1,181 | 933 | 1,261 | 3,515 | 3,191 |
| Slabs | 16 | 31 | 67 | 35 | 109 |
| Hot Rolled | 430 | 278 | 402 | 1,243 | 952 |
| Cold Rolled | 161 | 139 | 176 | 457 | 455 |
| Galvanized | 333 | 316 | 399 | 1,038 | 1,068 |
| Tin Plate | 241 | 169 | 217 | 742 | 607 |

SALES VOLUME
Parent Company - Thousand of tons

| | 3Q2005 | 2Q2006 | 3Q2006 | 9M2005 | 9M2006 |
|------------------------|--------------|------------|--------------|--------------|--------------|
| DOMESTIC MARKET | 637 | 707 | 800 | 2,399 | 2,118 |
| Slabs | 11 | 7 | 6 | 30 | 25 |
| Hot Rolled | 200 | 243 | 289 | 897 | 714 |
| Cold Rolled | 131 | 144 | 153 | 486 | 418 |
| Galvanized | 132 | 161 | 184 | 463 | 498 |
| Tin Plate | 163 | 151 | 167 | 523 | 463 |
| EXPORT MARKET | 468 | 104 | 427 | 995 | 858 |
| Slabs | 5 | - | 118 | 41 | 118 |
| Hot Rolled | 270 | 35 | 125 | 444 | 273 |
| Cold Rolled | 94 | 15 | 35 | 168 | 96 |
| Galvanized | 29 | 38 | 98 | 143 | 237 |
| Tin Plate | 69 | 16 | 49 | 198 | 134 |
| TOTAL MARKET | 1,105 | 810 | 1,226 | 3,393 | 2,976 |
| Slabs | 16 | 7 | 125 | 71 | 143 |
| Hot Rolled | 470 | 278 | 414 | 1,341 | 988 |
| Cold Rolled | 225 | 159 | 188 | 654 | 514 |
| Galvanized | 161 | 199 | 282 | 606 | 735 |
| Tin Plate | 232 | 167 | 217 | 721 | 597 |

NET REVENUE PER UNIT
Consolidated - In R\$/tonne

| | 3Q2005 | 2Q2006 | 3Q2006 | 9M2005 | 9M2006 |
|------------------------|--------------|--------------|--------------|--------------|--------------|
| DOMESTIC MARKET | 2.019 | 1.755 | 1.889 | 2.061 | 1.821 |
| Slabs | 700 | 651 | 643 | 787 | 648 |
| Hot Rolled | 1.553 | 1.297 | 1.361 | 1.705 | 1.333 |
| Cold Rolled | 1.696 | 1.546 | 1.637 | 2.020 | 1.587 |
| Galvanized | 2.304 | 2.001 | 2.179 | 2.325 | 2.071 |
| Tin Plate | 2.488 | 2.451 | 2.771 | 2.475 | 2.568 |
| EXPORT MARKET | 1.296 | 1.568 | 1.662 | 1.667 | 1.584 |
| Slabs | 833 | 726 | 1.092 | 833 | 990 |
| Hot Rolled | 999 | 1.119 | 1.320 | 1.163 | 1.179 |
| Cold Rolled | 1.169 | 1.450 | 1.534 | 1.383 | 1.488 |
| Galvanized | 1.457 | 1.785 | 1.958 | 1.885 | 1.769 |
| Tin Plate | 2.056 | 1.836 | 1.969 | 2.239 | 1.904 |
| TOTAL MARKET | 1.671 | 1.706 | 1.805 | 1.922 | 1.739 |
| Slabs | 743 | 709 | 1.049 | 794 | 912 |
| Hot Rolled | 1.247 | 1.278 | 1.350 | 1.541 | 1.298 |
| Cold Rolled | 1.398 | 1.526 | 1.613 | 1.819 | 1.562 |
| Galvanized | 1.907 | 1.906 | 2.069 | 2.118 | 1.921 |
| Tin Plate | 2.348 | 2.366 | 2.552 | 2.404 | 2.393 |

NET REVENUE PER UNIT
Parent Company - In R\$/tonne

| | 3Q2005 | 2Q2006 | 3Q2006 | 9M2005 | 9M2006 |
|------------------------|--------------|--------------|--------------|--------------|--------------|
| DOMESTIC MARKET | 1.827 | 1.647 | 1.772 | 1.939 | 1.700 |
| Slabs | 700 | 651 | 643 | 787 | 649 |
| Hot Rolled | 1.424 | 1.259 | 1.342 | 1.607 | 1.295 |
| Cold Rolled | 1.493 | 1.398 | 1.554 | 1.792 | 1.456 |
| Galvanized | 2.188 | 1.909 | 2.138 | 2.307 | 1.963 |
| Tin Plate | 2.372 | 2.275 | 2.356 | 2.385 | 2.319 |
| EXPORT MARKET | 1.124 | 1.317 | 1.341 | 1.406 | 1.289 |
| Slabs | 615 | - | 1.046 | 1.267 | 1.046 |
| Hot Rolled | 909 | 1.023 | 1.213 | 1.076 | 1.058 |
| Cold Rolled | 1.104 | 1.119 | 1.315 | 1.277 | 1.199 |
| Galvanized | 1.498 | 1.549 | 1.669 | 1.704 | 1.520 |
| Tin Plate | 1.875 | 1.598 | 1.740 | 2.069 | 1.629 |
| TOTAL MARKET | 1.529 | 1.605 | 1.622 | 1.783 | 1.581 |
| Slabs | 672 | 651 | 1.026 | 1.065 | 977 |
| Hot Rolled | 1.128 | 1.230 | 1.303 | 1.431 | 1.229 |
| Cold Rolled | 1.330 | 1.372 | 1.509 | 1.659 | 1.408 |
| Galvanized | 2.065 | 1.840 | 1.974 | 2.164 | 1.820 |
| Tin Plate | 2.224 | 2.212 | 2.216 | 2.298 | 2.164 |

EXCHANGE RATE
In R\$/US\$

| | 1Q2005 | 2Q2005 | 3Q2005 | 4Q2005 | 1Q2006 | 2Q2006 | 3Q2006 |
|----------------------|--------|--------|--------|--------|--------|--------|--------|
| Average | 2,6652 | 2,4818 | 2,3428 | 2,2509 | 2,1959 | 2,1852 | 2,1713 |
| % change | -4,3% | -6,9% | -5,6% | -3,9% | -2,4% | -0,5% | -0,6% |
| End of Period | 2,6662 | 2,3504 | 2,2222 | 2,3407 | 2,1724 | 2,1643 | 2,1742 |
| % change | 0,4% | -11,8% | -5,5% | 5,3% | -7,2% | -0,4% | 0,5% |

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: November 8, 2006

COMPANHIA SIDERÚRGICA NACIONAL

By: /s/ Benjamin Steinbruch

**Benjamin Steinbruch
Chief Executive Officer and
Acting Chief 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.
