ROYAL BANK OF CANADA
Form 424B2
October 24, 2017

PRICING SUPPLEMENT
Filed Pursuant to Rule 424(b)(2)
Registration Statement No. 333-208507
Dated October 20, 2017

Royal Bank of Canada Trigger Callable Contingent Yield Notes (Daily Coupon Observation)
$4,086,600 Notes Linked to the Least Performing Underlying of the S&P 500® Index, the EURO STOXX 50® Index and the Russell 2000® Index due on April 24, 2020

Investment Description

Trigger Callable Contingent Yield Notes (the "Notes") are unsecured and unsubordinated debt securities issued by Royal Bank of Canada linked to the performance of the least performing underlying of the S&P 500® Index, the EURO STOXX 50® Index, and the Russell 2000® Index (each an "underlying index" and together the "underlying indices"). If the closing level of each underlying index is equal to or greater than its coupon barrier on each trading day during a Quarterly Observation Period, we will make a contingent coupon payment with respect to that period. If the closing level of any underlying index is less than its coupon barrier on any trading day during a Quarterly Observation Period, no contingent coupon payment will be made. We may, at our election, call the Notes early on any Quarterly Observation End Date (other than the final valuation date) regardless of the closing level of any of the underlying indices on that day. If we elect to call the Notes prior to maturity, we will pay the principal amount plus any contingent coupon for the Quarterly Observation Period ending on the applicable Quarterly Observation End Date, and no further amounts will be owed to you. If we do not elect to call the Notes prior to maturity and the ending levels of each of the underlying indices are equal to or greater than their respective trigger level (which is the same level as their coupon barrier), we will make a cash payment at maturity equal to the principal amount of your Notes, in addition to any contingent coupon for the final Quarterly Observation Period. If we do not elect to call the Notes prior to maturity and the closing level of any of the underlying indices is less than its trigger level, we will pay you less than the full principal amount, if anything, at maturity, resulting in a loss of your principal amount that is proportionate to the decline in the closing level of the underlying index with the largest percentage decrease between its initial level and final level (the "least performing underlying index").
Investing in the Notes involves significant risks. You may lose some or all of your principal amount at maturity. You may receive few or no quarterly contingent coupons during the term of the Notes. You will be exposed to the market risk of each underlying index on each trading day of the Quarterly Observation Periods and on the final valuation date and any decline in the level of one underlying index may negatively affect your return and will not be offset or mitigated by a lesser decline or any potential increase in the level of the other underlying indices. Generally, a higher contingent coupon rate is associated with a greater risk of loss. The contingent repayment of principal applies only if you hold the Notes to maturity. Any payment on the Notes, including any repayment of principal, is subject to our creditworthiness. If we were to default on our payment obligations, you may not receive any amounts owed to you under the Notes and you could lose your entire investment. The Notes will not be listed on any securities exchange.

Features Key Dates

q Contingent Coupon — If the closing level of each underlying index is equal to or greater than its coupon barrier on each trading day during a Quarterly Observation Period, we will make a contingent coupon payment with respect to that period. We will not pay you the contingent coupon for any Quarterly Observation Period in which the closing level of any underlying index on any day during that period is less than its coupon barrier.

q Issuer Callable — We may, at our election, call the Notes on any Quarterly Observation End Date (other than the final valuation date), regardless of the closing level of any underlying index on that Quarterly Observation End Date, and pay you the principal amount plus any contingent coupon otherwise due for the Quarterly Observation Period ending on that Quarterly Observation End Date. If the Notes are called, no further payments will be made after the Call Settlement Date.

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Contingent Repayment of Principal at Maturity— If by maturity the Notes have not been called and each underlying index closes at or above its trigger level on the final valuation date, we will pay you the principal amount per Note at maturity, in addition to any contingent coupon with respect to the final Quarterly Observation Period. If any underlying index closes below its trigger level on the final valuation date, we will repay less than the principal amount, if anything, at maturity, resulting in a loss on your principal amount that is proportionate to the decline in the closing level of the least performing underlying index from its initial level to its final level. The contingent repayment of principal applies only if you hold the Notes until maturity. Any payment on the Notes, including any repayment of principal, is subject to our creditworthiness.

Trade Date	October 20, 2017
Settlement Date	October 25, 2017
Observation Periods	Quarterly (see page 5)
Final Valuation Date[1]	April 20, 2020
Maturity Date[1]	April 24, 2020

[1] Subject to postponement if a market disruption event occurs as described under "General Terms of the Notes — Payment at Maturity" below

NOTICE TO INVESTORS: THE NOTES ARE SIGNIFICANTLY RISKIER THAN CONVENTIONAL DEBT INSTRUMENTS. WE ARE NOT NECESSARILY OBLIGATED TO REPAY THE FULL PRINCIPAL AMOUNT OF THE NOTES AT MATURITY, AND THE NOTES CAN HAVE DOWNSIDE MARKET RISK SIMILAR TO THE LEAST PERFORMING UNDERLYING INDEX. THIS MARKET RISK IS IN ADDITION TO THE CREDIT RISK INHERENT IN PURCHASING A DEBT OBLIGATION OF ROYAL BANK OF CANADA. YOU SHOULD NOT PURCHASE THE NOTES IF YOU DO NOT UNDERSTAND OR ARE NOT COMFORTABLE WITH THE SIGNIFICANT RISKS INVOLVED IN INVESTING IN THE NOTES.

YOU SHOULD CAREFULLY CONSIDER THE RISKS DESCRIBED UNDER ''KEY RISKS'' BEGINNING ON PAGE 6 OF THIS PRICING SUPPLEMENT AND UNDER ''RISK FACTORS'' BEGINNING ON PAGE S-1 OF THE PROSPECTUS SUPPLEMENT BEFORE PURCHASING ANY NOTES. EVENTS RELATING TO ANY OF THOSE RISKS, OR OTHER RISKS AND UNCERTAINTIES, COULD ADVERSELY AFFECT THE MARKET VALUE OF, AND THE RETURN ON, YOUR NOTES. YOU MAY LOSE SOME OR ALL OF THE PRINCIPAL AMOUNT OF THE NOTES.

Note Offering

This pricing supplement relates to Trigger Callable Contingent Yield Notes we are offering. The Notes are linked to the least performing underlying between the S&P 500® Index, the EURO STOXX 50® Index and the Russell 2000® Index. The Notes are offered at a minimum investment of 100 Notes at $10.00 per Note (representing a $1,000 investment), and integral multiples of $10.00 in excess thereof.

Underlying Indices	Tickers	Contingent Coupon Rate	Initial Levels	Trigger Levels	Coupon Barriers	CUSIP	ISIN
S&P 500® Index (SPX)	SPX	10.65% per annum	2,575.21	1,931.41, which is 75% of the initial level (rounded to two decimal places)	1,931.41, which is 75% of the initial level (rounded to two decimal places)	78013F529	US78013F5290
EURO STOXX 50® Index (SX5E)	SX5E		3,605.09	2,703.82, which is 75% of the initial level (rounded to two decimal places)	2,703.82, which is 75% of the initial level (rounded to two decimal places)		
Russell 2000® Index (RTY)	RTY		1,509.247	1,131.935, which is 75% of the initial level (rounded to three decimal places)	1,131.935, which is 75% of the initial level (rounded to three decimal places)		

See "Additional Information About Royal Bank of Canada and the Notes" in this pricing supplement. The Notes will have the terms specified in the prospectus dated January 8, 2016, the prospectus supplement dated January 8, 2016 and this pricing supplement.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the Notes or passed upon the accuracy or the adequacy of this pricing supplement or the accompanying prospectus and prospectus supplement. Any representation to the contrary is a criminal offense.

	Price to Public		Fees and Commissions[(1)]		Proceeds to Us	
Offering of the Notes	Total	Per Note	Total	Per Note	Total	Per Note
Notes linked to the Least Performing Underlying of the S&P 500® Index, the EURO STOXX 50® Index and the Russell 2000® Index	$4,086,600.00	$10.00	$51,082.50	$0.125	$4,035,517.50	$9.875

(1) UBS Financial Services Inc., which we refer to as UBS, will receive a commission of $0.15 per $10 principal amount of the Notes. See “Supplemental Plan of Distribution (Conflicts of Interest)” on page 33 of this pricing supplement.

The initial estimated value of the Notes as of the date of this document is $9.7137 per $10 in principal amount, which is less than the price to public. The actual value of the Notes at any time will reflect many factors, cannot be predicted with accuracy, and may be less than this amount. We describe our determination of the initial estimated value under “Key Risks” beginning on page 6, “Supplemental Plan of Distribution (Conflicts of Interest)” on page 33 and “Structuring the Notes” beginning on page 33 of this pricing supplement.

The Notes will not constitute deposits insured under the Canada Deposit Insurance Corporation Act or by the United States Federal Deposit Insurance Corporation or any other Canadian or United States government agency or instrumentality.

UBS Financial Services Inc RBC Capital Markets, LLC

Additional Information About Royal Bank of Canada and the Notes

You should read this pricing supplement together with the prospectus dated January 8, 2016, as supplemented by the prospectus supplement dated January 8, 2016, relating to our senior global medium-term notes, Series G, of which these Notes are a part. This pricing supplement, together with the documents listed below, contains the terms of the Notes and supersedes all other prior or contemporaneous oral statements as well as any other written materials including preliminary or indicative pricing terms, correspondence, trade ideas, structures for implementation, sample structures, fact sheets, brochures or other educational materials of ours. You should carefully consider, among other things, the matters set forth in "Key Risks" below, as the Notes involve risks not associated with conventional debt securities.

If the terms of the prospectus and prospectus supplement are inconsistent with the terms discussed herein, the terms discussed in this pricing supplement will control.

You may access these on the SEC website at www.sec.gov as follows (or if such address has changed, by reviewing our filing for the relevant date on the SEC website):

¨Prospectus supplement dated January 8, 2016:
http://www.sec.gov/Archives/edgar/data/1000275/000121465916008811/p14150424b3.htm

¨Prospectus dated January 8, 2016:
http://www.sec.gov/Archives/edgar/data/1000275/000121465916008810/j18160424b3.htm

As used in this pricing supplement, "we," "us" or "our" refers to Royal Bank of Canada.

Investor Suitability

The Notes may be suitable for you if, among other considerations:

- You fully understand the risks inherent in an investment in the Notes, including the risk of loss of your entire initial investment.
- You can tolerate a loss of all or a substantial portion of your investment and are willing to make an investment that may have the same downside market risk as the least performing underlying index.
- You accept that you may not receive a contingent coupon payment on some or all of the coupon payment dates.
- You are willing to make an investment whose return is limited to the applicable contingent coupon payments, regardless of any potential appreciation of the underlying indices, which could be significant.
- You do not seek guaranteed current income from this investment and are willing to forgo the dividends paid on the equity securities composing the underlying indices.
- You can tolerate fluctuations in the price of the Notes prior to maturity that may be similar to or exceed the downside fluctuations of the underlying indices.
- You are willing to invest in Notes for which there may be little or no secondary market and you accept that the secondary market will depend in large part on the price, if any, at which RBC Capital Markets, LLC, which we refer to as "RBCCM," is willing to purchase the Notes.
- You are willing to invest in the Notes based on the contingent coupon rate set forth on the cover page.
- You are willing to accept individual exposure to each underlying index on each trading day of the Quarterly Observation Periods and on the final valuation date and understand that the performance of the least performing underlying index will not be offset or mitigated by the performance of the other underlying indices.
- You understand and accept the risks and characteristics associated with the underlying indices.
- You are willing to invest in notes that may be called early at our election and you are otherwise willing to hold such securities to maturity.
- You are willing to assume our credit risk for all payments under the Notes, and understand that if we default on our obligations, you may not receive any amounts due to you, including any repayment of principal.

The Notes may not be suitable for you if, among other considerations:

- You do not fully understand the risks inherent in an investment in the Notes, including the risk of loss of your entire initial investment.
- You cannot tolerate a loss on your investment and require an investment designed to provide a full return of principal at maturity.
- You do not accept that you may not receive a contingent coupon payment on some or all of the coupon payment dates.
- You are not willing to make an investment that may have the same downside market risk as the least performing underlying index.
- You believe that the levels of any underlying index will decline during the term of the Notes and is likely to close below its coupon barrier during the Quarterly Coupon Observation Periods and below its trigger level on the final valuation date.
- You seek an investment that participates in the full appreciation in the levels of the underlying indices or that has unlimited return potential.
- You cannot tolerate fluctuations in the price of the Notes prior to maturity that may be similar to or exceed the downside fluctuations of the least performing underlying index.
- You are unwilling to invest in the Notes based on the contingent coupon rate set forth on the cover page.
- You are unwilling to accept individual exposure to each underlying index on each trading day of the Quarterly Observation Periods and on the final valuation date or do not understand that the performance of the least performing underlying index will not be offset or mitigated by the performance of the other underlying indices.
- You seek guaranteed current income from this investment or prefer to receive the dividends paid on the securities composing the underlying indices.
- You do not understand or accept the risks or characteristics associated with the underlying indices.
- You are unable or unwilling to hold notes that may be called early at our election, or you are otherwise unable or unwilling to hold such securities to maturity, or you seek an investment for which there will be an active secondary

market for the Notes.

¨ You are not willing to assume our credit risk for all payments under the Notes, including any repayment of principal.

The suitability considerations identified above are not exhaustive. Whether or not the Notes are a suitable investment for you will depend on your individual circumstances, and you should reach an investment decision only after you and your investment, legal, tax, accounting, and other advisers have carefully considered the suitability of an investment in the Notes in light of your particular circumstances. You should also review carefully the “Key Risks” beginning on page 6 of this pricing supplement for risks related to an investment in the Notes. In addition, you should review carefully the section below, “Information About the Underlying Indices,” for more information about these indices.

Final Terms of the Notes[1]

Issuer:	Royal Bank of Canada
Principal Amount per Note:	$10.00 per Note (subject to a minimum purchase of 100 Notes of $1,000)
Term:	Approximately 2.5 years, unless earlier called at our election.
Underlying Indices:	The S&P 500® Index ("SPX"), the EURO STOXX 50® Index ("SX5E") and the Russell 2000® Index
Issuer Call Feature:	We may elect to call the Notes on any Quarterly Observation End Date (other than the final valuation date), regardless of the closing level of any underlying index on that date. If the Notes are called, we will pay you on the applicable Call Settlement Date a cash payment per Note equal to the principal amount plus any contingent coupon otherwise due on that date, and no further payments will be made on the Notes. Before we elect to call the Notes on a Quarterly Observation End Date, we will deliver written notice to The Depository Trust Company ("DTC") on or before that date.
Contingent Coupon:	If the closing levels of each of the underlying indices are equal to or greater than their respective coupon barriers on each trading day during a Quarterly Observation Period, we will pay you the contingent coupon for that period on the relevant coupon payment date. If the closing level of any of the underlying indices is less than its coupon barrier on any trading day during a Quarterly Observation Period, the contingent coupon for that period will not accrue or be payable, and we will not make any payment to you on the relevant coupon payment date. Each contingent coupon will be a fixed amount based on equal quarterly installments at the contingent coupon rate.

Contingent coupon payments on the Notes are not guaranteed. We will not pay you the contingent coupon for any Quarterly Observation Period in which the closing level of any underlying index on any trading day during that period is less than its coupon barrier.

Quarterly Observation Period:	With respect to each coupon payment date, the period from but excluding the second immediately preceding Quarterly Observation End Date (or, in the case of the first coupon payment date, from but excluding the trade date) to and including the immediately preceding Quarterly Observation End Date.
Contingent Coupon Rate:	The contingent coupon rate is 10.65% per annum.
Coupon Payment Dates:	Two business days following each Quarterly Observation End Date (as set forth on page 5), except that the coupon payment date for the final Quarterly Observation Period is the maturity date.
Call Settlement Dates:	The first coupon payment date following the applicable Quarterly Observation End Date (other than the maturity date).
Payment at Maturity:	If we do not elect to call the Notes and the closing levels of each of the underlying indices are equal to or greater than their respective trigger levels on the final valuation date, we will pay you a cash payment per Note on the maturity date equal to $10.00 plus any contingent coupon otherwise due on the maturity date. If we do not elect to call the Notes and the final level of the least performing underlying index is less than its trigger level, we will pay you a cash payment on the maturity date of less than the principal amount, if anything, resulting in a loss on your initial investment that is proportionate to the negative underlying return of the least performing underlying index, equal to: $10.00 × (1 + underlying return of the least performing underlying index) per Note
Least Performing Underlying Index:	The underlying index with the largest percentage decrease between its initial level and its final level.
Underlying	Final Level – Initial Level

Return:	Initial Level
Trigger Levels:	With respect to each underlying index, 75% of its initial level, as indicated on the cover page of this pricing supplement.
Coupon Barriers:	With respect to each underlying index, 75% of its initial level, as indicated on the cover page of this pricing supplement.
Initial Levels:	The closing level of each underlying index on the trade date, as indicated on the cover page of this pricing supplement.

[1] Terms used in this pricing supplement, but not defined herein, shall have the meanings ascribed to them in the prospectus or the prospectus supplement.

Final Levels:	The closing level of each underlying index on the final valuation date, as determined by the calculation agent.

Investment Timeline

Trade Date:	The initial level, trigger level and coupon barrier of each underlying index were determined. The contingent coupon rate was set.
Quarterly (callable at our election):	If the closing levels of each of the underlying indices are equal to or greater than their respective coupon barriers on each trading day during a Quarterly Observation Period, we will pay you a contingent coupon payment on the applicable coupon payment date. We may, at our election and upon written notice to DTC, call the Notes on any Quarterly Observation End Date (other than the final valuation date), regardless of the closing level of any underlying index on that Quarterly Observation End Date. If we elect to call the Notes, we will pay you a cash payment per Note equal to the principal amount plus any contingent coupon otherwise due for the applicable Quarterly Observation Period, and no further payments will be made on the Notes.
Maturity Date:	The final level of each underlying index is observed on the final valuation date. If we do not elect to call the Notes, and the final levels of each of the underlying indices are equal to or greater than their respective trigger levels (and their respective coupon barriers), we will repay the principal amount equal to $10.00 per Note plus any contingent coupon otherwise due on the maturity date. If we do not elect to call the Notes and the ending level of the least performing underlying index is less than its trigger level, we will repay less than the principal amount, if anything, resulting in a loss on your initial investment proportionate to the decline of the least performing underlying index, for an amount equal to: $10.00 × (1 + underlying return of the least performing underlying index) per Note

INVESTING IN THE NOTES INVOLVES SIGNIFICANT RISKS. YOU MAY LOSE SOME OR ALL OF YOUR PRINCIPAL AMOUNT. YOU WILL BE EXPOSED TO THE MARKET RISK OF EACH UNDERLYING INDEX ON EACH TRADING DAY OF THE QUARTERLY OBSERVATION PERIODS AND ON THE FINAL VALUATION DATE AND ANY DECLINE IN THE LEVEL OF ONE UNDERLYING INDEX MAY NEGATIVELY AFFECT YOUR RETURN AND WILL NOT BE OFFSET OR MITIGATED BY A LESSER DECLINE OR ANY POTENTIAL INCREASE IN THE LEVEL OF THE OTHER UNDERLYING INDICES. ANY PAYMENT ON THE NOTES, INCLUDING ANY REPAYMENT OF PRINCIPAL, IS SUBJECT TO OUR CREDITWORTHINESS. IF WE WERE TO DEFAULT ON OUR PAYMENT OBLIGATIONS, YOU MAY NOT RECEIVE ANY AMOUNTS OWED TO YOU UNDER THE NOTES AND YOU COULD LOSE YOUR ENTIRE INVESTMENT.

Quarterly Observation Periods Ending on the Following Quarterly Observation End Dates	Coupon Payment Dates / Call Settlement Dates (if called)
January 22, 2018	January 24, 2018
April 20, 2018	April 24, 2018
July 20, 2018	July 24, 2018
October 22, 2018	October 24, 2018
January 22, 2019	January 24, 2019
April 23, 2019	April 25, 2019
July 22, 2019	July 24, 2019
October 21, 2019	October 23, 2019
January 21, 2020	January 23, 2020
April 20, 2020 (the Final Valuation Date)	April 24, 2020* (the Maturity Date)

* The Notes are not callable on the final valuation date. Thus, the Maturity Date is not a Call Settlement Date. Each of the Quarterly Observation End Dates, and therefore the coupon payment dates, is subject to the market disruption event provisions set forth below under “General Terms of the Notes – Market Disruption Events.”

Key Risks

An investment in the Notes is subject to the risks described below, as well as the risks described under "Risk Factors" in the prospectus and the prospectus supplement. The return on the Notes is linked to the performance of the underlying indices. The Notes do not guarantee any return of principal at, or prior to, maturity. Investing in the Notes is not equivalent to investing directly in the securities composing the underlying indices. In addition, your investment in the Notes entails other risks not associated with an investment in conventional debt securities. You should consider carefully the following discussion of risks before you decide that an investment in the Notes is suitable for you.

Risks Relating to the Notes Generally

¨ Your investment in the Notes may result in a loss. The Notes do not guarantee any return of principal. The amount payable to you at maturity, if any, will be determined as described in this pricing supplement. If we do not elect to call the Notes and the closing level of any underlying index has declined below its trigger level on the final valuation date, you will be fully exposed to any depreciation of the least performing index from its initial level to its final level. In this case, we will repay less than the full principal amount at maturity, resulting in a loss of principal that is proportionate to the negative return of the least performing underlying index. Under these circumstances, you will lose 1% (or a fraction thereof) of the principal amount for every 1% (or a fraction thereof) decrease in the level of the least performing underlying index below its initial level. Accordingly, you may lose the entire principal amount of your Notes.

¨ The Notes are subject to our credit risk. The Notes are subject to our credit risk, and our credit ratings and credit spreads may adversely affect the market value of the Notes. Investors are dependent on our ability to pay all amounts due on the Notes, and therefore investors are subject to our credit risk and to changes in the market's view of our creditworthiness. Any decline in our credit ratings or increase in the credit spreads charged by the market for taking our credit risk is likely to adversely affect the value of the Notes. If we were to default on our payment obligations, you may not receive any amounts owed to you under the Notes and you could lose your entire investment.

¨ You may not receive any contingent coupons with respect to your Notes. Royal Bank of Canada will not necessarily make periodic coupon payments on the Notes. If the closing level of any underlying index on any trading day during a Quarterly Observation Period is less than its coupon barrier, we will not pay you the contingent coupon applicable to that period. This will be the case even if the closing level of each other underlying index is greater than or equal to its respective coupon barrier on each trading day during that Quarterly Observation Period, and even if the closing level of that underlying index was higher than its coupon barrier on every other trading day during the Quarterly Observation Period. If the closing level of any underlying index is less than its coupon barrier on any trading day during each Quarterly Observation Period, we will not pay you the applicable contingent coupon during the term of, and you will not receive a positive return on, your Notes. Generally, this non-payment of the contingent coupon will coincide with a greater risk of principal loss on your Notes.

¨ The return on the Notes is limited to the sum of any contingent coupons and you will not participate in any appreciation of any underlying index. The return potential of the Notes is limited to the pre-specified contingent coupon rate, regardless of the appreciation of any underlying index, which may be significant. In addition, the total return on the Notes will vary based on the number of Quarterly Observation Periods for which the contingent coupon is payable prior to maturity, or if we elect to call the Notes. Further, if we elect to call the Notes, you will not receive any contingent coupons or any other payments in respect of any Quarterly Observation Periods after the Call Settlement Date. If we do not elect to call the Notes, you may be subject to the risk of decline in the level of each underlying index, even though you are not able to participate in any potential appreciation of any underlying index. As a result, the return on an investment in the Notes could be less than the return on a hypothetical direct investment in the securities represented by any underlying index. In addition, if we do not elect to call the Notes and the final level of any underlying index is below its trigger level, you will lose some or all of your principal amount and the overall return on the Notes would be less than the amount that would be paid on a conventional debt security of ours of comparable maturity.

¨ If you sell the Notes prior to maturity, you may receive less than the principal amount. If we do not elect to call the Notes, you should be willing to hold the Notes until maturity. If you are able to sell the Notes in the secondary market prior to maturity, you may have to sell them for a loss relative to the principal amount, even if the levels of the underlying indices are above their respective trigger levels. In addition, you will not receive the benefit of any contingent repayment of principal associated with the trigger levels if you sell the Notes before the maturity date. The potential returns described in this document assume that the Notes, which are not designed to be short-term trading instruments, are held to maturity.

- The Notes may be called early and are subject to reinvestment risk. We may, in our sole discretion, elect to call the Notes on any Quarterly Observation End Date (other than the final valuation date), regardless of the closing level of any underlying index on that Quarterly Observation End Date. If we elect to call your Notes early, you will no longer have the opportunity to receive any contingent coupons after the applicable Call Settlement Date. The first Quarterly Observation End Date, and the first potential date on which we may elect to call the Notes, occurs after approximately three months and therefore you may not have the opportunity to receive any contingent coupons after approximately three months. In the event we elect to call the Notes, there is no guarantee that you would be able to reinvest the proceeds at a comparable rate of return for a similar level of risk. To the extent you are able to reinvest such proceeds at an investment comparable to the Notes; you may incur transaction costs such as dealer discounts and hedging costs built into the price of the new securities.

It is more likely that we will elect to call the Notes prior to maturity when the expected interest payable on the Notes is greater than the interest that would be payable on other instruments issued by us of comparable maturity, terms and credit rating trading in the market. We are less likely to call the Notes prior to maturity when the expected interest payable on the Notes is less than the interest that would be payable on other comparable instruments issued by us, which includes when the level of any of the underlying indices is less than its respective coupon barrier. Therefore, the Notes are more likely to remain outstanding when the expected interest payable on the Notes is less than what would be payable on other comparable instruments and when your risk of not receiving a contingent coupon is relatively higher.

- The contingent coupon rate will reflect in part the volatility of the underlying indices and may not be sufficient to compensate you for the risk of loss at maturity. “Volatility” refers to the frequency and magnitude of changes in the levels of the underlying indices. The greater the volatility of the underlying indices, the more likely it is that the level of any underlying index could close below its coupon barrier on any trading day during a Quarterly Observation Period or below its trigger level on the final valuation date. This risk will generally be reflected in a higher contingent coupon rate for the Notes than the interest rate payable on our conventional debt securities with a comparable term. In addition, lower correlation between the underlying indices can also indicate a greater likelihood of one underlying index closing below its coupon barrier or trigger level on any trading day during a Quarterly Observation Period or the final valuation date, respectively. This greater risk will also be reflected in a higher contingent coupon rate than on a security linked to underlying indices with a greater degree of correlation. However, while the contingent coupon will be a fixed amount, the underlying indices' volatility and correlation can change significantly over the term of the Notes. The levels of one or any of the underlying indices could fall sharply as of any trading day during a Quarterly Observation Period or the final valuation date, which could result in missed contingent coupon payments and a significant loss of your principal amount.

- Your return on the Notes may be lower than the return on a conventional debt security of comparable maturity. The return that you will receive on the Notes, which could be negative, may be less than the return you could earn on other investments. Your investment may not reflect the full opportunity cost to you when you take into account factors that affect the time value of money, such as inflation.

- The initial estimated value of the Notes is less than the price to the public. The initial estimated value that is set forth on the cover page of this document, which is less than the public offering price you pay for the Notes, does not represent a minimum price at which we, RBCCM or any of our other affiliates would be willing to purchase the Notes in any secondary market (if any exists) at any time. If you attempt to sell the Notes prior to maturity, their market value may be lower than the price you paid for them and the initial estimated value. This is due to, among other things, changes in the levels of the underlying indices, the borrowing rate we pay to issue securities of this kind, and the inclusion in the price to the public of the underwriting discount, and our estimated profit and the costs relating to our hedging of the Notes. These factors, together with various credit, market and economic factors over the term of the Notes, are expected to reduce the price at which you may be able to sell the Notes in any secondary market and will affect the value of the Notes in complex and unpredictable ways. Assuming no change in market conditions or any other relevant factors, the price, if any, at which you may be able to sell your Notes prior to maturity may be less than the price to public, as any such sale price would not be expected to include the underwriting discount and our estimated profit and the costs relating to our hedging of the Notes. In addition, any price at which you may sell the Notes is likely to reflect customary bid-ask spreads for similar trades. In addition to bid-ask spreads, the value of the Notes determined for any secondary market price is expected to be based on a secondary market rate rather than the internal borrowing rate used to price the Notes and determine the initial estimated value. As a result, the secondary price will be less than if the internal borrowing rate was used. The Notes are not designed to be short-term trading instruments. Accordingly, you should be able and willing to hold your Notes to maturity.

- Our initial estimated value of the Notes is an estimate only, calculated as of the time the terms of the Notes were set. The initial estimated value of the Notes is based on the value of our obligation to make the payments on the Notes, together with the mid-market value of the derivative embedded in the terms of the Notes. See "Structuring the Notes" below. Our estimate is based on a variety of assumptions, including our credit spreads, expectations as to dividends, interest rates and volatility, and the expected term of the Notes. These assumptions are based on certain forecasts about future events, which may prove to be incorrect. Other entities may value the Notes or similar securities at a price that is significantly different than we do.

The value of the Notes at any time after the trade date will vary based on many factors, including changes in market conditions, and cannot be predicted with accuracy. As a result, the actual value you would receive if you sold the Notes in any secondary market, if any, should be expected to differ materially from the initial estimated value of your Notes and the amounts that may be paid on the Notes.

- Your return on the Notes will not reflect dividends on the equity securities composing the underlying indices. The return on the Notes will not reflect the return you would realize if you actually owned the equity securities composing the underlying indices and received the dividends paid on those equity securities. The final levels of each of the underlying indices and the determination of the amount to be paid at maturity or whether the contingent coupon is payable will not take into consideration the value of those dividends.

- If the levels of the underlying indices change, the market value of the Notes may not change in the same manner. Owning the Notes is not the same as owning the securities composing the underlying indices. Accordingly, changes in the levels of the underlying indices may not result in a comparable change of the market value of the Notes. If the levels of the underlying indices on any trading day increase above their respective initial levels or coupon barriers, the value of the Notes may not increase in a comparable manner, if at all. It is possible for the levels of the underlying indices to increase while the value of the Notes declines.

¨ The determination of the payment at maturity on the Notes does not take into account all developments in the levels of the underlying indices. Changes in the levels of the underlying indices prior to the final valuation date will not be reflected in the calculation of the amount payable, if any, at maturity. The calculation agent will calculate the payment at maturity by comparing only the closing level of the least performing underlying index on the final valuation date relative to its initial level. No other levels will be taken into account. As a result, you may lose some or all of your principal amount even if the level of the least performing underlying index has risen at certain times during the term of the Notes before falling to a level below its trigger level on the final valuation date.

¨ The Notes are not designed to be short-term trading instruments. The price at which you will be able to sell the Notes to us or our affiliates prior to maturity, if at all, may be at a substantial discount from the principal amount of the Notes, even in cases where the closing levels of the underlying indices have appreciated since the trade date. In addition, you will not receive the benefit of any contingent repayment of principal associated with the trigger levels if you sell the Notes before the maturity date. The potential returns described in this document assume that the Notes, which are not designed to be short-term trading instruments, are held to maturity.

¨ You must rely on your own evaluation of the merits of an investment linked to the underlying indices. In the ordinary course of their business, our affiliates, or UBS or its affiliates, may have expressed views on expected movements in each of the underlying indices or the securities included in the underlying indices, and may do so in the future. These views or reports may be communicated to our respective clients and clients of our respective affiliates. However, these views are subject to change from time to time. Moreover, other professionals who transact business in markets relating to any underlying index, may at any time have significantly different views from those of ours, and those of UBS and its affiliates. For these reasons, you are encouraged to derive information concerning the underlying indices from multiple sources, and you should not rely solely on views expressed by us, UBS, or our respective affiliates.

¨ Your return on the Notes is not linked to a basket consisting of the underlying indices. Rather, it will be contingent upon the performance of each individual underlying index. Unlike an instrument with a return linked to a basket of indices or other underlying assets, in which risk is mitigated and diversified among all of the components of the basket, you will be exposed equally to the risks related to each of the underlying indices. Poor performance by any one of the underlying indices over the term of the Notes may negatively affect your return and will not be offset or mitigated by a positive performance by the other underlying indices. To receive any contingent coupon payment or contingent repayment of principal at maturity from us, all underlying indices must close above their initial levels, coupon barriers and trigger levels, respectively, on each trading day during a Quarterly Observation Period and on the final valuation date. In addition, if not called at our election prior to maturity, you may incur a loss proportionate to the negative return of the least performing underlying index. Accordingly, your investment is subject to the market risk of each underlying index, which results in a higher risk of your not receiving contingent coupon payments and incurring a loss at maturity.

¨ Because the Notes are linked to the individual performance of more than one underlying index, it is more likely that one of the underlying indices will decrease in value below its coupon barrier and its trigger level, increasing the probability that you will not receive the contingent coupons and that you will lose some or all of your initial investment. The risk that you will not receive the contingent coupons and that you will lose some or all of your initial investment in the Notes is greater if you invest in the Notes as opposed to securities that are linked to the performance of fewer underlying indices if their terms are otherwise substantially similar. With a greater total number of underlying indices, it is more likely that one of the underlying indices will be below its coupon barrier or trigger level, and therefore it is more likely that you will not receive the contingent coupons and that at maturity you will receive an amount in cash which is worth less than your principal amount. In addition, the performances of a pair of underlying indices may be positively or negatively correlated, or may not be correlated at all. If a pair of underlying indices is not correlated to each other or is negatively correlated, there is a greater potential for one of those underlying indices to close below its coupon barrier or trigger level on any day during a Quarterly Observation Period or on the final valuation date, respectively, and therefore the risk of missing a contingent coupon payment and that a loss of principal will occur is even greater. Further, with three underlying indices, it is more likely that the performance of one pair of underlying indices will not be correlated or will be negatively correlated.

It is impossible to predict what the correlations between the underlying indices will be over the term of the Notes. The underlying indices represent different equity markets and these different equity markets may not perform similarly over the term of the Notes. Although the correlation of the underlying indices' performance may change over the term of the Notes, the contingent coupon rate is determined, in part, based on the underlying indices' performance calculated using our internal models at the time when the terms of the Notes are determined. As stated earlier, a higher contingent coupon rate is generally associated with lower correlation of the underlying indices, which reflects a greater potential for missed contingent coupons and for a loss on your investment at maturity. See “Correlation of the Underlying Indices” below.

Risks Relating to Liquidity and Secondary Market Issues

¨ Secondary trading in the Notes may be limited. The Notes will not be listed on a securities exchange. There may be little or no secondary market for the Notes. Even if there is a secondary market, it may not provide enough liquidity to allow you to trade or sell the Notes easily.

RBCCM may act as a market maker for the Notes, but is not required to do so. Because we do not expect that other market makers will participate significantly in the secondary market for the Notes, the price at which you may be able to trade the Notes is likely to depend on the price, if any, at which RBCCM is willing to buy the Notes. If at any time RBCCM does not act as a market maker, it is likely that there would be little or no secondary market for the Notes. We expect that transaction costs in any secondary market would be high. As a result, the difference between the bid and asked prices for the Notes in any secondary market could be substantial. If you sell the Notes before maturity, you may have to do so at a substantial discount from the issue price, and as a result, you may suffer substantial losses.

¨ The terms of the Notes at issuance were influenced, and their market value prior to maturity will be influenced, by many unpredictable factors. Many economic and market factors influenced the terms of the Notes at issuance and will affect their value prior to maturity. These factors are similar in some ways to those that could affect the value of a combination of instruments that might be used to replicate the payments on the Notes, including a combination of a bond with one or more options or other derivative instruments. For the market value of the notes, we expect that, generally, the levels of the underlying indices on any day will affect the value of the Notes more than any other single factor. However, you should not expect the value of the Notes in the secondary market to vary in proportion to changes in the levels of the underlying indices. The value of the Notes will be affected by a number of other factors that may either offset or magnify each other, including:

- the level of the underlying indices;
- whether the levels of the underlying indices are below their respective coupon barriers or the trigger levels;
- the expected volatility of the underlying indices;
- the expected correlation of the underlying indices;
- the time to maturity of the Notes;
- the dividend rate on the securities composing the underlying indices;
- interest and yield rates in the market generally, as well as in the markets of the equity securities composing the underlying indices;
- economic, financial, political, regulatory or judicial events that affect the underlying indices or the equity securities composing the underlying indices or stock markets generally, and which may affect the levels of the underlying indices;
- the exchange rate and the volatility of the exchange rate between the U.S. dollar and euro, which is the currency in which the equity securities included in the SX5E are traded; and
- our creditworthiness, including actual or anticipated downgrades in our credit ratings.

Some or all of these factors influenced the terms of the Notes at issuance and will influence the price you will receive if you choose to sell the Notes prior to maturity. The impact of any of the factors set forth above may enhance or offset some or all of any change resulting from another factor or factors. You may have to sell the Notes at a substantial discount from the principal amount if the levels of the underlying indices are at, below or not sufficiently above, their respective initial levels, coupon barriers or trigger levels.

Risks Relating to the Underlying Indices

- Changes that affect an underlying index will affect the market value of the Notes and the payments on the Notes. The policies of the applicable index sponsor concerning the calculation of each underlying index, additions, deletions or substitutions of the components of that underlying index and the manner in which changes affecting those components, such as stock dividends, reorganizations or mergers, may be reflected in the underlying index and, therefore, could affect the amounts payable on the Notes, and the market value of the Notes prior to maturity. The amounts payable on the Notes and their market value could also be affected if the index sponsor changes these policies, for example, by changing the manner in which it calculates the applicable underlying index, or if the index sponsor discontinues or suspends calculation or publication of that underlying index, in which case it may become difficult to determine the market value of the Notes.
- We have no affiliation with any index sponsor and will not be responsible for any actions taken by an index sponsor. No index sponsor is an affiliate of ours or will be involved in the offering of the Notes in any way. Consequently, we have no control of the actions of any index sponsor, including any actions of the type that might impact the value of the Notes. No index sponsor has any obligation of any sort with respect to the Notes. Thus, no index sponsor has any obligation to take your interests into consideration for any reason, including in taking any actions that might affect the value of the Notes. None of our proceeds from the issuance of the Notes will be delivered to any index sponsor.
- The historical performance of the underlying indices should not be taken as an indication of their future performance. The levels of the underlying indices will determine the amount to be paid on the Notes. The historical performance of each underlying index does not give an indication of its future performance. As a result, it is impossible to predict whether the level of the underlying indices will rise or fall during the term of the Notes. The level of each underlying index will be influenced by complex and interrelated political, economic, financial and other factors. The level of each underlying index may decrease such that you may not receive any return on your investment or any contingent coupon payments. There can be no assurance that the level of each underlying index will not decrease so that at maturity you will not lose some or all of your investment.
- An investment in the Notes is subject to risks associated with non-U.S. securities markets. The securities included in the SX5E have been issued by non-U.S. companies. An investment in securities linked to the value of non-U.S. equity securities involves particular risks. Non-U.S. securities markets may be more volatile than U.S. securities markets, and market developments may affect non-U.S. securities markets differently from the U.S. securities markets. Direct or indirect government intervention to stabilize these non-U.S. securities markets, as well as cross shareholdings among non-U.S. companies, may affect trading prices and volumes in those markets. Also, there is generally less publicly available information in the U.S. about non-U.S. companies than about those U.S. companies that are subject to the reporting requirements of the SEC, and non-U.S. companies are subject to accounting, disclosure, auditing and financial reporting standards and requirements that differ from those applicable to U.S. reporting companies.

Prices of securities in non-U.S. countries are subject to political, economic, financial and social factors that may be unique to the particular countries. These factors, which could negatively affect the non-U.S. securities markets, include the possibility of recent or future changes in the economic and fiscal policies of non-U.S. governments, the possible imposition of, or changes in, currency exchange laws or other non-U.S. laws or restrictions applicable to non-U.S. companies or investments in non-U.S. equity securities, the possibility of fluctuations in the rate of exchange between currencies, the possibility of outbreaks of hostility and political instability and the possibility of natural disaster or adverse public health developments in the relevant region. Moreover, the economies of certain foreign countries may differ favorably or unfavorably from the U.S. economy in important respects, such as growth of gross national product, rate of inflation, trade surpluses or deficits, capital reinvestment, resources and self-sufficiency.

- As a holder of the Notes, you will not have direct exposure to fluctuations in the U.S. dollar/euro exchange rate related to the SX5E. The value of the Notes will not be adjusted for exchange rate fluctuations between the U.S. dollar and the euro, even though any currency fluctuations could affect the performance of the SX5E. Therefore, if the euro appreciates or depreciates relative to the U.S. dollar over the term of the Notes, you will not receive any additional payment or incur any reduction in any payment on the Notes.
- An investment in the Notes linked to the RTY is subject to risks associated in investing in stocks with a small market capitalization. The RTY consists of stocks issued by companies with relatively small market capitalizations. These companies often have greater stock price volatility, lower trading volume and less liquidity than large-capitalization

companies. As a result, the level of this underlying index may be more volatile than that of a market measure that does not track solely small-capitalization stocks. Stock prices of small-capitalization companies are also often more vulnerable than those of large-capitalization companies to adverse business and economic developments, and the stocks of small-capitalization companies may be thinly traded, and be less attractive to many investors if they do not pay dividends. In addition, small capitalization companies are often less well-established and less stable financially than large-capitalization companies and may depend on a small number of key personnel, making them more vulnerable to loss of those individuals. Small capitalization companies tend to have lower revenues, less diverse product lines, smaller shares of their target markets, fewer financial resources and fewer competitive strengths than large-capitalization companies. These companies may also be more susceptible to adverse developments related to their products or services.

Risks Relating to Hedging Activities and Conflicts of Interest

¨ We, UBS or our respective affiliates may have adverse economic interests to the holders of the Notes. RBCCM, UBS and our respective affiliates trade the securities represented by the underlying indices, and other financial instruments related to the underlying indices, on a regular basis, for their accounts and for other accounts under our or their management. UBS, RBCCM and these affiliates may also issue or underwrite or assist unaffiliated entities in the issuance or underwriting of other securities or financial instruments that relate to the underlying indices. To the extent that we, UBS or any of our respective affiliates serves as issuer, agent or underwriter for such securities or financial instruments, our or their interests with respect to such products may be adverse to those of the holders of the Notes. Any of these trading activities could potentially affect the performance of the underlying indices and, accordingly, could affect the value of the Notes, and the amounts, if any, payable on the Notes.

We, UBS or our respective affiliates may currently or from time to time engage in business with the issuers of the securities represented by the underlying indices, including extending loans to, or making equity investments in, or providing advisory services to them, including merger and acquisition advisory services. In the course of this business, we, UBS or our respective affiliates may acquire non-public information about these companies, and we will not disclose any such information to you. None of us, UBS or our respective affiliates

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makes any representation or warranty to any purchaser of a Note with respect to any matters whatsoever relating to our business with the issuer of any security included in the underlying indices or future price movements of any such security.

Additionally, we, UBS or our respective affiliates may serve as issuer, agent or underwriter for additional issuances of securities with returns linked or related to changes in the level of one or more of the underlying indices. By introducing competing products into the marketplace in this manner, we could adversely affect the value of the Notes.

We may hedge our obligations under the Notes through certain affiliates, who would expect to make a profit on such hedge. We or our affiliates may adjust these hedges by, among other things, purchasing or selling those assets at any time, including around the time of the final valuation date, which could have an impact on the return of the Notes. Because hedging our obligations entails risk and may be influenced by market forces beyond our or our affiliates' control, such hedging may result in a profit that is more or less than expected, or it may result in a loss.

We, UBS or our respective affiliates may currently or from time to time engage in trading activities related to the euro, which is the currency in which the securities represented by the SX5E are denominated. These trading activities could potentially affect the exchange rates with respect to the euro and could affect the level of the SX5E.

In the course of our currency trading activities, we, UBS or our respective affiliates may acquire material nonpublic information with respect to currency exchange rates, and we will not disclose any such information to you. In addition, we, UBS or our respective affiliates may produce and/or publish research reports, or otherwise express views, with respect to expected movements in currency exchange rates. We, UBS and our respective do not make any representation or warranty to any purchaser of the Notes with respect to any matters whatsoever relating to future currency exchange rate movements, and any prospective purchaser of the Notes should undertake an independent investigation of the applicable currencies as, in its judgment, is appropriate to make an informed decision with respect to an investment in the Notes.

- The calculation agent will have significant discretion with respect to the Notes, which may be exercised in a manner that is adverse to your interests. Our wholly-owned subsidiary, RBCCM, will act as the calculation agent. The calculation agent will determine, among other things, the closing levels of the underlying indices on each trading day; the final level for each underlying index; the underlying return for each underlying index; and the amounts, if any, that we will pay to you on the Notes. The calculation agent will also be responsible for determining whether a market disruption event has occurred. The calculation agent may exercise its discretion in a manner which reduces your return on the Notes. Since these determinations by the calculation agent may affect the payments on the Notes, the calculation agent may have a conflict of interest if it needs to make a determination of this kind.
- Market disruptions may adversely affect your return. The calculation agent may, in its sole discretion, determine that the markets have been affected in a manner that prevents it from properly determining the closing level of one or any of the underlying indices on the final valuation date or calculating the underlying return for each underlying index and the amount, if any, that we are required to pay you. These events may include disruptions or suspensions of trading in the markets as a whole. If the calculation agent, in its sole discretion, determines that any of these events prevents us or any of our affiliates from properly hedging our obligations under the Notes, it is possible that the maturity date will be postponed, and your return will be adversely affected. See "General Terms of the Notes — Market Disruption Events."
- Non-U.S. investors may be subject to certain additional risks. This document contains a general description of certain U.S. tax considerations relating to the Notes. In the event you are a non-U.S. investor, you should consult your tax advisors as to the consequences, under the tax laws of the country where you are resident for tax purposes, of acquiring, holding and disposing of the Notes and receiving the payments that might be due under the Notes.

For a discussion of the Canadian federal income tax consequences of investing in the Notes, please see the section entitled "Tax Consequences — Canadian Taxation" in the accompanying prospectus. If you are not a Non-resident Holder (as defined in the section titled "Tax Consequences—Canadian Taxation" in the accompanying prospectus) or if you acquire the Notes in the secondary market, you should consult your tax advisors as to the consequences of acquiring, holding and disposing of the Notes and receiving the payments that may be due under the Notes.

- Significant aspects of the income tax treatment of an investment in the Notes may be uncertain. The tax treatment of an investment in the Notes is uncertain. We do not plan to request a ruling from the Internal Revenue Service or the Canada Revenue Agency regarding the tax treatment of an investment in the Notes, and the Internal Revenue Service, the Canada Revenue Agency or a court may not agree with the tax treatment described in this document.

The Internal Revenue Service has issued a notice indicating that it and the Treasury Department are actively considering whether, among other issues, a holder should be required to accrue ordinary income on a current basis irrespective of any contingent coupons. The outcome of this process is uncertain and could apply on a retroactive basis.

Please read carefully the sections entitled "Supplemental Discussion of U.S. Federal Income Tax Consequences" in this document, the section "Tax Consequences" in the accompanying prospectus and the section entitled "Certain Income Tax Consequences" in the accompanying prospectus supplement. You should consult your tax advisor about your own tax situation.

Use of Proceeds and Hedging

The net proceeds we receive from the sale of the Notes will be used for general corporate purposes and, in part, by us or by one or more of our affiliates in connection with hedging our obligations under the Notes. The original issue price of the Notes includes the underwriting commission (as shown on the cover page of this document) paid with respect to the Notes and the estimated cost of hedging our obligations under the Notes.

In anticipation of the sale of the Notes, we expect to enter into hedging transactions with one or more of our affiliates, involving the underlying indices or the securities composing the underlying indices, and/or related listed and/or over-the-counter derivative instruments prior to or on the trade date. From time to time, including around the time of the maturity date, we and our respective affiliates may enter into additional hedging transactions or unwind those that we or they have entered into. In this regard, we and our respective affiliates may:

- acquire or dispose of investments relating to the underlying indices;
- acquire or dispose of long or short positions in listed or over-the-counter derivative instruments related to the underlying indices; or
- any combination of the above two.

We and our affiliates may acquire a long or short position in securities similar to the Notes from time to time and may, in our or their sole discretion, hold or resell those similar securities.

We and our affiliates may close out our or their hedges at any time during the term of the Notes. That step may, for example, involve sales or purchases of over-the-counter derivative instruments linked to the underlying indices.

Hypothetical Examples

The examples below illustrate the hypothetical payments on a coupon payment date, upon an issuer call or at maturity under different hypothetical scenarios for a $10.00 Note on an offering of the Notes, with the assumptions set forth below.* We cannot predict the closing level of any underlying index on any trading day during the term of the Notes, including on any trading day during any Quarterly Observation Period or on the Final Valuation Date. You should not take these examples as an indication or assurance of the expected performance of the Notes. Numbers in the examples below have been rounded for ease of analysis.

Principal Amount:	$10.00
Term:	Approximately 2.5 years (unless earlier called)
Hypothetical Initial Level:	2,500.00 for the SPX Index, 3,500.00 for the SX5E Index and 1,500.000 for the RTY Index
Hypothetical Contingent Coupon Rate:	10.65% per annum (or 2.6625% per quarter)
Quarterly Observation Periods/Quarterly Observation End Dates:	Quarterly
Hypothetical Trigger Level:	1,875.00 for the SPX Index, 2,625.00 for the SX5E Index and 1,125.000 for the RTY Index (which, with respect to each underlying index, is 75% of its hypothetical initial level)
Hypothetical Coupon Barrier:	1,875.00 for the SPX Index, 2,625.00 for the SX5E Index and 1,125.000 for the RTY Index (which, with respect to each underlying index, is 75% of its hypothetical initial level)

* Terms used for purposes of these hypothetical examples do not represent the actual initial levels, coupon barriers or trigger levels. The hypothetical initial levels of 1,875.00 for the SPX Index, 2,625.00 for the SX5E Index and 1,125.00 for the RTY Index have been chosen for illustrative purposes only and do not represent a likely actual initial level for any underlying index. The actual initial level and resulting trigger level and coupon barrier of each underlying index was based on its closing level on the trade date.

The examples below are hypothetical. These examples are intended to illustrate (a) the effect of an issuer call, (b) how the payment of a Contingent Coupon with respect to any Quarterly Observation Period will depend on whether the closing level of any underlying index is less than its Coupon Barrier on any trading day during that Quarterly Observation Period, (c) how the value of the payment at maturity on the Notes will depend on whether the Final Index Level of any underlying index is less than its Trigger Level and (d) how the total return on the Notes may be less than the total return on a direct investment in any or all Indices in certain scenarios. The "total return" as used in this pricing supplement is the number, expressed as a percentage, that results from comparing the total payments per $10.00 in principal amount of the Notes over their term to the $10.00 initial issue price.

Example 1 — We Elect to Call the Notes on the First Quarterly Observation End Date

Quarterly Observation Period	Lowest Closing Level During Applicable Quarterly Observation Period	Payment (per Note)	
First Quarterly Observation Period	SPX Index: 2,500.00 SX5E Index: 3,100.00 RTY Index: 1,400.000	We elect to call the Notes. Closing level of each underlying index above its coupon barrier on each trading day during Quarterly Observation Period; we pay contingent coupon of $0.26625 on Call Settlement Date.	
Total Payments (per $10.00 Note):		Payment on Call Settlement Date:	$10.26625 ($10.00 + $0.26625)
		Total:	$10.26625
		Total Return:	2.6625%

On the first Quarterly Observation End Date, we elect to call the Notes. Because the closing level of each underlying index is above its applicable coupon barrier on each trading day during the first Quarterly Observation Period, we will pay you on the Call Settlement Date $10.26625 per $10.00 principal amount of the Notes, which is equal to your principal amount plus the contingent coupon due on the coupon payment date that is also the Call Settlement Date. No further amounts will be owed to you under the Notes.

Example 2 — Notes Are NOT Called and the Final Level of Each Underlying Index Is Above Its Trigger Level

Quarterly Observation Period	Lowest Closing Level During Applicable Quarterly Observation Period	Final Level	Payment (per Note)
First Quarterly Observation Period	SPX Index: 2,150.00 SX5E Index: 3,100.00 RTY Index: 1,150.000	N/A	Notes NOT called at our election. Closing level of each underlying index above its coupon barrier on each trading day during Quarterly Observation Period; we pay contingent coupon of $0.26625 on first coupon payment date.
Second Quarterly Observation Period	SPX Index: 1,900.00 SX5E Index: 2,800.00 RTY Index: 1,900.000	N/A	Notes NOT called at our election. Closing level of each underlying index above its coupon barrier on each trading day during Quarterly Observation Period; we pay contingent coupon of $0.26625 on second coupon payment date.
Third Quarterly Observation Period	SPX Index: 1,950.00 SX5E Index: 2,750.00 RTY Index: 450.000	N/A	Notes NOT called at our election. Closing level of the RTY Index below its coupon barrier on at least one day during Quarterly Observation Period; we DO NOT pay contingent coupon on third coupon payment date.
Fourth to Ninth Quarterly Observation Periods	Various (at least one underlying index below coupon barrier)	N/A	Notes NOT called at our election. Closing level of at least one underlying index below its coupon barrier on at least one day during Quarterly Observation Period; we DO NOT pay contingent coupon on any of the fourth to ninth coupon payment dates.
Tenth Quarterly Observation Period	SPX Index: 2,100.00 SX5E Index: 2,850.00	SPX Index: 2,100.00	Notes NOT callable. Final level of each underlying index above its trigger level and closing level of each underlying index above its coupon barrier on each trading day

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(the final Quarterly Observation Period)	RTY Index: 1,200.000	SX5E Index: 2,900.00 RTY Index: 1,850.000	during Quarterly Observation Period; we repay principal plus we pay contingent coupon of $0.26625 on Maturity Date.

Total Payments (per $10.00 Note):	Payment at Maturity:	$10.26625 ($10.00 + $0.26625)
	Prior Contingent Coupons:	$0.5325 ($0.26625 × 2)
	Total:	$10.79875
	Total Return:	7.9875%

In this example, we do not elect to call the Notes and the Notes remain outstanding until maturity. Because the final level of each underlying index is greater than or equal to its trigger level and the closing level of each underlying index is greater than or equal to its coupon barrier on each trading day during the final Quarterly Observation Period, we will pay you on the Maturity Date $10.26625 per $10.00 in principal amount of the Notes, which is equal to your principal amount plus the contingent coupon due on the coupon payment date that is also the Maturity Date.

In addition, because the closing level of each underlying index was greater than or equal to its coupon barrier on each trading day during the first and second Quarterly Observation Periods, we will pay the contingent coupon of $0.26625 on the first and second coupon payment dates. However, because the closing level of at least one underlying index was less than its coupon barrier on at least one day during each of the third through ninth Quarterly Observation Periods, we will not pay any contingent coupon on the coupon payment dates following the applicable Quarterly Observation Periods. Accordingly, we will have paid a total of $10.79875 per $10.79875 in principal amount of the Notes, for a 7.9875% total return over the approximately 2.5 year term of the Notes.

Example 3 — Notes Are NOT Called and the Final Level of Each Underlying Index Is Above Its Trigger Level

Quarterly Observation Period	Lowest Closing Level During Applicable Quarterly Observation Period	Final Level	Payment (per Note)
First Quarterly Observation Period	SPX Index: 2,150.00 SX5E Index: 3,100.00 RTY Index: 1,160.000	N/A	Notes NOT called at our election. Closing level of each underlying index above its coupon barrier on each trading day during Quarterly Observation Period; we pay contingent coupon of $0.26625 on first coupon payment date.
Second Quarterly Observation Period	SPX Index: 1,900.00 SX5E Index: 2,750.00 RTY Index: 1,190.000	N/A	Notes NOT called at our election. Closing level of each underlying index above its coupon barrier on each trading day during Quarterly Observation Period; we pay contingent coupon of $0.26625 on second coupon payment date.
Third Quarterly Observation Period	SPX Index: 1,950.00 SX5E Index: 2,800.00 RTY Index: 600.000	N/A	Notes NOT called at our election. Closing level of the RTY Index below its coupon barrier on at least one day during Quarterly Observation Period; we DO NOT pay contingent coupon on third coupon payment date.
Fourth to Ninth		N/A	

Quarterly Observation Periods	Various (at least one underlying index below coupon barrier)		Notes NOT called at our election. Closing level of at least one underlying index below its coupon barrier on at least one day during Quarterly Observation Period; we DO NOT pay contingent coupon on any of the fourth to ninth coupon payment dates.
Tenth Quarterly Observation Period (the final Quarterly Observation Period)	SPX Index: 1,900.00 SX5E Index: 2,800.00 RTY Index: 800.000	SPX Index: 2,110.00 SX5E Index: 2,900.00 RTY Index: 1,200.000	Notes NOT callable. Final level of each underlying index above its trigger level but closing level of the RTY Index below its coupon barrier on at least one day during Quarterly Observation Period; we repay principal but do not pay contingent coupon.

Total Payments (per $10.00 Note):	
Payment at Maturity:	$10.00
Prior Contingent Coupons:	$0.5325 ($0.26625 × 2)
Total:	$10.5325
Total Return:	5.325%

In this example, we do not elect to call the Notes and the Notes remain outstanding until maturity. Because the final level of each underlying index is greater than or equal to its trigger level but the closing level of at least one underlying index is less than its coupon barrier on at least one day during the final Quarterly Observation Period, we will pay you on the Maturity Date $10.00 per $10.00 in principal amount of the Notes, which is equal to your principal amount, but we will not pay any Contingent Coupon on the Maturity Date.

In addition, because the closing level of each underlying index was greater than or equal to its coupon barrier on each trading day during the first and second Quarterly Observation Periods, we will pay the Contingent Coupon of $0.26625 on the first and second coupon payment dates. However, because the closing level of at least one underlying index was less than its coupon barrier on at least one day during each of the third through eighth Quarterly Observation Periods, we will not pay any Contingent Coupon on the coupon payment dates following the applicable Quarterly Observation Periods. Accordingly, we will have paid a total of $10.5325 per $10.00 in principal amount of the Notes for a 5.325% total return over the approximately 2.5 year term of the Notes.

Example 4 — Notes Are NOT Called and the Final Level of Any Underlying Index Is Below Its Trigger Level

Quarterly Observation Period	Lowest Closing Level During Applicable Quarterly Observation Period	Final Level	Payment (per Note)
First Quarterly Observation Period	SPX Index: 1,200.00 SX5E Index: 1,850.00 RTY Index: 300.000	N/A	Notes NOT called at our election. Closing level of each underlying index below its coupon barrier on at least one day during Quarterly Observation Period; we DO NOT pay Contingent Coupon on first coupon payment date.
Second Quarterly Observation Period	SPX Index: 2,050.00 SX5E Index: 1,800.00 RTY Index: 1,200.000	N/A	Notes NOT called at our election. Closing level of the SX5E Index below its coupon barrier on at least one day during Quarterly Observation Period; we DO NOT pay Contingent Coupon on second coupon payment date.
Third Quarterly Observation Period	SPX Index: 1,900.00 SX5E Index: 1,900.00 RTY Index: 1,200.000	N/A	Notes NOT called at our election. Closing level of the SX5E Index below its coupon barrier on at least one day during Quarterly Observation Period; we DO NOT pay Contingent Coupon on third coupon payment date.
Fourth to Seventh Quarterly Observation Periods	Various (at least one underlying index below coupon barrier)	N/A	Notes NOT called at our election. Closing level of at least one underlying index below its coupon barrier on at least one day during Quarterly Observation Period; we DO NOT pay Contingent Coupon on any of the fourth to ninth coupon payment dates.
Eighth Quarterly Observation Period (the final Quarterly Observation Period)	SPX Index: 1,125.00 SX5E Index: 2,300.00 RTY Index: 1,180.000	SPX Index: 1,125.00 SX5E Index: 2,300.00 RTY Index: 1,080.000	Notes NOT callable. Closing level of the SPX Index below its trigger level; we DO NOT pay Contingent Coupon on Maturity Date, and we will repay less than the principal amount resulting in a loss proportionate to the decline of the Least Performing Index.
Total Payments (per $10.00 Note):			$4.50

Payment at Maturity:	
Prior Contingent Coupons:	$0.00
Total:	$4.50
Total Return:	-55.00%

In this example, we do not elect to call the Notes and the Notes remain outstanding until maturity. Because the final level of at least one underlying index is less than its trigger level on the Final Valuation Date, at maturity, we will pay you a total of $4.50 per $10.00 in principal amount of the Notes, for a -55.00% total return on the Notes, calculated as follows:

$10.00 × (1 + underlying return of the least performing underlying index)

In this example, the SPX is the least performing underlying index, with an underlying return of -55%.

$10.00 × (1 + -55.00%) = $4.50

In addition, because the closing level of at least one underlying index is less than its coupon barrier on at least one day during each Quarterly Observation Period, we will not pay any Contingent Coupons over the term of the Notes.

Accordingly, we will have paid a total of $4.50 per $10.00 in principal amount of the Notes for a -55.00% total return over the approximately 2.5 year term of the Notes.

The Notes differ from ordinary debt securities in that, among other features, we are not necessarily obligated to repay the full amount of your initial investment. If we do not elect to call the Notes, you may lose some or all of your initial investment. Specifically, if the Notes are not called and the final level of the least performing underlying index is less than its trigger level on the final valuation date, you will lose 1% (or a fraction thereof) of your principal amount for each 1% (or a fraction thereof) that its underlying return is less than zero. You will be exposed to the market risk of each underlying index on each trading day of the Quarterly Observation Periods and on the final valuation date and any decline in the level of one underlying index may negatively affect your return and will not be offset or mitigated by a lesser decline or any potential increase in the level of the other underlying indices.

Any payment on the Notes, including payments in respect of an automatic call, contingent coupon or any repayment of principal provided at maturity, is dependent on our ability to satisfy our obligations when they come due. If we are unable to meet our obligations, you may not receive any amounts due to you under the Notes.

What Are the Tax Consequences of the Notes?

U.S. Federal Income Tax Consequences

The following is a general description of the material U.S. tax considerations relating to the Notes. It does not purport to be a complete analysis of all tax considerations relating to the Notes. Prospective purchasers of the Notes should consult their tax advisors as to the consequences under the tax laws of the country of which they are a resident for tax purposes and the tax laws of Canada and the U.S. of acquiring, holding and disposing of the Notes and receiving payments under the Notes. This summary is based upon the law as in effect on the date of this document and is subject to any change in law that may take effect after such date.

The following section supplements the discussion of U.S. federal income taxation in the accompanying prospectus and prospectus supplement. It applies only to those holders who are not excluded from the discussion of U.S. federal income taxation in the accompanying prospectus. This discussion applies only to U.S. holders and non-U.S. holders that will purchase the Notes upon original issuance and will hold the Notes as capital assets for U.S. federal income tax purposes. In addition, the discussion below assumes that an investor in the Notes will be subject to a significant risk that it will lose a significant amount of its investment in the Notes.

You should consult your tax advisor concerning the U.S. federal income tax and other tax consequences of your investment in the Notes in your particular circumstances, including the application of state, local or other tax laws and the possible effects of changes in federal or other tax laws.

NO STATUTORY, JUDICIAL OR ADMINISTRATIVE AUTHORITY DIRECTLY DISCUSSES HOW THE NOTES SHOULD BE TREATED FOR U.S. FEDERAL INCOME TAX PURPOSES. AS A RESULT, THE U.S. FEDERAL INCOME TAX CONSEQUENCES OF AN INVESTMENT IN THE NOTES ARE UNCERTAIN. BECAUSE OF THE UNCERTAINTY, YOU SHOULD CONSULT YOUR TAX ADVISOR IN DETERMINING THE U.S. FEDERAL INCOME TAX AND OTHER TAX CONSEQUENCES OF YOUR INVESTMENT IN THE NOTES, INCLUDING THE APPLICATION OF STATE, LOCAL OR OTHER TAX LAWS AND THE POSSIBLE EFFECTS OF CHANGES IN FEDERAL OR OTHER TAX LAWS.

We will not attempt to ascertain whether the issuer of any of the component stocks included in any underlying index would be treated as a "passive foreign investment company" within the meaning of Section 1297 of the Internal Revenue Code or a "U.S. real property holding corporation" within the meaning of Section 897 of the Internal Revenue Code. If the issuer of one or more of such stocks were so treated, certain adverse U.S. federal income tax consequences could possibly apply. You should refer to any available information filed with the SEC and other authorities by the issuers of the component stock included in any underlying index and consult your tax advisor regarding the possible consequences to you in this regard, if any.

In the opinion of our counsel, Morrison & Foerster LLP, it would generally be reasonable to treat a Note with terms described in this document as a callable pre-paid cash-settled contingent income-bearing derivative contract linked to the underlying index for U.S. federal income tax purposes, and the terms of the Notes require a holder and us (in the absence of a change in law or an administrative or judicial ruling to the contrary) to treat the Notes for all tax purposes in accordance with such characterization. In addition, we intend to treat the contingent coupons as U.S. source income for U.S. federal income tax purposes. The following discussion assumes that the treatment described in this paragraph is proper and will be respected.

Although the U.S. federal income tax treatment of the contingent coupons is uncertain, we intend to take the position, and the following discussion assumes, that such contingent coupons (including any coupon paid on or with respect to the call or maturity date) constitute taxable ordinary income to a U.S. holder at the time received or accrued in accordance with the holder's regular method of accounting. If the Notes are treated as described above, a U.S. holder should generally recognize capital gain or loss upon the call, sale or maturity of the Notes in an amount equal to the difference between the amount a holder receives at such time (other than amounts properly attributable to any contingent coupon, which would be taxed, as described above, as ordinary income) and the holder's tax basis in the Notes. In general, a U.S. holder's tax basis in the Notes will be equal to the price the holder paid for the Notes. Capital gain recognized by an individual U.S. holder is generally taxed at preferential rates where the property is held for more than one year and is generally taxed at ordinary income rates where the property is held for one year or less. The ordinary income treatment of the contingent quarterly coupons, in conjunction with the capital loss treatment of any loss recognized upon the sale, exchange or maturity of the Notes, could result in adverse tax consequences to a holder because the deductibility of capital losses is subject to limitations.

Alternative Treatments. Alternative tax treatments of the Notes are also possible and the Internal Revenue Service might assert that a treatment other than that described above is more appropriate. For example, it would also be possible to treat the Notes, and the Internal Revenue Service might assert that the Notes should be treated, as a single debt instrument.

Because the Notes have a term that exceeds one year, such a debt instrument would be subject to the special tax rules governing contingent payment debt instruments. If the Notes are so treated, a holder would generally be required to accrue interest income over the term of the Notes based upon the yield at which we would issue a non-contingent fixed-rate debt instrument with other terms and conditions similar to the Notes. In addition, any gain a holder might recognize upon the call, sale or maturity of the Notes would be ordinary income and any loss recognized by a holder at such time would generally be ordinary loss to the extent of interest that same holder included in income in the current or previous taxable years in respect of the Notes, and thereafter, would be capital loss.

Because of the absence of authority regarding the appropriate tax characterization of the Notes, it is also possible that the Internal Revenue Service could seek to characterize the Notes in a manner that results in other tax consequences that are different from those described above. For example, the Internal Revenue Service could possibly assert that any gain or loss that a holder may recognize upon the call, sale or maturity of the Notes should be treated as ordinary gain or loss.

The Internal Revenue Service has released a notice that may affect the taxation of holders of the Notes. According to the notice, the Internal Revenue Service and the U.S. Treasury Department are actively considering whether the holder of an instrument similar to the Notes should be required to accrue ordinary income on a current basis irrespective of any contingent quarterly coupons. It is not possible to determine what guidance they will ultimately issue, if any. It is possible, however, that under such guidance, holders of the Notes will ultimately be required to accrue income currently irrespective of any contingent coupons and this could be applied on a retroactive basis.

The Internal Revenue Service and the U.S. Treasury Department are also considering other relevant issues, including whether additional gain or loss from such instruments should be treated as ordinary or capital and whether the special “constructive ownership rules” of Section 1260 of the Internal Revenue Code, which very generally can operate to recharacterize certain long-term capital gains as ordinary income and impose an interest charge, might be applied to such instruments. Holders are urged to consult their tax advisors concerning the significance, and the potential impact, of the above considerations. We intend to treat the Notes for U.S. federal income tax purposes in accordance with the treatment described in this document unless and until such time as the U.S. Treasury Department and Internal Revenue Service determine that some other treatment is more appropriate.

Backup Withholding and Information Reporting. Payments made with respect to the Notes and proceeds from the sale of the Notes may be subject to a backup withholding tax unless, in general, the holder complies with certain procedures or is an exempt recipient. Any amounts so withheld generally will be refunded by the Internal Revenue Service or allowed as a credit against the holder's U.S. federal income tax liability, provided the holder makes a timely filing of an appropriate tax return or refund claim to the Internal Revenue Service.

Reports will be made to the Internal Revenue Service and to holders that are not exempted from the reporting requirements.

Non-U.S. Holders. The following discussion applies to non-U.S. holders of the Notes. A non-U.S. holder is a beneficial owner of a Note that, for U.S. federal income tax purposes, is a non-resident alien individual, a foreign corporation, or a foreign estate or trust.

While the U.S. federal income tax treatment of the Notes (including proper characterization of the contingent quarterly coupons for U.S. federal income tax purposes) is uncertain, U.S. federal income tax at a 30% rate (or at a lower rate under an applicable income tax treaty) will be withheld in respect of the contingent quarterly coupons paid to a non-U.S. holder unless such payments are effectively connected with the conduct by the non-U.S. holder of a trade or business in the U.S. (in which case, to avoid withholding, the non-U.S. holder will be required to provide a Form W-8ECI). We will not pay any additional amounts in respect of such withholding. To claim benefits under an income tax treaty, a non-U.S. holder must obtain a taxpayer identification number and certify as to its eligibility under the appropriate treaty's limitations on benefits article, if applicable (which certification may generally be made on a Form W-8BEN or Form W-8BEN-E, or a substitute or successor form). In addition, special rules may apply to claims for treaty benefits made by corporate non-U.S. holders. A non-U.S. holder that is eligible for a reduced rate of U.S. federal withholding tax pursuant to an income tax treaty may obtain a refund of any excess amounts withheld by filing an appropriate claim for refund with the Internal Revenue Service. The availability of a lower rate of withholding or an exemption from withholding under an applicable income tax treaty will depend on the proper characterization of the contingent quarterly coupons under U.S. federal income tax laws and whether such treaty rate or exemption applies to such contingent coupon payments. No assurance can be provided on the proper characterization of the contingent quarterly coupons for U.S. federal income tax purposes and, accordingly, no assurance can be provided on the availability of benefits under any income tax treaty. Non-U.S. holders must consult their tax advisors in this regard.

Except as discussed below, a non-U.S. holder will generally not be subject to U.S. federal income or withholding tax on any gain (not including for the avoidance of doubt any amounts properly attributable to any contingent quarterly coupon which would be subject to the rules discussed in the previous paragraph) upon the call, sale or maturity of the Notes, provided that (i) the holder complies with any applicable certification requirements (which certification may generally be made on a Form W-8BEN or Form W-8BEN-E, or a substitute or successor form), (ii) the payment is not effectively connected with the conduct by the holder of a U.S. trade or business, and (iii) if the holder is a non-resident alien individual, such holder is not present in the U.S. for 183 days or more during the taxable year of the call, sale or maturity of the Notes. In the case of (ii) above, the holder generally would be subject to U.S. federal income tax with respect to any income or gain in the same manner as if the holder were a U.S. holder and, in the case of a holder that is a corporation, the holder may also be subject to a branch profits tax equal to 30% (or such lower rate provided by an applicable U.S. income tax treaty) of a portion of its earnings and profits for the taxable year that are effectively connected with its conduct of a trade or business in the U.S., subject to certain adjustments. Payments made to a non-U.S. holder may be subject to information reporting and to backup withholding unless the holder complies with applicable certification and identification requirements as to its foreign status.

As discussed above, alternative characterizations of the Notes for U.S. federal income tax purposes are possible. Should an alternative characterization, by reason of change or clarification of the law, by regulation or otherwise, cause payments as to the Notes to become subject to withholding tax in addition to the withholding tax described above, we will withhold tax at the applicable statutory rate. The Internal Revenue Service has also indicated that it is considering whether income in respect of instruments such as the Notes should be subject to withholding tax. Prospective investors should consult their own tax advisors in this regard.

Under Section 871(m) of the Code, a "dividend equivalent" payment is treated as a dividend from sources within the United States. Such payments generally would be subject to a 30% U.S. withholding tax if paid to a non-U.S. holder. Under U.S. Treasury Department regulations, payments (including deemed payments) with respect to equity-linked instruments ("ELIs") that are "specified ELIs" may be treated as dividend equivalents if such specified ELIs reference an interest in an "underlying security," which is generally any interest in an entity taxable as a corporation for U.S. federal income tax purposes if a payment with respect to such interest could give rise to a U.S. source dividend. However, the Internal Revenue Service has issued guidance that states that the U.S. Treasury Department and the Internal Revenue Service intend to amend the effective dates of the U.S. Treasury Department regulations to provide that withholding on dividend equivalent payments will not apply to specified ELIs that are not delta-one instruments and that are issued before January 1, 2019. Based on our determination that the Notes are not delta-one instruments, non-U.S. holders should not be subject to withholding on dividend equivalent payments, if any, under the Notes. However, it is possible that the Notes could be treated as deemed reissued for U.S. federal income tax purposes upon the occurrence of certain events affecting the Underlying Indices or the Notes (for example, upon an Underlying Index rebalancing), and following such occurrence the Notes could be treated as subject to withholding on dividend equivalent payments. Non-U.S. holders that enter, or have entered, into other transactions in respect of the Underlying Indices or the Notes should consult their tax advisors as to the application of the dividend equivalent withholding tax in the context of the Notes and their other transactions. If any payments are treated as dividend equivalents subject to withholding, we (or the applicable withholding agent) would be entitled to withhold taxes without being required to pay any additional amounts with respect to amounts so withheld.

Individual holders that own “specified foreign financial assets” may be required to include certain information with respect to such assets with their U.S. federal income tax return. You are urged to consult your own tax advisor regarding such requirements with respect to the Notes.

Foreign Account Tax Compliance Act. The Foreign Account Tax Compliance Act (“FATCA”) imposes a 30% U.S. withholding tax on certain U.S. source payments of interest (and OID), dividends, or other fixed or determinable annual or periodical gain, profits, and income, and on the gross proceeds from a disposition of property of a type which can produce U.S. source interest or dividends (“Withholdable Payments”), if paid to a foreign financial institution (including amounts paid to a foreign financial institution on behalf of a holder), unless such institution enters into an agreement with the U.S. Treasury Department to collect and provide to the U.S. Treasury Department certain information regarding U.S. financial account holders, including certain account holders that are foreign entities with U.S. owners, with such institution, or otherwise complies with the legislation. In addition, the Notes may constitute a “financial account” for these purposes and, thus, be subject to information reporting requirements pursuant to FATCA. FATCA also generally imposes a withholding tax of 30% on Withholdable Payments made to a non-financial foreign entity unless such entity provides the withholding agent with a certification that it does not have any substantial U.S. owners or a certification identifying the direct and indirect substantial U.S. owners of the entity. Under certain circumstances, a holder may be eligible for refunds or credits of such taxes.

The U.S. Treasury Department and the Internal Revenue Service have announced that withholding on payments of gross proceeds from a sale or redemption of the Notes will only apply to payments made after December 31, 2018. If we determine withholding is appropriate with respect to the Notes, we will withhold tax at the applicable statutory rate, and we will not pay any additional amounts in respect of such withholding. Therefore, if such withholding applies, any payments on the Notes will be significantly less than what you would have otherwise received. Foreign financial institutions and non-financial foreign entities located in jurisdictions that have an intergovernmental agreement with the United States governing FATCA may be subject to different rules. Prospective investors are urged to consult with their own tax advisors regarding the possible implications of FATCA on their investment in the Notes.

Canadian Federal Income Tax Consequences

For a discussion of the material Canadian federal income tax consequences relating to an investment in the Notes, please see the section entitled “Tax Consequences – Canadian Taxation” in the accompanying prospectus, which you should carefully review prior to investing in the Notes.

Information About the Underlying Indices

We have derived all information contained in this document regarding each of the underlying indices, including, without limitation, its make up, method of calculation, and changes in its components, from publicly available sources. The information reflects the policies of, and is subject to change by, the applicable index sponsor. Each index sponsor, which owns the copyright and all other rights to the applicable underlying index, has no obligation to continue to publish, and may discontinue publication of, that underlying index. The consequences of an index sponsor discontinuing publication of the applicable underlying index are discussed below under the heading "General Terms of the Notes — Discontinuation of an Underlying Index; Alteration of Method of Calculation." None of us, UBS or RBCCM accepts any responsibility for the calculation, maintenance or publication of any underlying index or any successor index.

The S&P 500® Index

The SPX is intended to provide an indication of the pattern of common stock price movement in the large capitalization segment of the U.S. equity market. The calculation of the level of the SPX is based on the relative value of the aggregate market value of the common stocks of 500 companies as of a particular time compared to the aggregate average market value of the common stocks of 500 similar companies during the base period of the years 1941 through 1943.

The index sponsor calculates the SPX by reference to the prices of the constituent stocks of the SPX without taking account of the value of dividends paid on those stocks. As a result, the return on the Notes will not reflect the return you would realize if you actually owned the SPX constituent stocks and received the dividends paid on those stocks.

Computation of the SPX

While the index sponsor currently employs the following methodology to calculate the SPX, no assurance can be given that the index sponsor will not modify or change this methodology in a manner that may affect the Payment at Maturity.

Historically, the market value of any component stock of the SPX was calculated as the product of the market price per share and the number of then outstanding shares of such component stock. In March 2005, the index sponsor began shifting the SPX halfway from a market capitalization weighted formula to a float-adjusted formula, before moving the SPX to full float adjustment on September 16, 2005. The index sponsor's criteria for selecting stocks for the SPX did not change with the shift to float adjustment. However, the adjustment affects each company's weight in the SPX.

Under float adjustment, the share counts used in calculating the SPX reflect only those shares that are available to investors, not all of a company's outstanding shares. Float adjustment excludes shares that are closely held by control groups, other publicly traded companies or government agencies.

In September 2012, all shareholdings representing more than 5% of a stock's outstanding shares, other than holdings by "block owners," were removed from the float for purposes of calculating the SPX. Generally, these "control holders" will include officers and directors, private equity, venture capital and special equity firms, other publicly traded companies that hold shares for control, strategic partners, holders of restricted shares, ESOPs, employee and family trusts, foundations associated with the company, holders of unlisted share classes of stock, government entities at all levels (other than government retirement/pension funds) and any individual person who controls a 5% or greater stake in a company as reported in regulatory filings. However, holdings by block owners, such as depositary banks, pension funds, mutual funds and ETF providers, 401(k) plans of the company, government retirement/pension funds, investment funds of insurance companies, asset managers and investment funds, independent foundations and savings and investment plans, will ordinarily be considered part of the float.

Treasury stock, stock options, restricted shares, equity participation units, warrants, preferred stock, convertible stock, and rights are not part of the float. Shares held in a trust to allow investors in countries outside the country of domicile, such as depositary shares and Canadian exchangeable shares are normally part of the float unless those shares form a control block.

For each stock, an investable weight factor ("IWF") is calculated by dividing the available float shares by the total shares outstanding. Available float shares are defined as the total shares outstanding less shares held by control holders. This calculation is subject to a 5% minimum threshold for control blocks. For example, if a company's officers and directors hold 3% of the company's shares, and no other control group holds 5% of the company's shares, the index sponsor would assign that company an IWF of 1.00, as no control group meets the 5% threshold. However, if a company's officers and directors hold 3% of the company's shares and another control group holds 20% of the company's shares, the index sponsor would assign an IWF of 0.77, reflecting the fact that 23% of the company's outstanding shares are considered to be held for control. As of July 31, 2017, companies with multiple share class lines are no longer eligible for inclusion in the SPX. Constituents of the SPX prior to July 31, 2017 with multiple share class lines will be grandfathered in and continue to be included in the SPX. If a constituent company of the SPX reorganizes into a multiple share class line structure, that company will remain in the SPX at the discretion of the S&P Index Committee in order to minimize turnover

The SPX is calculated using a base-weighted aggregate methodology. The level of the SPX reflects the total market value of all 500 component stocks relative to the base period of the years 1941 through 1943. An indexed number is used to represent the results of this calculation in order to make the level easier to work with and track over time. The actual total market value of the component stocks during the base period of the years 1941 through 1943 has been set to an indexed level of 10. This is often indicated by the notation 1941- 43 = 10. In practice, the daily calculation of the SPX is computed by dividing the total market value of the component stocks by the "index divisor." By itself, the index divisor is an arbitrary number. However, in the context of the calculation of the SPX, it serves as a link to the original base period level of the SPX. The index divisor keeps the SPX comparable over time and is the manipulation point for all adjustments to the SPX, which is index maintenance.

Index Maintenance

Index maintenance includes monitoring and completing the adjustments for company additions and deletions, share changes, stock splits, stock dividends, and stock price adjustments due to company restructuring or spinoffs. Some corporate actions, such as stock splits and stock dividends, require changes in the common shares outstanding and the stock prices of the companies in the SPX, and do not require index divisor adjustments.

To prevent the level of the SPX from changing due to corporate actions, corporate actions which affect the total market value of the SPX require an index divisor adjustment. By adjusting the index divisor for the change in market value, the level of the SPX remains constant and does not reflect the corporate actions of individual companies in the SPX. Index divisor adjustments are made after the close of trading and after the calculation of the index closing level. Changes in a company's shares outstanding and IWF due to its acquisition of another public company are made as soon as reasonably possible. At S&P's discretion, de minimis merger and acquisition share changes are accumulated and implemented with the quarterly share rebalancing.

All other changes of less than 5% are accumulated and made quarterly on the third Friday of March, June, September, and December.

Changes in a company's total shares outstanding of 5% or more due to public offerings are made as soon as reasonably possible. Other changes of 5% or more (for example, due to tender offers, Dutch auctions, voluntary exchange offers, company stock repurchases, private placements, acquisitions of private companies or non-index companies that do not trade on a major exchange, redemptions, exercise of options, warrants, conversion of preferred stock, notes, debt, equity participations, at-the-market stock offerings or other recapitalizations) are made weekly, and are generally announced on Fridays for implementation after the close of trading the following Friday (one week later). If a 5% or more share change causes a company's IWF to change by five percentage points or more, the IWF is updated at the same time as the share change. IWF changes resulting from partial tender offers are considered on a case-by-case basis.

License Agreement

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S&P DOW JONES INDICES DO NOT GUARANTEE THE ADEQUACY, ACCURACY, TIMELINESS AND/OR THE COMPLETENESS OF THE SPX OR ANY DATA RELATED THERETO OR ANY COMMUNICATION, INCLUDING BUT NOT LIMITED TO, ORAL OR WRITTEN COMMUNICATION (INCLUDING ELECTRONIC COMMUNICATIONS) WITH RESPECT THERETO. S&P DOW JONES INDICES SHALL NOT BE SUBJECT TO ANY DAMAGES OR LIABILITY FOR ANY ERRORS, OMISSIONS, OR DELAYS THEREIN. S&P DOW JONES INDICES MAKE NO EXPRESS OR IMPLIED WARRANTIES, AND EXPRESSLY DISCLAIMS ALL WARRANTIES, OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE OR AS TO

RESULTS TO BE OBTAINED BY US, HOLDERS OF THE NOTES, OR ANY OTHER PERSON OR ENTITY FROM THE USE OF THE SPX OR WITH RESPECT TO ANY DATA RELATED THERETO. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT WHATSOEVER SHALL S&P DOW JONES INDICES BE LIABLE FOR ANY INDIRECT, SPECIAL, INCIDENTAL, PUNITIVE, OR CONSEQUENTIAL DAMAGES INCLUDING BUT NOT LIMITED TO, LOSS OF PROFITS, TRADING LOSSES, LOST TIME OR GOODWILL, EVEN IF THEY HAVE BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES, WHETHER IN CONTRACT, TORT, STRICT LIABILITY, OR OTHERWISE. THERE ARE NO THIRD PARTY BENEFICIARIES OF ANY AGREEMENTS OR ARRANGEMENTS BETWEEN S&P DOW JONES INDICES AND US, OTHER THAN THE LICENSORS OF S&P DOW JONES INDICES.

Historical Information

The following table sets forth the quarterly high, low and period-end closing levels of the SPX, as reported by Bloomberg Financial Markets. The historical performance of the SPX should not be taken as an indication of future performance. We cannot give you assurance that the performance of the SPX will result in the return of any of your initial investment.

Quarter Begin	Quarter End	Quarterly Closing High	Quarterly Closing Low	Quarterly Period-End Close
1/01/2008	3/31/2008	1,447.16	1,273.37	1,322.70
4/01/2008	6/30/2008	1,426.63	1,278.38	1,280.00
7/01/2008	9/30/2008	1,305.32	1,106.39	1,166.36
10/01/2008	12/31/2008	1,161.06	752.44	903.25
1/01/2009	3/31/2009	934.70	676.53	797.87
4/01/2009	6/30/2009	946.21	811.08	919.32
7/01/2009	9/30/2009	1,071.66	879.13	1,057.08
10/01/2009	12/31/2009	1,127.78	1,025.21	1,115.10
1/01/2010	3/31/2010	1,174.17	1,056.74	1,169.43
4/01/2010	6/30/2010	1,217.28	1,030.71	1,030.71
7/01/2010	9/30/2010	1,148.67	1,022.58	1,141.20
10/01/2010	12/31/2010	1,259.78	1,137.03	1,257.88
1/03/2011	3/31/2011	1,343.01	1,256.88	1,325.83
4/01/2011	6/30/2011	1,363.61	1,265.42	1,320.64
7/01/2011	9/30/2011	1,353.22	1,119.46	1,131.42
10/03/2011	12/30/2011	1,285.09	1,099.23	1,257.60
1/03/2012	3/30/2012	1,416.51	1,277.06	1,408.47
4/02/2012	6/29/2012	1,419.04	1,278.04	1,362.16
7/02/2012	9/28/2012	1,465.77	1,334.76	1,440.67
10/01/2012	12/31/2012	1,461.40	1,353.33	1,402.43
1/02/2013	3/28/2013	1,569.19	1,457.15	1,569.19
4/01/2013	6/28/2013	1,669.16	1,541.61	1,606.28
7/01/2013	9/30/2013	1,725.52	1,614.08	1,681.55
10/01/2013	12/31/2013	1,848.36	1,655.45	1,848.36
1/02/2014	3/31/2014	1,878.04	1,741.89	1,872.34
4/01/2014	6/30/2014	1,962.87	1,815.69	1,960.23
7/01/2014	9/30/2014	2,011.36	1,909.57	1,972.29
10/01/2014	12/31/2014	2,090.57	1,862.49	2,058.90
1/02/2015	3/31/2015	2,117.39	1,992.67	2,067.89
4/01/2015	6/30/2015	2,130.82	2,057.64	2,063.11
7/01/2015	9/30/2015	2,128.28	1,867.61	1,920.03
10/01/2015	12/31/2015	2,109.79	1,923.82	2,043.94
1/1/2016	3/31/2016	2,063.95	1,829.08	2,059.74
4/1/2016	6/30/2016	2,119.12	2,000.54	2,098.86
7/1/2016	9/30/2016	2,190.15	2,088.55	2,168.27
10/1/2016	12/31/2016	2,271.72	2,085.18	2,238.83
1/1/2017	3/31/2017	2,395.96	2,257.83	2,362.72
4/1/2017	6/30/2017	2,453.46	2,328.95	2,423.41
7/1/2017	9/29/2017	2,519.36	2,409.75	2,519.36
10/1/2017	10/20/2017*	2,575.21	2,529.12	2,575.21

* This pricing supplement includes information for the fourth calendar quarter of 2017 only for the period from October 1, 2017 through October 20, 2017. Accordingly, the "Quarterly Closing High," "Quarterly Closing Low" and "Quarterly Period-End Close" data indicated are for this shortened period only and do not reflect complete data for the fourth calendar quarter of 2017.

The graph below illustrates the performance of the SPX from January 1, 2008 to October 20, 2017, based on the initial level of 2,575.21, which was its closing level on October 20, 2017. The red line represents the coupon barrier and trigger level of 1,931.41, which is equal to 75% of its initial level (rounded to two decimal places).

HISTORIC PERFORMANCE IS NOT AN INDICATION OF FUTURE PERFORMANCE
Source: Bloomberg L.P. We have not independently verified the accuracy or completeness of the information obtained from Bloomberg Financial Markets.

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The EURO STOXX 50® Index

The SX5E was created by STOXX, which is currently owned by Deutsche Börse AG. Publication of the SX5E began in February 1998, based on an initial SX5E level of 1,000 at December 31, 1991.

Composition and Maintenance

The SX5E is composed of 50 component stocks of market sector leaders from within the 19 EURO STOXX® Supersector indices, which represent the Eurozone portion of the STOXX Europe 600® Supersector indices.

The composition of the SX5E is reviewed annually, based on the closing stock data on the last trading day in August. The component stocks are announced on the first trading day in September. Changes to the component stocks are implemented on the third Friday in September and are effective the following trading day. Changes in the composition of the SX5E are made to ensure that the SX5E includes the 50 market sector leaders from within the SX5E.

The free float factors for each component stock used to calculate the SX5E, as described below, are reviewed, calculated, and implemented on a quarterly basis and are fixed until the next quarterly review.

The SX5E is also reviewed on an ongoing basis. Corporate actions (including initial public offerings, mergers and takeovers, spin-offs, delistings, and bankruptcy) that affect the SX5E composition are immediately reviewed. Any changes are announced, implemented, and effective in line with the type of corporate action and the magnitude of the effect.

Calculation of the SX5E

The SX5E is calculated with the "Laspeyres formula," which measures the aggregate price changes in the component stocks against a fixed base quantity weight. The formula for calculating the SX5E value can be expressed as follows:

$$\text{Index} = \frac{\text{Free float market capitalization of the index}}{\text{Adjusted base date market capitalization of the index}} \frac{\text{x}}{1{,}000}$$

The "free float market capitalization of the SX5E" is equal to the sum of the products of the closing price, market capitalization, and free float factor for each component stock as of the time the SX5E is being calculated.

The SX5E is also subject to a divisor, which is adjusted to maintain the continuity of the SX5E values across changes due to corporate actions, such as the deletion and addition of stocks, the substitution of stocks, stock dividends, and stock splits.

License Agreement

We have entered into a non-exclusive license agreement with STOXX providing for the license to us and certain of our affiliated or subsidiary companies, in exchange for a fee, of the right to use indices owned and published by STOXX (including the SX5E) in connection with certain securities, including the Notes offered hereby.

The license agreement between us and STOXX requires that the following language be stated in this document:

STOXX has no relationship to us, other than the licensing of the SX5E and the related trademarks for use in connection with the Notes. STOXX does not:

- sponsor, endorse, sell, or promote the Notes;
- recommend that any person invest in the Notes offered hereby or any other securities;
- have any responsibility or liability for or make any decisions about the timing, amount, or pricing of the Notes;
- have any responsibility or liability for the administration, management, or marketing of the Notes; or
- consider the needs of the Notes or the holders of the Notes in determining, composing, or calculating the SX5E, or have any obligation to do so.

STOXX will not have any liability in connection with the Notes. Specifically:

- STOXX does not make any warranty, express or implied, and disclaims any and all warranty concerning:
- the results to be obtained by the Notes, the holders of the Notes or any other person in connection with the use of the SX5E and the data included in the SX5E;
- the accuracy or completeness of the SX5E and its data;
- the merchantability and the fitness for a particular purpose or use of the SX5E and its data;
- STOXX will have no liability for any errors, omissions, or interruptions in the SX5E or its data; and
- Under no circumstances will STOXX be liable for any lost profits or indirect, punitive, special, or consequential damages or losses, even if STOXX knows that they might occur.

The licensing agreement between us and STOXX is solely for their benefit and our benefit, and not for the benefit of the holders of the Notes or any other third parties.

Historical Information

The following table sets forth the quarterly high, low and period-end closing levels of the SX5E, as reported by Bloomberg Financial Markets. The historical performance of the SX5E should not be taken as an indication of future performance. We cannot give you assurance that the performance of the SX5E will result in the return of any of your initial investment.

Quarter Begin	Quarter End	Quarterly Closing High	Quarterly Closing Low	Quarterly Period-End Close
1/1/2008	3/31/2008	4,339.23	3,431.82	3,628.06
4/1/2008	6/30/2008	3,882.28	3,340.27	3,352.81
7/1/2008	9/30/2008	3,445.66	3,000.83	3,038.20
10/1/2008	12/31/2008	3,113.82	2,165.91	2,447.62
1/1/2009	3/31/2009	2,578.43	1,809.98	2,071.13
4/1/2009	6/30/2009	2,537.35	2,097.57	2,401.69
7/1/2009	9/30/2009	2,899.12	2,281.47	2,872.63
10/1/2009	12/31/2009	2,992.08	2,712.30	2,964.96
1/1/2010	3/31/2010	3,017.85	2,631.64	2,931.16
4/1/2010	6/30/2010	3,012.65	2,488.50	2,573.32
7/1/2010	9/30/2010	2,827.27	2,507.83	2,747.90
10/1/2010	12/31/2010	2,890.64	2,650.99	2,792.82
1/1/2011	3/31/2011	3,068.00	2,721.24	2,910.91
4/1/2011	6/30/2011	3,011.25	2,715.88	2,848.53
7/1/2011	9/30/2011	2,875.67	1,995.01	2,179.66
10/1/2011	12/31/2011	2,476.92	2,090.25	2,316.55
1/1/2012	3/31/2012	2,608.42	2,286.45	2,477.28
4/1/2012	6/30/2012	2,501.18	2,068.66	2,264.72
7/1/2012	9/30/2012	2,594.56	2,151.54	2,454.26
10/1/2012	12/31/2012	2,659.95	2,427.32	2,635.93
1/1/2013	3/31/2013	2,749.27	2,570.52	2,624.02
4/1/2013	6/30/2013	2,835.87	2,511.83	2,602.59
7/1/2013	9/30/2013	2,936.20	2,570.76	2,893.15
10/1/2013	12/31/2013	3,111.37	2,902.12	3,109.00
1/1/2014	3/31/2014	3,172.43	2,962.49	3,161.60
4/1/2014	6/30/2014	3,314.80	3,091.52	3,228.24
7/1/2014	9/30/2014	3,289.75	3,006.83	3,225.93
10/1/2014	12/31/2014	3,277.38	2,874.65	3,146.43
1/1/2015	3/31/2015	3,731.35	3,007.91	3,697.38
4/1/2015	6/30/2015	3,828.78	3,424.30	3,424.30
7/1/2015	9/30/2015	3,686.58	3,019.34	3,100.67
10/1/2015	12/31/2015	3,506.45	3,069.05	3,267.52
1/1/2016	3/31/2016	3,178.01	2,680.35	3,004.93
4/1/2016	6/30/2016	3,151.69	2,697.44	2,864.74
7/1/2016	9/30/2016	3,091.66	2,761.37	3,002.24
10/1/2016	12/31/2016	3,290.52	2,954.53	3,290.52
1/1/2017	3/31/2017	3,500.93	3,230.68	3,500.93
4/1/2017	6/30/2017	3,658.79	3,409.78	3,441.88
7/1/2017	9/29/2017	3,594.85	3,388.22	3,594.85
10/1/2017	10/20/2017	3,619.65	3,594.91	3,605.09

* This pricing supplement includes information for the fourth calendar quarter of 2017 only for the period from October 1, 2017 through October 20, 2017. Accordingly, the “Quarterly Closing High,” “Quarterly Closing Low” and “Quarterly Period-End Close” data indicated are for this shortened period only and do not reflect complete data for the fourth calendar quarter of 2017.

The graph below illustrates the performance of the SX5E from January 1, 2008 to October 20, 2017, based on the initial level of 3,605.09, which was its closing level on October 20, 2017. The red line represents the coupon barrier and trigger level of 2703.82, which is equal to 75% of its initial level (rounded to two decimal places).
HISTORIC PERFORMANCE IS NOT AN INDICATION OF FUTURE PERFORMANCE
Source: Bloomberg L.P. We have not independently verified the accuracy or completeness of the information obtained from Bloomberg Financial Markets.

The Russell 2000® Index

The RTY was developed by Russell Investments (“Russell”) before FTSE International Limited (“FTSE”) and Russell combined in 2015 to create FTSE Russell, which is wholly owned by London Stock Exchange Group. Russell began dissemination of the RTY (Bloomberg L.P. index symbol “RTY”) on January 1, 1984. The RTY was set to 135 as of the close of business on December 31, 1986. FTSE Russell (the “index sponsor”) calculates and publishes the RTY. The RTY is designed to track the performance of the small capitalization segment of the U.S. equity market. As a subset of the Russell 3000® Index, the RTY consists of the smallest 2,000 companies included in the Russell 3000® Index. The Russell 3000® Index measures the performance of the largest 3,000 U.S. companies, representing approximately 98% of the investable U.S. equity market. The RTY is determined, comprised, and calculated by the index sponsor without regard to the Notes.

Selection of Stocks Underlying the RTY

All companies eligible for inclusion in the RTY must be classified as a U.S. company under the index sponsor’s country-assignment methodology. If a company is incorporated, has a stated headquarters location, and trades in the same country (American Depositary Receipts and American Depositary Shares are not eligible), then the company is assigned to its country of incorporation. If any of the three factors are not the same, the index sponsor defines three Home Country Indicators (“HCIs”): country of incorporation, country of headquarters, and country of the most liquid exchange (as defined by a two-year average daily dollar trading volume) (“ADDTV”) from all exchanges within a country. Using the HCIs, the index sponsor compares the primary location of the company’s assets with the three HCIs. If the primary location of its assets matches any of the HCIs, then the company is assigned to the primary location of its assets. If there is insufficient information to determine the country in which the company’s assets are primarily located, the index sponsor will use the primary country from which the company’s revenues are primarily derived for the comparison with the three HCIs in a similar manner. The index sponsor uses the average of two years of assets or revenues data to reduce potential turnover. If conclusive country details cannot be derived from assets or revenues data, the index sponsor will assign the company to the country of its headquarters, which is defined as the address of the company’s principal executive offices, unless that country is a Benefit Driven Incorporation “BDI” country, in which case the company will be assigned to the country of its most liquid stock exchange. BDI countries include: Anguilla, Antigua and Barbuda, Aruba, Bahamas, Barbados, Belize, Bermuda, Bonaire, British Virgin Islands, Cayman Islands, Channel Islands, Cook Islands, Curacao, Faroe Islands, Gibraltar, Guernsey, Isle of Man, Jersey, Liberia, Marshall Islands, Panama, Saba, Sint Eustatius, Sint Maarten, and Turks and Caicos Islands. For any companies incorporated or headquartered in a U.S. territory, including countries such as Puerto Rico, Guam, and U.S. Virgin Islands, a U.S. HCI is assigned.

All securities eligible for inclusion in the RTY must trade on a major U.S. exchange. Stocks must have a closing price at or above $1.00 on their primary exchange on the last trading day in May to be eligible for inclusion during annual reconstitution. However, in order to reduce unnecessary turnover, if an existing member’s closing price is less than $1.00 on the last day of May, it will be considered eligible if the average of the daily closing prices (from its primary exchange) during the month of May is equal to or greater than $1.00. Initial public offerings are added each quarter and must have a closing price at or above $1.00 on the last day of their eligibility period in order to qualify for index inclusion. If an existing stock does not trade on the “rank day” (typically the last trading day in May, but a confirmed timetable is announced each Spring) but does have a closing price at or above $1.00 on another eligible U.S. exchange, that stock will be eligible for inclusion.

An important criterion used to determine the list of securities eligible for the RTY is total market capitalization, which is defined as the market price as of the last trading day in May for those securities being considered at annual reconstitution times the total number of shares outstanding. Where applicable, common stock, non-restricted exchangeable shares and partnership units/membership interests are used to determine market capitalization. Any other form of shares such as preferred stock, convertible preferred stock, redeemable shares, participating preferred stock, warrants and rights, installment receipts or trust receipts, are excluded from the calculation. If multiple share classes of common stock exist, they are combined. In cases where the common stock share classes act independently of each other (e.g., tracking stocks), each class is considered for inclusion separately. If multiple share classes exist, the pricing vehicle will be designated as the share class with the highest two-year trading volume as of the rank day in May.

Companies with a total market capitalization of less than $30 million are not eligible for the RTY. Similarly, companies with only 5% or less of their shares available in the marketplace are not eligible for the RTY. Royalty trusts, limited liability companies, closed-end investment companies (companies that are required to report Acquired Fund Fees and Expenses, as defined by the SEC, including business development companies), blank check companies, special-purpose acquisition companies, and limited partnerships are also not eligible for inclusion in the Russell U.S. Indices. Exchange traded funds and mutual funds are also excluded. Bulletin board, pink-sheets, and over-the-counter (“OTC”) traded securities are not eligible for inclusion.

Annual reconstitution is a process by which the RTY is completely rebuilt. On the rank last trading day of May, all eligible securities are ranked by their total market capitalization. The largest 4,000 become the Russell 3000E Index, and the other of the index sponsor’s indexes are determined from that set of securities. Reconstitution of the RTY occurs on the last Friday in June or, when the last Friday in June is the 29th or 30th, reconstitution occurs on the prior Friday. In addition, the index sponsor adds initial public offerings to the RTY on a quarterly basis based on total market capitalization guidelines ranking within the market-adjusted capitalization breaks established during the most recent reconstitution.

After membership is determined, a security’s shares are adjusted to include only those shares available to the public. This is often referred to as “free float.” The purpose of the adjustment is to exclude from market calculations the capitalization that is not available for purchase and is not part of the investable opportunity set.

License Agreement

FTSE Russell and Royal Bank of Canada have entered into a non-exclusive license agreement providing for the license to Royal Bank of Canada, and certain of its affiliates, in exchange for a fee, of the right to use indices owned and published by FTSE Russell in connection with some securities, including the Notes.

FTSE Russell does not guarantee the accuracy and/or the completeness of the RTY or any data included in the RTY and has no liability for any errors, omissions, or interruptions in the RTY. FTSE Russell makes no warranty, express or implied, as to results to be obtained by the calculation agent, holders of the Notes, or any other person or entity from the use of the RTY or any data included in the RTY in connection with the rights licensed under the license agreement described in this document or for any other use. FTSE Russell makes no express or implied warranties, and hereby expressly disclaims all warranties of merchantability or fitness for a particular purpose with respect to the RTY or any data included in the

RTY. Without limiting any of the above information, in no event will FTSE Russell have any liability for any special, punitive, indirect or consequential damages, including lost profits, even if notified of the possibility of these damages. The Notes are not sponsored, endorsed, sold or promoted by FTSE Russell. FTSE Russell makes no representation or warranty, express or implied, to the owners of the Notes or any member of the public regarding the advisability of investing in securities generally or in the Notes particularly or the ability of the RTY to track general stock market performance or a segment of the same. FTSE Russell's publication of the RTY in no way suggests or implies an opinion by FTSE Russell as to the advisability of investment in any or all of the stocks upon which the RTY is based. FTSE Russell's only relationship to Royal Bank of Canada is the licensing of certain trademarks and trade names of FTSE Russell and of the RTY, which is determined, composed and calculated by FTSE Russell without regard to Royal Bank of Canada or the Notes. FTSE Russell is not responsible for and has not reviewed the Notes nor any associated literature or publications and FTSE Russell makes no representation or warranty express or implied as to their accuracy or completeness, or otherwise. FTSE Russell reserves the right, at any time and without notice, to alter, amend, terminate or in any way change the RTY. FTSE Russell has no obligation or liability in connection with the administration, marketing or trading of the Notes.

"Russell 2000®" and "Russell 3000®" are registered trademarks of FTSE Russell in the U.S. and other countries.

Historical Information

The following table sets forth the quarterly high, low and period-end closing levels of the RTY, as reported by Bloomberg Financial Markets. The historical performance of the RTY should not be taken as an indication of its future performance. We cannot give you assurance that the performance of the RTY will result in the return of any of your initial investment.

Quarter Begin	Quarter End	Quarterly Closing High	Quarterly Closing Low	Quarterly Period-End Close
1/01/2008	3/31/2008	753.554	643.966	687.967
4/01/2008	6/30/2008	763.266	686.073	689.659
7/01/2008	9/30/2008	754.377	657.718	679.583
10/01/2008	12/31/2008	671.590	385.308	499.453
1/01/2009	3/31/2009	514.710	343.260	422.748
4/01/2009	6/30/2009	531.680	429.158	508.281
7/01/2009	9/30/2009	620.695	479.267	604.278
10/01/2009	12/31/2009	634.072	562.395	625.389
1/01/2010	3/31/2010	690.303	586.491	678.643
4/01/2010	6/30/2010	741.922	609.486	609.486
7/01/2010	9/30/2010	677.642	590.034	676.139
10/01/2010	12/31/2010	792.347	669.450	783.647
1/01/2011	3/31/2011	843.549	773.184	843.549
4/01/2011	6/30/2011	865.291	777.197	827.429
7/01/2011	9/30/2011	858.113	643.421	644.156
10/01/2011	12/30/2011	765.432	609.490	740.916
1/01/2012	3/30/2012	846.129	747.275	830.301
4/01/2012	6/30/2012	840.626	737.241	798.487
7/01/2012	9/30/2012	864.697	767.751	837.450
10/01/2012	12/31/2012	852.495	769.483	849.350
1/01/2013	3/31/2013	953.068	872.605	951.542
4/01/2013	6/30/2013	999.985	901.513	977.475
7/01/2013	9/30/2013	1,078.409	989.535	1,073.786
10/01/2013	12/31/2013	1,163.637	1,043.459	1,163.637
1/01/2014	3/31/2014	1,208.651	1,093.594	1,173.038
4/01/2014	6/30/2014	1,192.964	1,095.986	1,192.964
7/01/2014	9/30/2014	1,208.150	1,101.676	1,101.676
10/01/2014	12/31/2014	1,219.109	1,049.303	1,204.696
1/01/2015	3/31/2015	1,266.373	1,154.709	1,252.772
4/01/2015	6/30/2015	1,295.799	1,215.417	1,253.947
7/01/2015	9/30/2015	1,273.328	1,083.907	1,100.688
10/01/2015	12/31/2015	1,204.159	1,097.552	1,135.889
1/1/2016	3/31/2016	1,114.028	953.715	1,114.028
4/1/2016	6/30/2016	1,188.954	1,089.646	1,151.923
7/1/2016	9/30/2016	1,263.438	1,139.453	1,251.646
10/1/2016	12/31/2016	1,388.073	1,156.885	1,357.130
1/1/2017	3/31/2017	1,413.635	1,345.598	1,385.920
4/1/2017	6/30/2017	1,425.985	1,345.244	1,415.359
7/1/2017	9/29/2017	1,490.861	1,356.905	1,490.861
10/1/2017	10/20/2017	1,512.088	1,497.499	1,509.247

* This pricing supplement includes information for the fourth calendar quarter of 2017 only for the period from October 1, 2017 through October 20, 2017. Accordingly, the “Quarterly Closing High,” “Quarterly Closing Low” and “Quarterly Period-End Close” data indicated are for this shortened period only and do not reflect complete data for the fourth calendar quarter of 2017.

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The graph below illustrates the performance of the RTY from January 1, 2008 to October 20, 2017, based on the initial level of 1,509.247 which was its closing level on October 20, 2017. The red line represents the coupon barrier and trigger level of 1,131.935, which is equal to 75% of its initial level (rounded to three decimal places).

HISTORIC PERFORMANCE IS NOT AN INDICATION OF FUTURE PERFORMANCE

Source: Bloomberg L.P. We have not independently verified the accuracy or completeness of the information obtained from Bloomberg Financial Markets.

Correlation of the Underlying Indices

The graph below illustrates the daily performance of the underlying indices from January 1, 2008 through October 20, 2017. For comparison purposes, each underlying index has been normalized to have a closing level of 100.00 on January 1, 2008 by dividing the closing level of that index on each day by the closing level of that Index on January 1, 2008 and multiplying by 100.00. We obtained the closing levels used to determine the normalized closing levels set forth below from Bloomberg, without independent verification.

Past performance of the underlying indices is not indicative of their future performance.

The correlation of a pair of Indices represents a statistical measurement of the degree to which the returns of those Indices were similar to each other over a given period in terms of timing and direction (i.e., positive or negative). The closer the relationship of the daily returns of a pair of underlying indices over a given period, the more positively correlated those indices are. The graph above illustrates the historical performance of each of the underlying indices relative to one another over the time period shown and provides an indication of how close the relative performance of one underlying index has historically been to another. The lower (or more negative) the correlation between two underlying indices, the less likely it is that those indices will move in the same direction and, therefore, the greater the potential for one of those indices to close below its coupon barrier or trigger level on any day during a Quarterly Observation Period or the final valuation date, respectively. This is because the less positively correlated a pair of indices are, the greater the likelihood that at least one of those indices will decrease in value. This results in a greater potential for a contingent coupon not to be paid during the term of the Notes and for a loss of principal at maturity. However, even if two underlying indices have a higher positive correlation, one or both of those indices might close below its coupon barrier or trigger level on any day during a Quarterly Observation Period or the final valuation date, as both of those indices may decrease in value together. The lower the correlation between two underlying indices, the greater the potential for one of those indices to close below its coupon barrier or its trigger level on any trading day during a Quarterly Observation Period or the final valuation date, respectively. Further, with three underlying indices, it is more likely that the performance of one pair of underlying indices will not be correlated or will be negatively correlated, and therefore this risk is even greater than with securities linked to the individual performance of fewer underlying indices. Therefore, the greater the number of underlying indices, the greater the potential for missed contingent coupons and for a loss of principal at maturity. We determine the contingent coupons for the Notes based, in part, on the correlation among the underlying indices, calculated using internal models at the time the terms of the Notes are set. As discussed above, increased risk resulting from lower correlation or from a greater number of underlying indices will be reflected in a higher contingent coupon than would be payable on securities linked to fewer underlying indices or that have a higher degree of correlation.

General Terms of the Notes

The following description of the terms of the Notes supplements the description of the general terms of the debt securities set forth under the headings "Description of the Notes We May Offer" in the accompanying prospectus supplement and "Description of Debt Securities" in the accompanying prospectus. Capitalized terms used but not defined in this pricing supplement have the meanings assigned in the accompanying prospectus supplement, prospectus. The term "Note" refers to $10 in principal amount of the Notes.

General

The Notes are senior unsecured debt obligations of Royal Bank of Canada that are linked to the underlying indices. The Notes will be issued under an indenture dated October 23, 2003, as it may be amended or supplemented from time to time, between us and The Bank of New York Mellon (as successor to JPMorgan Chase Bank, N.A.), as trustee.

The Notes are unsecured debt obligations and are not savings accounts or deposits of a bank. The Notes are not insured or guaranteed by the Canada Deposit Insurance Corporation, the U.S. Federal Deposit Insurance Corporation, or any other governmental agency of Canada or the United States.

The Notes are our unsecured and unsubordinated obligations and will rank pari passu with all of our other unsecured and unsubordinated obligations.

The Notes will be issued in denominations of $10 and integral multiples thereof. The principal amount of each Note is $10. The Notes will be represented by one or more permanent global securities registered in the name of The Depository Trust Company, or DTC, or its nominee, as described under "Description of Debt Securities — Ownership and Book-Entry Issuance" and "—Considerations Relating to DTC" in the prospectus.

All references to the "debt securities" in the accompanying prospectus and all references to the "notes" in the accompanying prospectus supplement shall be read as and shall apply to the "Notes" for the purpose of this pricing supplement. Unless the context otherwise requires, references to the "debt securities," "notes" and the "Notes" in the prospectus, prospectus supplement and this document can be read interchangeably and are synonymous.

If any required payment on the Notes is due on a day that is not a business day, the payment will be paid on the next business day, and no interest will accrue in respect of that postponement.

A "closing level" will be the official closing level of the applicable underlying index on the applicable trading day, as determined by the calculation agent.

A "trading day" is a day, as determined by the calculation agent, on which trading is generally conducted on (i) the relevant exchanges (as defined below) for the applicable underlying index or the successor index and (ii) the exchanges on which futures or options contracts related to that underlying index or the successor index are traded, other than a day on which trading on such relevant exchange or exchange on which such futures or options contracts are traded is scheduled to close prior to its regular weekday closing time.

If the final valuation date is not a trading day or if there is a market disruption event on that day, the final valuation date will be postponed to the immediately succeeding trading day during which no market disruption event shall have occurred or be continuing. In no event, however, will the final valuation date be postponed more than ten business days following the date originally scheduled. If the tenth business day following the date originally scheduled to be the final valuation date is not a trading day, or if there is a market disruption event on that date, the calculation agent will determine the closing level for the applicable underlying index in accordance with the formula for and method of calculating that underlying index last in effect prior to commencement of the market disruption event (or prior to the non-trading day), using the closing price (or, if trading in the relevant securities has been materially suspended or materially limited, the calculation agent's good faith estimate of the closing price that would have prevailed but for such suspension or limitation or non-trading day) on that tenth scheduled business day of each security most recently constituting that underlying index.

For the avoidance of doubt, if an underlying index is subject to a non-trading day or market disruption event only the closing level of that underlying index shall be postponed; the closing level of any underlying index that is not so affected shall be determined on the scheduled final valuation date.

If, due to a market disruption event or otherwise, the final valuation date is postponed, the maturity date will be postponed by the same number of business days. However, if the final valuation date is postponed so that it falls less than three business days prior to the scheduled maturity date, the maturity date will be the third business day following the final valuation date, as so postponed.

A "business day" is any day other than a day on which banking institutions in The City of New York are authorized or required by law, regulation or executive order to close or a day on which transactions in dollars are not conducted.

Subject to the foregoing and to applicable law (including, without limitation, U.S. federal laws), we or our affiliates may, at any time and from time to time, purchase outstanding Notes by tender, in the open market or by private agreement.

Calculation Agent

RBC Capital Markets, LLC will act as the calculation agent. The calculation agent determined the level of each underlying index on the trade date, and will determine, among other things, the level of each underlying index on the final valuation date, and the payments to be made, if any, on the Notes. In addition, the calculation agent will determine whether there has been a market disruption event or a discontinuation of any underlying index and whether there has been a material change in the method of calculating an underlying index. All determinations made by the calculation agent will be at the sole discretion of the calculation agent and will, in the absence of manifest error, be conclusive for all purposes and binding on you and on us. We may appoint a different calculation agent from time to time after the date of this document without your consent and without notifying you.

All calculations with respect to the level of each underlying index will be rounded to the nearest one hundred-thousandth, with five one-millionths rounded upward (e.g., .876545 would be rounded to .87655); all dollar amounts related to determination of the payment per $10 in principal amount of the Notes, if any, will be rounded to the nearest one ten-thousandth, with five one hundred-thousandths rounded upward (e.g., .87645 would be rounded up to .8765); and all dollar amounts paid, if any, on the aggregate principal amount of Notes per holder will be rounded to the nearest cent, with one-half cent rounded upward.

Market Disruption Events

Certain events may prevent the calculation agent from determining the closing level of each underlying index, and consequently, the amount, if any, that we will pay to you on the Notes. These events may include disruptions or suspensions of trading on the markets as a whole. We refer to each of these events individually as a "market disruption event."

With respect to any underlying index and any relevant successor index, a "market disruption event," means:

- a suspension, absence or material limitation of trading of equity securities then constituting 20% or more of the level of the underlying index (or the relevant successor index) on the relevant exchanges (as defined below) for such securities for more than two hours of trading during, or during the one hour period preceding the close of, the principal trading session on such relevant exchange; or
- a breakdown or failure in the price and trade reporting systems of any relevant exchange as a result of which the reported trading prices for equity securities then constituting 20% or more of the level of the underlying index (or the relevant successor index) during the one hour preceding the close of the principal trading session on such relevant exchange are materially inaccurate; or
- a suspension, absence or material limitation of trading on the primary exchange or market for trading in futures or options contracts related to the underlying index (or the relevant successor index) for more than two hours of trading during, or during the one hour period preceding the close of, the principal trading session on such exchange or market; or
- a decision to permanently discontinue trading in the relevant futures or options contracts;

in each case as determined by the calculation agent in its sole discretion; and

- a determination by the calculation agent in its sole discretion that the event described above materially interfered with our ability or the ability of any of our affiliates to adjust or unwind all or a material portion of any hedge with respect to the Notes.

For purposes of determining whether a market disruption event with respect to any underlying index (or the relevant successor index) exists at any time, if trading in a security included in the underlying index (or the relevant successor index) is materially suspended or materially limited at that time, then the relevant percentage contribution of that security to the level of the underlying index (or the relevant successor index) will be based on a comparison of:

- the portion of the level of the underlying index (or the relevant successor index) attributable to that security relative to
- the overall level of the underlying index (or the relevant successor index),

in each case immediately before that suspension or limitation.

For purposes of determining whether a market disruption event with respect to any underlying index (or the relevant successor index) has occurred:

§ a limitation on the hours or number of days of trading will not constitute a market disruption event if it results from an announced change in the regular business hours of the relevant exchange, or the primary exchange or market for trading in futures or options contracts related to the underlying index (or the relevant successor index);

§ limitations pursuant to the rules of any relevant exchange similar to NYSE Rule 80B (or any applicable rule or regulation enacted or promulgated by any other self-regulatory organization or any government agency of scope similar to NYSE Rule 80B as determined by the calculation agent) on trading during significant market fluctuations will constitute a suspension, absence or material limitation of trading;

§ a suspension of trading in futures or options contracts on the underlying index (or the relevant successor index) by the primary exchange or market trading in such contracts by reason of

- a price change exceeding limits set by such exchange or market,
- an imbalance of orders relating to such contracts, or
- a disparity in bid and ask quotes relating to such contracts

will, in each such case, constitute a suspension, absence or material limitation of trading in futures or options contracts related to the underlying index (or the relevant successor index); and

- a “suspension, absence or material limitation of trading” on any relevant exchange or on the primary exchange or market on which futures or options contracts related to the underlying index (or the relevant successor index) are traded will not include any time when such exchange or market is itself closed for trading under ordinary circumstances.

“Relevant exchange” means, with respect to any underlying index or any relevant successor index, the primary exchange or market of trading for any security (or any combination thereof) then included in that underlying index or such successor index, as applicable.

Discontinuation of an Underlying Index; Alteration of Method of Calculation

If the index sponsor of an underlying index discontinues publication of that underlying index and the index sponsor or another entity publishes a successor or substitute index that the calculation agent determines, in its sole discretion, to be comparable to the discontinued underlying index (such index being referred to herein as a “successor index”), then the closing levels of that underlying index will be determined by reference to the level of such successor index at the close of trading on the relevant exchange for the successor index on such day.

Upon any selection by the calculation agent of a successor index, the calculation agent will cause written notice to be promptly furnished to the trustee, to us and to the holders of the Notes.

If an index sponsor discontinues publication of an underlying index prior to, and that discontinuation is continuing on or prior to the final valuation date, and the calculation agent determines, in its sole discretion, that no successor index is available at that time or the calculation agent has previously selected a successor index and publication of that successor index is discontinued prior to, and that discontinuation is continuing on, the applicable trading day, then the calculation agent will determine the closing level of that underlying index for that date. The closing level will be computed by the calculation agent in accordance with the formula for and method of calculating that underlying index or successor index, as applicable, last in effect prior to the discontinuation, using the closing price (or, if trading in the relevant securities has been materially suspended or materially limited, the calculation agent's good faith estimate of the closing price that would have prevailed but for the suspension or limitation) at the close of the principal trading session on that date of each security most recently included in the underlying index or successor index, as applicable. Notwithstanding these alternative arrangements, discontinuation of the publication of the underlying index or successor index, as applicable, may adversely affect the value of the Notes.

If at any time the method of calculating an underlying index or a successor index, or the level thereof, is changed in a material respect, or if an underlying index or a successor index is in any other way modified so that the underlying index or successor index does not, in the opinion of the calculation agent, fairly represent the level of the underlying index or successor index had those changes or modifications not been made, then the calculation agent will, at the close of business in New York City on the date on any date on which the closing level of the underlying index is to be determined, make any calculations and adjustments as, in the good faith judgment of the calculation agent, may be necessary in order to arrive at a level of a stock index comparable to the underlying index or successor index, as the case may be, as if those changes or modifications had not been made, and calculate the closing level with reference to the underlying index or such successor index, as adjusted. Accordingly, if the method of calculating an underlying index or a successor index is modified so that the level of the underlying index or such successor index is a fraction of what it would have been if there had been no such modification (e.g., due to a split in the underlying index), then the calculation agent will adjust its calculation of the underlying index or such successor index in order to arrive at a level of the underlying index or such successor index as if there had been no such modification (e.g., as if such split had not occurred).

Payment of Additional Amounts

We will pay any amounts to be paid by us on the Notes without deduction or withholding for, or on account of, any and all present or future income, stamp and other taxes, levies, imposts, duties, charges, fees, deductions or withholdings (taxes) now or hereafter imposed, levied, collected, withheld or assessed by or on behalf of Canada or any Canadian political subdivision or authority that has the power to tax, unless the deduction or withholding is required by law or by the interpretation or administration thereof by the relevant governmental authority. At any time a Canadian taxing jurisdiction requires us to deduct or withhold for or on account of taxes from any payment made under or in respect of the Notes, we will pay such additional amounts ("Additional Amounts") as may be necessary so that the net amounts received by each holder (including Additional Amounts), after such deduction or withholding, shall not be less than the amount the holder would have received had no such deduction or withholding been required. However, no Additional Amounts will be payable with respect to a payment made to a holder of a Note or of a right to receive payments in respect thereto (a "Payment Recipient"), which we refer to as an "Excluded Holder," in respect of a beneficial owner or Payment Recipient:

(i) with whom we do not deal at arm's length (within the meaning of the Income Tax Act (Canada)) at the time of making such payment;

(ii) who is subject to such taxes by reason of the holder being connected presently or formerly with Canada or any province or territory thereof otherwise than by reason of the holder's activity in connection with purchasing the Notes, the holding of Notes or the receipt of payments thereunder;

(iii) who is, or who does not deal at arm's length with a person who is, a "specified shareholder" (within the meaning of subsection 18(5) of the Income Tax Act (Canada)) of Royal Bank of Canada (generally a person will be a "specified shareholder" for this purpose if that person, either alone or together with persons with whom the person does not deal at arm's length, owns 25% or more of (a) our voting shares, or (b) the fair market value of all of our issued and outstanding shares);

(iv) who presents such Note for payment (where presentation is required, such as if a Note is issued in definitive form) more than 30 days after the relevant date; for this purpose, the "relevant date" in relation to any payments on any Note means:

(a) the due date for payment thereof (whether at maturity or upon an earlier acceleration), or

(b) if the full amount of the monies payable on such date has not been received by the trustee on or prior to such due date, the date on which the full amount of such monies has been received and notice to that effect is given to holders of the Notes in accordance with the indenture;

(v) who could lawfully avoid (but has not so avoided) such withholding or deduction by complying, or procuring that any third party comply with, any statutory requirements necessary to establish qualification for an exemption from withholding or by making, or procuring that any third party make, a declaration of non-residence or other similar claim for exemption to any relevant tax authority; or

(vi) who is subject to deduction or withholding on account of any tax, assessment, or other governmental charge that is imposed or withheld by reason of the application of Section 1471 through 1474 of the United States Internal Revenue Code of 1986, as amended (the "Code") (or any successor provisions), any regulation, pronouncement, or agreement thereunder, official interpretations thereof, or any law implementing an intergovernmental approach thereto, whether currently in effect or as published and amended from time to time.

For the purposes of clause (iii) above, if a Note is presented for payment more than 30 days after the relevant date, we shall only be required to pay such Additional Amounts as shall have accrued as of such 30th day, and no further Additional Amounts shall accrue or become payable after such date.

For the avoidance of doubt, we will not have any obligation to pay any holders Additional Amounts on any tax which is payable otherwise than by deduction or withholding from payments made under or in respect of the Notes.

We will also make such withholding or deduction and remit the full amount deducted or withheld to the relevant authority in accordance with applicable law. We will furnish to the trustee, within 30 days after the date the payment of any taxes is due pursuant to applicable law, certified copies of tax receipts evidencing that such payment has been made or other evidence of such payment satisfactory to the trustee. We will indemnify and hold harmless each holder of Notes (other than an Excluded Holder) and upon written request reimburse each such holder for the amount of (x) any taxes so levied or imposed and paid by such holder as a result of payments made under or with respect to the Notes, and (y) any taxes levied or imposed and paid by such holder with respect to any reimbursement under (x) above, but excluding any such taxes on such holder's net income or capital.

For additional information, see the section entitled "Canadian Taxation" in the accompanying prospectus.

Events of Default

Under the heading "Description of Debt Securities — Events of Default" in the accompanying prospectus is a description of events of default relating to debt securities including the Notes.

Payment upon an Event of Default

If an event of default with respect to the Notes shall have occurred and be continuing, the amount declared due and payable per $10 in principal amount of the Notes upon any acceleration of the Notes will be determined by the calculation agent and will be an amount in cash equal to the amount payable at maturity per $10 in principal amount of the Notes as described above, calculated as if the date of acceleration were the final valuation date. The calculation agent will also determine if the final contingent coupon is payable, calculated on a 30/360 day basis.

If the maturity of the Notes is accelerated because of an event of default as described above, we will, or will cause the calculation agent to, provide written notice to the trustee at its New York office, on which notice the trustee may conclusively rely, and to DTC of the cash amount due with respect to the Notes as promptly as possible and in no event later than two business days after the date of acceleration.

Defeasance

The provisions described in the accompanying prospectus under the heading "Description of Debt Securities —Defeasance" are not applicable to the Notes.

Registrar, Transfer Agent and Paying Agent

Payment of amounts due at maturity on the Notes will be payable and the transfer of the Notes will be registrable at the principal corporate trust office of The Bank of New York Mellon in The City of New York.

The Bank of New York Mellon or one of its affiliates will act as registrar and transfer agent for the Notes. The Bank of New York Mellon will also act as paying agent and may designate additional paying agents.

Registration of transfers of the Notes will be effected without charge by or on behalf of The Bank of New York Mellon, but upon payment (with the giving of such indemnity as The Bank of New York Mellon may require) in respect of any tax or other governmental charges that may be imposed in relation to it.

Governing Law

The Notes will be governed by and interpreted in accordance with the laws of the State of New York.

Supplemental Plan of Distribution (Conflicts of Interest)

We have agreed to indemnify UBS and RBCCM against liabilities under the Securities Act of 1933, as amended, or to contribute payments that UBS and RBCCM may be required to make relating to these liabilities as described in the prospectus supplement and the prospectus. We have agreed that UBS may sell all or a part of the Notes that it will purchase from us to investors at the price to public or to its affiliates at the price indicated on the cover of this pricing supplement.

UBS may allow a concession not in excess of the underwriting discount set forth on the cover of this pricing supplement to its affiliates for distribution of the Notes. Subject to regulatory constraints and market conditions, RBCCM intends to offer to purchase the Notes in the secondary market, but it is not required to do so.

We or our affiliates may enter into swap agreements or related hedge transactions with one of our other affiliates or unaffiliated counterparties in connection with the sale of the Notes and RBCCM and/or an affiliate may earn additional income as a result of payments pursuant to the swap or related hedge transactions. See “Use of Proceeds and Hedging” on page 12 of this pricing supplement.

We will deliver the Notes on a date that is greater than two business days following the trade date. Under Rule 15c6-1 of the Exchange Act, trades in the secondary market generally are required to settle in two business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade the Notes more than two business days prior to the original issue date will be required to specify alternative settlement arrangements to prevent a failed settlement.

The value of the Notes shown on your account statement may be based on RBCCM’s estimate of the value of the Notes if RBCCM or another of our affiliates were to make a market in the Notes (which it is not obligated to do). That estimate will be based upon the price that RBCCM may pay for the Notes in light of then prevailing market conditions, our creditworthiness and transaction costs. For a period of approximately six months after the issue date of the Notes, the value of the Notes that may be shown on your account statement may be higher than RBCCM’s estimated value of the Notes at that time. This is because the estimated value of the Notes will not include the underwriting discount and our hedging costs and profits; however, the value of the Notes shown on your account statement during that period may be a higher amount, potentially reflecting the addition of the underwriting discount and our estimated costs and profits from hedging the Notes. Any such excess is expected to decrease over time until the end of this period. After this period, if RBCCM repurchases your Notes, it expects to do so at prices that reflect their estimated value. This period may be reduced at RBCCM’s discretion based on a variety of factors, including but not limited to, the amount of the Notes that we repurchase and our negotiated arrangements from time to time with UBS.

For additional information as to the relationship between us and RBCCM, please see the section “Plan of Distribution—Conflicts of Interest” in the prospectus dated January 8, 2016.

No action has been or will be taken by us, RBCCM, UBS or any other dealer that would permit a public offering of the Notes or possession or distribution of this document or the accompanying prospectus supplement and prospectus, other than in the United States, where action for that purpose is required. No offers, sales or deliveries of the Notes, or distribution of this document, or the accompanying prospectus supplement, prospectus or any other offering material relating to the Notes, may be made in or from any jurisdiction except in circumstances which will result in compliance with any applicable laws and regulations and will not impose any obligations on us, UBS or any dealer.

Each of RBCCM and UBS has represented and agreed, and each dealer through which we may offer the Notes has represented and agreed, that it (i) will comply with all applicable laws and regulations in force in each non-U.S. jurisdiction in which it purchases, offers, sells or delivers the Notes or possesses or distributes this document and the accompanying prospectus supplement and prospectus and (ii) will obtain any consent, approval or permission required by it for the purchase, offer or sale by it of the Notes under the laws and regulations in force in each non-U.S. jurisdiction to which it is subject or in which it makes purchases, offers or sales of the Notes. We shall not have responsibility for any broker-dealer’s compliance with the applicable laws and regulations or obtaining any required consent, approval or permission.

Structuring the Notes

The Notes are our debt securities, the return on which is linked to the performance of the underlying indices. As is the case for all of our debt securities, including our structured notes, the economic terms of the Notes reflect our actual or perceived creditworthiness at the time of pricing. In addition, because structured notes result in increased operational, funding and liability management costs to us, we typically borrow the funds under these Notes at a rate that is more favorable to us than the rate that we might pay for a conventional fixed or floating rate debt security of comparable maturity. Using this relatively lower implied borrowing rate rather than the secondary market rate is a factor that resulted in a higher initial estimated value of the Notes at the time their terms are set than if a secondary market rate was used. Unlike the estimated value included on the cover of this document, any value of the Notes determined for purposes of a secondary market transaction may be based on a different borrowing rate, which may result in a lower value for the Notes than if our initial internal borrowing rate were used.

In order to satisfy our payment obligations under the Notes, we may choose to enter into certain hedging arrangements (which may include call options, put options or other derivatives) on the issue date with RBCCM or one of our other subsidiaries. The terms of these hedging arrangements take into account a number of factors, including our creditworthiness, interest rate movements, the volatility of the underlying indices, and the tenor of the Notes. The economic terms of the Notes and their initial estimated value depend in part on the terms of these hedging arrangements.

The lower implied borrowing rate is a factor that reduces the economic terms of the Notes to you. The initial offering price of the Notes also reflects the underwriting commission and our estimated hedging costs. These factors resulted in the initial estimated value for the Notes on the trade date being less than their public offering price. See “Key Risks—The Initial Estimated Value of the Notes Is Less than the Price to the Public” above.

Employee Retirement Income Security Act

This section is only relevant to you if you are an insurance company or the fiduciary of a pension plan or an employee benefit plan (including a governmental plan, an IRA or a Keogh Plan) proposing to invest in the Notes.

The Employee Retirement Income Security Act of 1974, as amended ("ERISA"), imposes certain requirements on "employee benefit plans" (as defined in Section 3(3) of ERISA) subject to ERISA, including entities such as collective investment funds and separate accounts whose underlying assets include the assets of such plans (collectively, "ERISA Plans") and on those persons who are fiduciaries with respect to ERISA Plans. Each fiduciary of an ERISA Plan should consider the fiduciary standards of ERISA in the context of the ERISA Plan's particular circumstances before authorizing an investment in the covered bonds. Accordingly, among other factors, the fiduciary should consider whether the investment would satisfy the prudence and diversification requirements of ERISA and would be consistent with the documents and instruments governing the ERISA Plan.

In addition, Section 406 of ERISA and Section 4975 of the Internal Revenue Code prohibit certain transactions involving the assets of an ERISA Plan, as well as those plans that are not subject to ERISA but which are subject to Section 4975 of the Internal Revenue Code, such as individual retirement accounts, including entities whose underlying assets include the assets of such plans (together with ERISA Plans, "Plans") and certain persons (referred to as "parties in interest" or "disqualified persons") having certain relationships to such Plans, unless a statutory or administrative exemption is applicable to the transaction. Governmental plans may be subject to similar prohibitions. Therefore, a plan fiduciary considering purchasing Notes should consider whether the purchase or holding of such instruments might constitute a "prohibited transaction."

Royal Bank of Canada and certain of its affiliates each may be considered a "party in interest" or a "disqualified person" with respect to many employee benefit plans by reason of, for example, Royal Bank (or its affiliate) providing services to such plans. Prohibited transactions within the meaning of ERISA or the Internal Revenue Code may arise, for example, if Notes are acquired by or with the assets of a Plan, and with respect to which Royal Bank or any of its affiliates is a "party in interest" or a "disqualified person," unless those Notes are acquired under an exemption for transactions effected on behalf of that Plan by a "qualified professional asset manager" or an "in-house asset manager," for transactions involving insurance company general accounts, for transactions involving insurance company pooled separate accounts, for transactions involving bank collective investment funds, or under another available exemption. Section 408(b) (17) provides an additional exemption for the purchase and sale of Notes and related lending transactions where neither the issuer of the Notes nor any of its affiliates have or exercise any discretionary authority or control or render any investment advice with respect to the assets of any Plan involved in the transaction and the Plan pays no more than "adequate consideration" in connection with the transaction. The person making the decision on behalf of a Plan or a governmental plan shall be deemed, on behalf of itself and any such plan, by purchasing and holding the Notes, or exercising any rights related thereto, to represent that (a) such purchase, holding and exercise of the Notes will not result in a non-exempt prohibited transaction under ERISA or the Internal Revenue Code (or, with respect to a governmental plan, under any similar applicable law or regulation) and (b) neither Royal Bank nor any of its affiliates is a "fiduciary" (within the meaning of Section 3(21) of ERISA) with respect to the purchaser or holder in connection with such person's acquisition, disposition or holding of the Notes, or any exercise related thereto or as a result of any exercise by Royal Bank or any of its affiliates of any rights in connection with the Notes, and no advice provided by Royal Bank or any of its affiliates has formed a primary basis for any investment decision by or on behalf of such purchaser or holder in connection with the Notes and the transactions contemplated with respect to the Notes.

If you are an insurance company or the fiduciary of a pension plan or an employee benefit plan, and propose to invest in the Notes, you should consult your legal counsel.

Terms Incorporated in Master Note

The terms appearing above under the captions "Final Terms of the Notes" and "General Terms of the Notes" are incorporated into the master note issued to DTC, the registered holder of the Notes.

Validity of the Securities

In the opinion of Norton Rose Fulbright Canada LLP, the issue and sale of the Securities has been duly authorized by all necessary corporate action of the Bank in conformity with the Indenture, and when the Securities have been duly executed, authenticated and issued in accordance with the Indenture and delivered against payment therefor, the Securities will be validly issued and, to the extent validity of the Securities is a matter governed by the laws of the Province of Ontario or Québec, or the laws of Canada applicable therein, and will be valid obligations of the Bank, subject to equitable remedies which may only be granted at the discretion of a court of competent authority, subject to applicable bankruptcy, to rights to indemnity and contribution under the Securities or the Indenture which may be limited by applicable law; to insolvency and other laws of general application affecting creditors' rights, to limitations under applicable limitations statutes, and to limitations as to the currency in which judgments in Canada may be rendered, as prescribed by the Currency Act (Canada). This opinion is given as of the date hereof and is limited to the laws of the Provinces of Ontario and Québec and the federal laws of Canada applicable thereto. In addition, this opinion is subject to customary assumptions about the Trustee's authorization, execution and delivery of the Indenture and the genuineness of signatures and certain factual matters, all as stated in the letter of such counsel dated January 8, 2016, which has been filed as Exhibit 5.1 to Royal Bank's Form 6-K filed with the SEC dated January 8, 2016.

In the opinion of Morrison & Foerster LLP, when the Securities have been duly completed in accordance with the Indenture and issued and sold as contemplated by the prospectus supplement and the prospectus, the Securities will be valid, binding and enforceable obligations of Royal Bank, entitled to the benefits of the Indenture, subject to applicable bankruptcy, insolvency and similar laws affecting creditors' rights generally, concepts of reasonableness and equitable principles of general applicability (including, without limitation, concepts of good faith, fair dealing and the lack of bad faith). This opinion is given as of the date hereof and is limited to the laws of the State of New York. This opinion is subject to customary assumptions about the Trustee's authorization, execution and delivery of the Indenture and the genuineness of signatures and to such counsel's reliance on the Bank and other sources as to certain factual matters, all as stated in the legal opinion dated January 8, 2016, which has been filed as Exhibit 5.2 to the Bank's Form 6-K dated January 8, 2016.

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1,651,272

(1,661,909)

(10,637)

576,968
(582,035)
(5,067)
(25,597)

- **Classification of the derivatives in the balance sheet and statement of income**

Instruments	**Assets**			**Liabilities**			**12/31/2013 Finance income (costs), net (Note 25)**
	Current	**Non-current**	**Total**	**Current**	**Non-current**	**Total**	
CDI-to-dollar swap	9,033	3,879	12,912				11,172
Dollar-to-euro swap (NDF)				5,258		5,258	(13,190)
Yen-to-dollar swap (*)							(5,374)
Dollar-to-euro swap	17		17				4,035
Dollar-to-real swap (NDF)	631		631	1,228		1,228	(597)
Libor-to-CDI swap				336		336	(4,268)
Fixed rate-to-CDI swap					17,375	17,375	(17,375)
	9,681	**3,879**	**13,560**	**6,822**	**17,375**	**24,197**	**(25,597)**

Instruments	**Ativo**	**Passivo**	**12/31/2012**

	Current	Non-current	Total	Current	Non-current	Total	Finance income (costs), net (Note 25)
CDI-to-dollar swap	1,740		1,740				8,301
Dollar-to-euro swap (NDF)				2,441		2,441	(5,116)
Yen-to-dollar swap	237,526		237,526	236,965		236,965	307
Dollar-to-euro swap				4,241		4,241	(8,065)
Libor-to-CDI swap				686		686	(9,166)
	239,266		**239,266**	**244,333**		**244,333**	**(13,739)**

(*) The positions of the swap transactions were settled on December 12, 2013, together with its guarantee deposit.

Dollar-to-CDI exchange swap

As of December 31, 2013 the Company held a short position in a foreign exchange swap of US$110,000,000, where it receives exchange differences plus interest of 3.5% per year on average and pays 100% of CDI in the short position of the foreign exchange swap.

Dollar-to-real swap (NDF)

The Company conducted NDF (Non Deliverable Forward) transactions for the purpose of ensuring the forward purchase of US dollars, which are settled, without physical delivery, by the difference in contracted R$/US$ buy parity against the R$/US$ sell parity, with is the Sale Ptax T-1 to maturity. The transactions are contracted with prime financial institutions, on the over-the-counter market, and allocated to the exclusive funds.

US dollar-to-Euro exchange swap

The subsidiary Lusosider carries out transactions with derivatives to hedge its exposure against the euro-dollar fluctuation.

US dollar-to-Euro exchange swap (NDF)

In addition to the swaps above, the Company also contracted NDFs (non-deliverable forwards) to hedge its euro-denominated assets. Basically the Company contracted financial derivatives for its euro-denominated assets, where it will receive the difference between the US dollar exchange rate change for the period, multiplied by the notional amount (long position) and pay the difference between the exchange rate change in euro for the period on the notional euro amount on the contract date (short position). In general, these are transactions conducted in the Brazilian over-the-counter market that have as counterparties prime financial institutions, contracted under the exclusive funds.

Interest rate swap transactions (LIBOR to CDI)

The objective of these transactions is to hedge transactions indexed to US dollar LIBOR against fluctuations in Brazilian interest rates. Basically, the Company carried out swaps of its obligations indexed to the LIBOR, in which it receives interest of 1.25% p.a. on the notional value of the dollar (long position) and pays 96% of the CDI on the notional amount in reais of the contract date (short position), hedging an export prepayment transaction of the same amount. The gains and losses on these contracts are directly related to fluctuations in exchange rates (US$) and interest rates (LIBOR and CDI). In general, these are transactions conducted in the Brazilian over-the-counter market that have as counterparty a prime financial institution.

Interest rate swap transactions (Fixed rate to CDI)

Its purpose is to peg obligations subject to a fixed rate to the fluctuation of the average interest rate of the one-day interbank deposits (CDI), calculated and disclosed by CETIP. Basically, the Company carried out swaps of its obligations indexed to the fixed rate, in which it receives interest on the notional amount (long position) and pays 100% of the CDI on the notional amount in reais of the contract date (short position). The gains and losses on this contract are directly related to CDI variation. In general, these are transactions conducted in the Brazilian over-the-counter market that have as counterparty a prime financial institution, contracted within the exclusive funds.

- **Sensitivity analysis of exchange rate swaps**

The Company considered scenarios 1 and 2 as 25% and 50% of appreciation for volatility of the currency, using as reference the closing exchange rate as of December 31, 2013 for dollar-to-real exchange swap R$2.3426, and for dollar-to-euro exchange swap R$1.3773.

(CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE)

Instruments	Notional amount	Risk	Probable scenario (*)	Scenario 1	12/31/2013 Scenario 2
Dollar-to-CDI exchange swap	110,000	US dollar	12,912	(64,422)	(128,844)
Total dollar-to-euro swap (NDF)	(90,000)	Euro	5,258	72,595	145,192
Euro-to-dollar exchange swap	11,801	US dollar	17	(13,109)	(26,222)
Dollar-to-real swap (NDF)	293,000	US dollar	597	(171,595)	(343,191)

(*) The sensitivity analysis is based on the assumption of maintaining, as a probable scenario, the market values as of December 31, 2013 recognized in liabilities.

- **Sensitivity analysis of interest rate swaps**

The Company considered scenarios 1, 2, 3 and 4 as 25% and 50% of appreciation and devaluation for volatility of the interest as of December 31, 2013.

Instruments	Notional amount	Risk	Scenario 1	Scenario 2	Scenario 3	12/31/2013 Scenario 4
LIBOR-to-CDI interest rate swap	21,500	(Libor) US$	(9,849)	(11,725)	9,849	11,725
Fixed rate-to-CDI interest rate swap	345,000	CDI	(11,428)	(19,855)	5,425	13,852

- **Interest rate risk**

Short- and long-term liabilities indexed to floating interest rate and inflation indices. Due to this exposure, the Company undertakes derivative transactions to better manage these risks.

- **Sensitivity analysis of changes in interest rates**

The Company considers the effects of a 5% increase or decrease in interest rates on its outstanding borrowings, financing and debentures as of December 31, 2013 in the consolidated financial statements.

		Impact on profit or loss	
Changes in interest rates	**% a.a**	**12/31/2013**	**12/31/2012**
TJLP	5.00	2,521	8,409
Libor	0.35	5,725	6,535
CDI	9.77	71,507	49,566

- **Share market price risks**

The Company is exposed to the risk of changes in equity prices due to the investments made and classified as available-for-sale. Equity investments refer to blue chips traded on BM&F BOVESPA.

The following table shows the impact of the net changes in the market value of financial instruments classified as available-for-sale on shareholders' equity, in other comprehensive income.

(CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE)

			Consolidated
	Other comprehensive income		
	12/31/2013	**12/31/2012**	**Net change**
Net change in available-for-sale financial assets	779,526	732,141	47,385

The Company considers as probable scenario the amounts recognized at market values as of December 31, 2013. Sensitivity analysis is based on the assumption of maintaining as probable scenario the market values as of December 31, 2013. Therefore, there is no impact on the financial instruments classified as available for sale already presented above. The Company considered scenarios 1 and 2 as 25% and 50% of appreciation for volatility of the shares.

		Impact on equity	
Companies	**Probable**	**Scenario 1**	**Scenario 2**
Usiminas	772,190	199,711	399,421
Panatlântica	7,336	2,947	5,894
	779,526	**202,658**	**405,315**

- **Credit risks**

The exposure to credit risks of financial institutions is in line with the parameters established in the financial policy. The Company adopts the practice of analyzing in detail the financial position of its customers and suppliers, establishing a credit limit and conducting ongoing monitoring of the outstanding balance.

As regards short-term investments, the Company only makes investments in institutions with low credit risk as rated by credit rating agencies. As part of the funds is invested in repos (repurchase agreements) backed by Brazilian government bonds, there is also exposure to Brazil's sovereign risk.

- **Capital management**

The Company manages its capital structure to ensure that it will be capable of providing return to its shareholders and benefits to other stakeholders, and maintain an optimal capital structure to reduce this cost.

- **Liquidity risk**

It is the risk that the Company may not have sufficient net funds to honor its financial commitments as a result of mismatching of terms or volumes between scheduled receipts and payments.

To manage cash liquidity in domestic and foreign currency, assumptions of future disbursements and receipts are established and daily monitored by the treasury area. The payment schedules for the long-term portions of borrowings, financing and debentures are shown in note 12.

The following table shows the contractual maturities of financial liabilities, including accrued interest.

(CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE)

					Consolidated
At December 31, 2013	**Less than one year**	**From one to two years**	**From two to five years**	**Over five years**	**Total**
Borrowings, financing and debentures	2,673,648	6,391,523	11,439,993	7,358,058	27,863,222
Derivative financial instruments	6,822	17,375			24,197
Trade payables	1,102,037				1,102,037
At December 31, 2012					
Borrowings, financing and debentures	2,200,152	2,838,954	10,248,009	14,150,558	29,437,673
Derivative financial instruments	244,333				244,333
Trade payables	2,025,461				2,025,461

V – Margin deposits

The Company holds margin deposits totaling R$426,328 as of December 31, 2012; this amount is invested at Deutsche Bank as guarantee of the derivative financial instrument contracts, basically swaps between CSN Islands VIII and CSN. This deposit was settled together with the respective swap on December 12, 2013.

14. OTHER PAYABLES

The group of other payables classified in current and non-current liabilities is comprised as follows:

			Cons	
	Current		**Non-curren**	
	12/31/2013	**12/31/2012**	**12/31/2013**	**12/3**
Payables to related parties (Note 19 b)	422,150	703,236	8,522,685	7,
Derivative financial instruments (Note 13 I)	6,822	244,333	17,375	
Dividends and interest on capital payable to Company owners (Note 19 a)		155,537		

Dividends and interest on capital payable non-controlling shareholders	2,036	146,081		
Advances from customers	28,213	31,062		
Taxes in installments (Note 16)	247,387	166,818	1,454,838	1,
Profit sharing - employees	121,631	7,771		
Other payables	144,612	127,202	66,673	
	972,851	**1,582,040**	**10,061,571**	**9,**

15. INCOME TAX AND SOCIAL CONTRIBUTION

(a) Income tax and social contribution recognized in profit or loss:

The income tax and social contribution recognized in profit or loss for the year are as follows:

	Consolidated		Parent Company	
	12/31/2013	**12/31/2012**	**12/31/2013**	**12/31/2012**
Income tax and social contribution (expenses) income				
Current	(1,290,755)	(321,999)	(859,213)	
Deferred	1,216,594	1,274,207	651,444	1,022,019
	(74,161)	**952,208**	**(207,769)**	**1,022,019**

The reconciliation of Company and consolidated income tax and social contribution expenses and income and the result from applying the effective rate on profit before income tax (IRPJ) and social contribution (CSLL) are as follows:

(CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE)

		Consolidated		Paren
	12/31/2013	**12/31/2012**	**12/31/2013**	
Profit (loss) before income tax and social contribution	**608,155**	**(1,432,782)**	**716,794**	
Tax rate	34%	34%	34%	
Income tax and social contribution at combined statutory rate	**(206,773)**	**487,146**	**(243,710)**	
Adjustment to reflect effective rate:				
Interest on capital benefit	255,000		255,000	
Share of profits of investees			510,833	
Income subject to special tax rates or untaxed	227,097	444,378		
Transfer pricing adjustment	(31,404)		(31,404)	
REFIS effect	(689,299)	39,256	(689,299)	
Tax loss carryforwards without recognizing deferred taxes	(166,734)	(42,683)		
Subsidiaries' tax credit	550,270			
Other permanent deductions (add-backs)	(12,318)	24,111	(9,189)	
Income tax and social contribution in profit for the year	**(74,161)**	**952,208**	**(207,769)**	
Effective tax rate	**12%**	**-66%**	**29%**	

(b) Deferred income tax and social contribution:

The deferred income tax and social contribution are calculated on income tax and social contribution loss carryforwards and related temporary differences between the tax bases of assets and liabilities and the accounting balances of the financial statements. They are presented at net amounts when related to a sole jurisdiction.

	Opening balance	**M**
	12/31/2012	**Comprehensive incom**
Deferred tax assets		
Income tax loss carryforwards	818,705	32,80
Social contribution loss carryforwards	242,606	
Acquisition of income tax loss carryforwards (Law 12,865/13 REFIS)		
Acquisition of social contribution tax loss carryforwards (Law 12,865/13 REFIS)		
Temporary differences	**1,115,768**	**(77,56**
- Provision for tax, social security, labor, civil and environmental risks	171,262	
- Provision for environmental liabilities	130,358	

- Asset impairment losses	53,887	
- Inventory impairment losses	29,638	
- (Gains) losses on financial instruments	47,524	
- (Gains) losses on available-for-sale financial assets	310,586	(24,410
- Actuarial liability (pension and healthcare plan)	157,684	(33,143
- Accrued supplies and services	55,072	
- Estimated losses on doubtful debts	25,812	
- Goodwill on merger	(89,402)	(19,996
- Unrealized exchange differences (*)	197,944	
- (Gain) on loss of control over Transnordestina		
- Other	25,403	(18
Non-current assets	**2,177,079**	**(44,767**
Deferred tax liabilities		
- Business combination	225,965	41,26
- Other	12,276	2,43
Non-current liabilities	**238,241**	**43,69**

(CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE)

DFP — Annual Financial Statements – December 31, 2013 – CIA SIDERURGICA NACIONAL

Version: 1

	Opening balance	**Movement**	
	12/31/2012	**Comprehensive income**	**Profit (loss)**
Deferred tax assets			
Income tax loss carryforwards	639,247		280,663
Social contribution loss carryforwards	231,805		157,501
Temporary differences	**998,723**	**(140,514)**	**213,280**
- Provision for tax, social security, labor, civil and environmental risks	164,342		35,103
- Provision for environmental liabilities	130,358		(12,563)
- Asset impairment losses	45,733		1,354
- Inventory impairment losses	29,472		(1,107)
- (Gains) losses on financial instruments	47,511		(51,386)
- (Gains) losses on available-for-sale financial assets	138,144	(107,410)	1,145
- Actuarial liability (pension and healthcare plan)	157,802	(33,104)	7,365
- Accrued supplies and services	52,379		37,388
- Estimated losses on doubtful debts	24,804		1,375
- Goodwill on merger	10,031		(10,031)
- Unrealized exchange differences (*)	197,944		348,097
- (Gain) on loss of control over Transnordestina			(224,096)
- Other	203		80,636
Non-current assets	**1,869,775**	**(140,514)**	**651,444**

(*) The Company taxes foreign exchange differences on a cash basis to calculate income tax and social contribution.

(**) Utilization of tax credits on tax loss carryforwards of subsidiaries to settle tax debts as prescribed by Law 12865/13, Art. 40, Par. 7 (REFIS). (See Note 16.)

(***) Deferred income tax and social contribution asset arising from the merger of the subsidiary Florestal Nacional and partial spin-off of the subsidiaries CSN Cimentos and Companhia Metalúrgica Prada (note 9b).

Some Group companies recognized tax credits on income tax and social contribution loss carryforwards not subject to statute of limitations and based on the history of profitability and expected future taxable profits determined in technical studies approved by Management.

Since they are subject to significant factors that may change the projections for realization, the carrying amounts of deferred tax assets and projections are reviewed annually. These studies indicate the realization of these tax assets within the term stipulated by the mentioned instruction and the limit of 30% of the taxable profit.

The estimate of recovery of the deferred income tax and social contribution assets is as follows:

	Consolidated	**Parent Company**
Up to 1 year	380,960	324,753
From 1 to 2 years	485,077	439,545
From 2 to 3 years	651,435	540,787
From 3 to 5 years	4,130	4,131
	1,521,602	**1,309,216**

Certain Group companies have tax assets amounting to R$196,461 and R$28,556, related to income tax and social contribution loss carryforwards, for which no deferred taxes were set up, of which R$37,082 expire in 2015, R$10,982 in 2018 and R$84,324 in 2025. The remaining tax assets refer to domestic companies and, therefore, are not subject to statute of limitations.

The Company's corporate structure includes foreign subsidiaries whose profits are subject to income tax levied by the related countries, recognized at tax rates lower than in Brazil.

For the years of 2010 to 2013 these subsidiaries generated profits amounting to R$4,027,058, which, tax authorities may understand that have already been distributed, hence, it would be subject to additional taxation in Brazil, in the approximate amount of R$1,300,000 in income tax and social contribution. The Company, based on its legal counsel's opinion, assessed the likelihood of loss in a potential challenge by tax authorities as possible and, therefore, no provision was recognized in the financial statements.

(CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE)

(c) Income tax and social contribution recognized in shareholders' equity:

The income tax and social contribution recognized directly in shareholders' equity are as follows:

	Consolidated		Parent Company	
	12/31/2013	**12/31/2012**	**12/31/2013**	**12/31/2012**
Income tax and social contribution				
Actuarial gains on defined benefit pension plan	33,012	66,155	32,876	65,980
Changes in the fair value on available-for-sale financial assets	(401,574)	(377,164)	(392,574)	(285,164)
Exchange differences on translating foreign operations	(425,510)	(425,510)	(425,510)	(425,510)
	(794,072)	**(736,519)**	**(785,208)**	**(644,694)**

(d) Provisional Act 627 of 2013

On November 11, 2013 Provisional Act 627 (“MP”) was issued to repeal the Transitional Tax Regime (RTT) and introduce other provisions, including: (i) it amends Decree Law 1,598/77, which addresses the corporate income tax, and the social contribution on net income law; (ii) it establishes that any change in or the adoption of accounting methods and criteria under administrative measures issued based on the jurisdiction attributed by the Commercial Law, after the enactment of this Provisional Act, shall not have any impact on the calculation of federal taxes until a tax law addressing the matter is enacted; (iii) it provides for a specific treatment of the potential taxation of profits or dividends; (iv) it includes provisions on the calculation of interest on capital; and (v) it provides new considerations about investments accounted for by the equity method of accounting. The provisions of Provisional Act 627 are effective from 2015, however, its early irrevocable adoption in 2014 could eliminate the potential tax effects, especially those related to dividends and interest on capital actually paid since 2008 until the Provisional Act issue date.

The Company prepared studies on the possible effects that could arise from the provisions of said Provisional Act and concluded that they would not result in material adjustments to its financial statements for the year ended December 31, 2013.

Management is awaiting the analysis of said Provisional Act by the Legislative Power to decide on its possible early adoption in calendar 2014.

(e) Tax incentives

The Company is granted by Income Tax incentives based on the legislation in effect, such as: Worker Food Program, the Rouanet Law (tax incentives related to cultural activities), Tax Incentives for Audiovisual Activities, and Funds for the Rights of Children and Adolescents. As of December 31, 2013, these tax incentives total R$329 (R$237 as of December 31, 2012).

16. TAXES IN INSTALLMENTS

In November and December 2013 the Company jointed the Tax Recovery Program established by Law 12,865/13 and Law 11,941/09.

The position of the debts arising from these tax installment plans, recorded in taxes in installments in current and non-current liabilities, is as follows:

(CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE)

	Consolidated						P
	Current		Non-current		Current		N
	12/31/2013	**12/31/2012**	**12/31/2013**	**12/31/2012**	**12/31/2013**	**12/31/2012**	**12/31/**
Federal REFIS Law 11,941/09 (a)	140,446	119,977	1,001,630	998,668	121,399	102,689	845
Federal REFIS Law 12,865/13 (a)	27,124		384,872		27,167		384
Other taxes in installments (b)	79,817	46,841	68,336	86,411	70,101	37,042	63
	247,387	**166,818**	**1,454,838**	**1,085,079**	**218,667**	**139,731**	**1,294**

a) Tax Recovery Program (Federal Refis) – Law 11,941/09 and Law 12,865/13

- **New deadline – Law 11,941/09**

On November 26, 2009, the Group companies joined the Tax Recovery Programs established by Law 11,941/09 and Provisional Act 470/2009, aimed at settling tax liabilities through a special payment system and installment plan for the settlement of tax and social security obligations.

With the new deadline to join the Law 11,941/09 tax installment program established by the RFB/PGFN, pursuant to Law 12,865/13, the Company analyzed with its legal counsel the lawsuits that could have changed or be subject to new jurisprudence, the Company concluded that some tax debts could be included in the new tax installment plan on December 27, 2013.

- **Overseas profits – Law 12,865/13**

Under Article 40 of Law 12,865/13, the federal government allowed the payment in installments of income tax and social contribution arising from the application of Article 74 of Provisional Act 2158-35/2001, the so-called overseas profits, which requires that profits earned by foreign subsidiaries or associates be taxed at yearend.

The Company elected to join the amounts corresponding to the assessed period (2004-2009), on November 29, 2013.

Both programs provide for reductions in fines and interest, however, only income tax and social contribution debt arising from the application of Law 12,865/12 could be settled with tax credits claimed on tax loss carryforwards of subsidiaries and the parent company. The tax credit utilized by the subsidiaries total R$565,273, of which R$550,270 did not have a recognized tax credit, as shown in Note 15.

The remaining balance was divided into 180 monthly installments adjusted by the SELIC and the amount determined pursuant to Laws 11,941/09 and 1,2865/13 is subject to approval by the tax authorities.

Joining the programs described above had a negative impact on the Company's profit for the fourth quarter, as shown below:

(CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE)

	Consolidated	Parent Company
Taxes	(805,748)	(803,662)
Fines and charges	(569,465)	(568,350)
Interest	(519,764)	(515,644)
Total	**(1,894,977)**	**(1,887,656)**
Discounts		
Fines and charges	446,570	445,901
Interest	255,102	253,846
Utilization of income tax and social contribution credit on tax loss carryforwards	565,273	565,273
Total reductions	**1,266,945**	**1,265,020**
Total taxes payable	**(628,032)**	**(622,636)**
Deferred income tax and social contribution on fines and interest	224,769	224,769
Net effect on loss (profit)	**(403,263)**	**(397,867)**

b) Other tax installments (regular and other)

The Group companies also joined the Regular social security tax (INSS) installment plan and other plans.

17. PROVISION FOR TAX, SOCIAL SECURITY, LABOR, CIVIL AND ENVIRONMENTAL RISKS AND JUDICIAL DEPOSITS

Claims of different nature are being challenged at the appropriate courts. Details of the accrued amounts and related judicial deposits are as follows:

		Consolidated
	12/31/2013	12/31/2012

	Accrued liabilities	Judicial deposits	Accrued liabilities	Judicial deposits
Tax	259,725	87,391	178,657	99,400
Social security and labor	298,637	138,911	263,700	156,772
Civil	82,143	29,022	96,705	36,109
Environmental	4,262	961	7,056	
Escrow deposits		8,935		11,350
	644,767	**265,220**	**546,118**	**303,631**
Legal obligations challenged in courts:				
Tax				
Education salary premium	46,193	46,193	24,077	46,193
Income tax/"Verão" plan	20,892	366,951	20,892	348,969
Other provisions	101,331	15,350	97,157	19,233
	168,416	**428,494**	**142,126**	**414,395**
	813,183	**693,714**	**688,244**	**718,026**

(CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE)

				Parent Company
		12/31/2013		**12/31/2012**
	Accrued liabilities	**Judicial deposits**	**Accrued liabilities**	**Judicial deposits**
Tax	218,899	75,672	152,481	94,419
Social security and labor	254,116	115,579	223,127	131,399
Civil	65,667	24,614	74,134	32,110
Environmental	4,262	892	7,056	
Escrow deposits		5,212		8,280
	542,944	**221,969**	**456,798**	**266,208**
Legal obligations challenged in courts:				
Tax				
Education salary premium	46,193	46,193	24,077	46,193
Income tax/"Verão" plan	20,892	366,951	20,892	348,969
Other provisions	101,331	15,350	97,157	19,233
	168,416	**428,494**	**142,126**	**414,395**
	711,360	**650,463**	**598,924**	**680,603**

The changes in the provision for tax, social security, labor, civil and environmental risks in the year ended December 31, 2013 were as follows:

					Consolidated Current + Non-current
Nature	**12/31/2012**	**Additions**	**Net adjustment**	**Net utilization of reversal**	**12/31/2013**
Tax	320,783	72,980	42,475	(8,097)	428,141
Social security	43,858		3,403		47,261
Labor	219,842	100,304	24,924	(93,694)	251,376
Civil	96,705	6,862	2,022	(23,446)	82,143
Environmental	7,056	3,663	964	(7,421)	4,262
	688,244	**183,809**	**73,788**	**(132,658)**	**813,183**

Parent Company
Circulante + Non-current

Nature	**12/31/2012**	**Additions**	**Net adjustment**	**Net utilization of reversal**	**12/31/2013**
Tax	294,607	54,436	38,294	(22)	387,315
Social security	43,288		3,249		46,537
Labor	179,839	90,807	19,743	(82,810)	207,579
Civil	74,134	3,245	1,960	(13,672)	65,667
Environmental	7,056	1,763	954	(5,511)	4,262
	598,924	**150,251**	**64,200**	**(102,015)**	**711,360**

The provision for tax, social security, labor, civil and environmental liabilities was estimated by management and is mainly based on the legal counsel's assessment. Only proceedings for which the risk is classified as probable loss are accrued. Moreover, this provision includes tax liabilities resulting from contingencies filed by the Company, subject to SELIC (Central Bank's policy rate).

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a) Tax lawsuits

I - Income tax and social contribution

“Verão” Plan - CSN is claiming the recognition of financial and tax effects on the calculation of income tax and social contribution, related to removal by the government of inflation measured according to the Consumer Price Index (IPC) in January and February 1989, involving a total percentage figure of 51.87% (‘Plano Verão”).

In 2004 the lawsuit was terminated with a final and unappealable decision that granted the right to apply the index of 42.72% (January 1989), with the 12.15% already applied to be deducted from this index. The final decision also granted application of the index of 10.14% (February 1989). The proceeding is currently at expert discovery stage.

As of December 31, 2013, there is an amount of R$366,951 (R$348,969 as of December 31, 2012) deposited in court, classified in a specific account of judicial deposits in long-term receivables, and a provision of R$20,892 (R$20,892 as of December 31, 2012), which represents the portion not recognized by the courts.

II - Salary premium for education - "Salário Educação"

CSN has filed a lawsuit challenging the constitutionality of the salary premium for education and for discussing the possibility of recovering the amounts paid in the period from January 5, 1989 to October 16, 1996. The lawsuit was unsuccessful, and the TRF upheld the decision unfavorable to CSN, a decision that is final and unappealable.

In view of the final and unappealable decision, CSN tried to make payment of the amount due, though the FNDE and INSS did not reach an agreement as to which agency should receive it. They also required that the amount should be paid along with a fine, with which the Company did not agree.

Lawsuits were then filed challenging the above events, with judicial deposit of the amounts involved in the lawsuits. In the first lawsuit, the lower court partly accepted the Company’s request, with the judge deducting the fine, but upholding the SELIC rate, with counterarguments against the defendant’s appeal against the SELIC rate.

As of December 31, 2013 the accrued amount totals R$46,193 (R$24,077 as of December 31, 2012) and the judicial deposit amounts to R$46,193 (R$46,193 as of December 31, 2012).

III - Other

CSN has also recognized provisions for lawsuits relating to INSS, FGTS Complementary Law 110, PIS Law 10,637/02 and PIS/COFINS - Manaus Free Trade Zone, totaling R$101,331 as of December 31, 3012 (R$97,157 as of December 31, 2012), which includes legal charges.

b) Payroll and related taxes

As of December 31, 2013, the Group is a defendant in 9,067 labor lawsuits, for which a provision has been recorded in the amount of R$251,376 (R$219,842 as of December 31, 2012). Most of the claims relate to subsidiary and/or joint liability, salary equalization, health hazard premiums and hazardous duty premiums, overtime pay, difference in the 40% fine for the severance pay fund (FGTS) as a result of federal government economic plans, health care plan, indemnity claims resulting from alleged occupational diseases or on-the-job accidents, breaks between working hours, and differences in profit sharing from 1997 to 1999 and from 2000 to 2003.

c) Civil lawsuits

Among the civil lawsuits in which the Company is a defendant are claims for compensation. Generally these lawsuits result from on-the-job accidents, occupational diseases and contractual litigation related to the industrial activities of the Group, real estate actions, healthcare plan, and reimbursement of costs incurred in labor courts. For lawsuits involving civil matters, a provision has been recognized in the amount of R$82,143 as of December 31, 2013 (R$96,705 as of December 31, 2012)

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d) Other

§ Competition

On June 14, 2010, the Regional Federal Court of Brasília rejected the annulment action filed by CSN against CADE, which aimed at annulling its fine for the alleged infringements laid down in Articles 20 and 21, I, of Law 8,884/1984. The Company filed appropriate appeals against this decision, which were dismissed, resulting in the filing of a Motion for clarification, which is pending judgment. The collection of the R$65,292 fine is suspended by a Court decision, which stays the collection as from the date CSN issued a guarantee letter. This proceeding is classified as risk of possible loss.

§ Environmental

The environmental administrative/judicial proceedings filed against the Company include mainly administrative proceedings for alleged environmental irregularities and the regularization of environmental permits; at the judicial level, the Company is a party to actions collecting the fines imposed for such alleged environmental irregularities and public civil actions claiming regularization coupled with compensation, in most cases claiming environmental recovery. In general these proceedings arise from alleged damages to the environment related to the Company's industrial activities. The environmental proceedings total R$4,262 (R$7,056 as of December 31, 2012).

In July 2012 the Company received a legal notice in the lawsuit filed by the State Attorney's Office of the State of Rio de Janeiro, related to Volta Grande IV district in the city of Volta Redonda-RJ, claiming, among others, the removal of two industrial waste cells and 750 (seven hundred and fifty) homes. This lawsuit is classified as probable loss risk, but there is not an estimated amount due to the illiquidity of the claims.

As a result of the lawsuit mentioned in the paragraph above, after August 2012 the Company received legal notices related to some lawsuits filed by one of the dwellers of the Volta Grande IV district, who claims the payment of compensation for property damages and pain and suffering, whose amounts are illiquid at the moment, and this lawsuit is classified as possible loss risk.

On the same matter (Bairro Volta Grande IV), in August 2013 the Company received a subpoena about the lawsuits filed by the Federal Public Prosecution Office (Federal Courts), which has the same claim of the lawsuit filed by the State Public Prosecution Office, described above. This new lawsuit is classified with a possible level of risk, since the trend is that the State courts' decision prevails also in the Federal courts. The risk amount in this new lawsuit is the same of the lawsuit filed by the State Public Prosecution Office.

§ Other administrative and judicial proceedings

The Group is a defendant in other administrative and judicial proceedings (tax, social security, labor, civil, and environmental), in the approximate amount of R$12,370,964, of which

(a) R$6,525,528 refers to the tax assessment notice issued against the Company for an alleged sale of 40% of the shares of its subsidiary NAMISA to a Japanese-Korean consortium, thus failing to determine and pay taxes on the capital gain resulting from this transaction, and in May 2013, the São Paulo (SP) Regional Judgment Office (lower administrative court) issued a decision favorable to the Company and cancelled the tax assessment notice. In light of this decision, an ex-officio appeal was filed that will be judged by the Administrative Board of Tax Appeals (CARF);

(b) R$680,546 refers to tax foreclosures filed to require the Company to pay the ICMS, as liable party, allegedly due on the electricity purchased from a Generating Plant and fully consumed in the manufacturing of steel products. The tax auditors believe that the use of electricity in the production process does not exclude the Company responsibility for withholding ICMS levied on delivery of this input in the plant.

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(c) R$533,890 refers to the offset of taxes that were not approved by the Federal Revenue Service for different reasons. The taxes involved are CSLL, IRPJ, IPI, PIS and COFINS. The analysis of the entire documentation evidences the right to claim credits and the right to file the offset requests, processed at the time.

(d) R$417,537 refers to the decision issued by the Federal Revenue Service that partially approved the request to pay debts in installments governed by Provisional Act 470/09, due to the insufficiency of tax loss carryforwards. When it consolidated the tax installment plan, the Federal Revenue Service considered the existing outstanding balance in the Inflationary Profit Tax Return (SAPLI) as the correct amount: however, this balance already included the adjustments to tax loss carryforwards as a result of the Overseas Profits tax assessment notice issued against the Company.

(e) R$330,421 refers to the disallowance of the ICMS credits claimed by the Company in the period 04/1999-07/2002 on the transfer of iron ore between the Casa de Pedra mine and the Presidente Vargas Plan. According to the tax auditors, the tax base used on the transfer under the Minas Gerais State Law is not accepted under the Rio de Janeiro State Law, reason why the difference was disallowed.

(f) R$260,321 refers to the disallowance of the ICMS credits on the acquisition of subsidiary INAL's units located in the State of Rio de Janeiro. According to the tax auditors, the acquisition of a unit does not entitle an entity to claim ICMS credits. In light of these tax assessments, the Company filed for an injunction at the time and its right to change its State taxpayer master file was recognized, to state that the units acquired belong to CSN. This decision was favorable to the Company and can be applied in the judgment of our appeals by the Rio de Janeiro State Taxpayers Board.

(g) R$2,153,777 refers to other tax (federal, state, and municipal) lawsuits.

(h) R$1,044,079 refers to labor and social security lawsuits; R$350,218 refers to civil lawsuits, and R$74,647 refers to environmental lawsuits.

The assessments made by legal counsel define these administrative and judicial proceedings as entailing risk of possible loss and, therefore, no provision was recorded in conformity with Management's judgment and accounting practices adopted in Brazil.

18. PROVISION FOR ENVIRONMENTAL LIABILITIES AND DECOMMISSIONING OF ASSETS

The balance of the provision for environmental liabilities and decommissioning of assets is as follows:

		Consolidated		**Parent Company**
	12/31/2013	**12/31/2012**	**12/31/2013**	**12/31/2012**
Environmental liabilities	346,455	383,405	346,455	383,405
Decommissioning of assets	23,999	21,292	19,261	17,082
	370,454	**404,697**	**365,716**	**400,487**

a) Environmental liabilities

As of December 31, 2013, a provision is maintained for expenditures relating to environmental investigation and recovery services for potentially contaminated areas surrounding establishments in the States of Rio de Janeiro, Minas Gerais and Santa Catarina. Estimated expenditures will be reviewed periodically and the amounts already recognized will be adjusted whenever needed. These are management's best estimates considering recovery studies in areas that have been degraded and are in the process of being used for activities. This provision is recognized in operating expenses.

The provision is measured at the present value of the expenditures required to settle the obligation, using a pretax rate that reflects current market assessments of the time value of money and the specific risks of the obligation. The increase in the obligation due to passage of time is recognized as other operating expenses.

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The long-term interest rate used to discount to present value and update the provision through December 31, 2013 was 11.00%. The liability recognized is periodically updated based on the general market price index (IGPM) for the period.

b) Decommissioning of assets

Obligations on decommissioning of assets consist of estimated costs for decommissioning, retirement or restoration of areas upon the termination of activities related to mining resources. The initial measurement is recognized as a liability discounted to present value and subsequently through increase in expenses over time. The asset decommissioning cost equivalent to the initial liability is capitalized as part of the carrying amount of the asset, being depreciated over the useful life of the asset.

19. RELATED-PARTY BALANCES AND TRANSACTIONS

a) Transactions with Holding Company

Vicunha Siderurgia S.A. is a holding company set up for the purpose of holding equity interests in other companies and is the Company's main shareholder, with 47.86% of the voting shares.

Rio Iaco Participações S.A. holds 3.99% of CSN.

- **Liabilities**

Companies	Proposed	Paid	
	Dividends	Dividends	Interest on capital
Vicunha Steel		435,482	358,921
Rio Iaco		36,319	29,934
Total at 12/31/2013		**471,801**	**388,855**
Total at 12/31/2012	**155,537**	**622,164**	

Vicunha Siderurgia's corporate structure is as follows (unaudited information):

Vicunha Aços S.A. – holds 99.99% of Vicunha Siderurgia S.A.

Vicunha Steel S.A. – holds 66.96% of Vicunha Aços S.A.

National Steel S.A. – holds 33.04% of Vicunha Aços S.A.

CFL Participações S.A. – holds 40% of National Steel S.A. and 39.99% of Vicunha Steel S.A.

Rio Purus Participações S.A. – holds 60% of National Steel S.A. 59.99% of Vicunha Steel S.A. and 99.99% of Rio Iaco Participações S.A.

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b) Transactions with subsidiaries, jointly controlled entities, associates, exclusive funds and other related parties

- **By transaction**

						Consolidated
	Assets			**Liabilities**		
	Current	**Non-current**	**Total**	**Current**	**Non-current**	**Total**
Assets						
Trade receivables	107,443		107,443			
Loans	147,273	603,862	751,135			
Dividends receivable	717,595		717,595			
Actuarial asset		97,051	97,051			
Other receivables	15,658	18,129	33,787			
	987,969	**719,042**	**1,707,011**			
Liabilities						
Other payables						
Accounts payable				600	618	1,218
Advances from customers [1]				421,550	8,522,067	8,943,617
Trade payables				52,949		52,949
Actuarial liability					11,139	11,139
				475,099	**8,533,824**	**9,008,923**
Total at 12/31/2013	**987,969**	**719,042**	**1,707,011**	**475,099**	**8,533,824**	**9,008,923**
Total at 12/31/2012	**1,208,633**	**418,760**	**1,627,393**	**715,422**	**7,845,506**	**8,560,928**

	Statement of Income
Revenues	
Sales	862,004
Interest	25,576
Expenses	
Purchases	(917,469)
Interest	(421,659)
Total at 12/31/2013	**(451,548)**
Total at 12/31/2012	**(67,354)**

a. Advance from customer received from the jointly controlled entity Nacional Minérios S.A. Refers to the contractual obligation of supply of iron ore and port services. The contract is subject to interest rate of 12.5% p.a. and expires in September 2042.

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- **By company**

	Assets			Liabilities				Statement of	F i
	Current	**Non-current**	**Total**	**Current**	**Non-current**	**Total**	**Sales**	**Purchases**	(
Parent Company									
Vicunha Steel S.A.									
Subsidiaries									
Ferrovia Transnordestina Logística S.A. (1)	60,498	45,216	105,714						
	60,498	**45,216**	**105,714**						
Jointly controlled entities									
Nacional Minérios S.A.	797,939	321,466	1,119,405	422,150	8,522,685	8,944,835	357,731	(3,519)	(3
MRS Logística S.A.	30,635		30,635	43,194		43,194		(555,261)	
Transnordestina Logística S.A (2)	33,431	237,262	270,693				46		
CBSI - Companhia Brasileira de Serviços e Infraestrutura	4,899	8,363	13,262	6,056		6,056		(122,348)	
CGPAR Construção Pesada S.A.	546	9,236	9,782	3,677		3,677		(200,689)	
	867,450	**576,327**	**1,443,777**	**475,077**	**8,522,685**	**8,997,762**	**357,777**	**(881,817)**	**(3**
Other related parties									
CBS Previdência		97,051	97,051	8		8		(13,392)	
Fundação CSN	320	448	768	14	11,139	11,153		(1,983)	

Usiminas	18,112		18,112				50,722	(8,355)	
Panatlântica	28,619		28,619				453,505		
Ibis Participações e Serviços								(9,717)	
Companhia de Gás do Ceará								(2,205)	
	47,051	**97,499**	**144,550**	**22**	**11,139**	**11,161**	**504,227**	**(35,652)**	
Associates									
Arvedi Metalfer do Brasil S.A.	12,970		12,970						
Total at 12/31/2013	**987,969**	**719,042**	**1,707,011**	**475,099**	**8,533,824**	**9,008,923**	**862,004**	**(917,469)**	**(3**
Total at 12/31/2012	**1,208,633**	**418,760**	**1,627,393**	**715,422**	**7,845,506**	**8,560,928**	**563,203**	**(300,589)**	**(3**

1. Refers to loans of the subsidiary FTL – Ferrrovia Transnordestina Logísitca S.A. to the jointly controlled entity Transnordestina Logística S.A.

2. Transnordestina Logística S.A. contracts in Brazilian reais: interest equivalent to 102.5% of the CDI with final maturity in December 2015. As of December 31, 2013, borrowings total R$270,693 (R$210,966 as of December 31, 2012), of which R$33,431 is classified in short term and R$237,262 is classified in long term.

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- **By transaction**

					Pare
	Assets				**Liabilities**
	Current	**Non-current**	**Total**	**Current**	**Non-curren**
Assets					
Trade receivables [1]	632,645		632,645		
Loans	46,722	237,710	284,432		
Dividends receivable	774,147		774,147		
Actuarial asset		96,665	96,665		
Short-term and other investments [2]	100,560	134,543	235,103		
Other receivables	16,180	155,932	172,112		
	1,570,254	**624,850**	**2,195,104**		
Liabilities					
Borrowings and financing					
Prepayment				136,581	2,807,38
Fixed rate notes and intercompany bonds				19,439	2,433,51
Intercompany borrowings				1,328,720	1,449,03
Other payables					
Accounts payable				314,330	351,75
Advances from customers [3]				421,550	8,522,06
Trade payables				81,747	
Actuarial liability					11,11
				2,302,367	**15,574,88**
Total at 12/31/2013	**1,570,254**	**624,850**	**2,195,104**	**2,302,367**	**15,574,88**
Total at 12/31/2012	**1,872,304**	**1,647,437**	**3,519,741**	**3,005,668**	**13,837,31**

	Statement of Income
Revenues	
Sales	5,489,647
Interest	48,972
Exchange differences	8,859
Expenses	
Purchases	(1,353,665)
Interest	(1,571,144)
Exchange differences	(905,436)
Pension plan expenses	

Total at 12/31/2013	**1,717,233**
Total at 12/31/2012	**1,719,501**

1. Intercompany receivables arise from product sales and service transactions between the parent and its subsidiaries and jointly controlled entities.

2. Short-term investments total R$100,560 as of December 31, 2013 (R$874,395 as of December 31, 2012) and investments in Usiminas shares classified as available-for-sale total R$134,543 (R$133,756 as of December 31, 2012).

3. Nacional Minérios S.A.: The advance from customer received from jointly controlled entity Nacional Minérios S.A. refers to the contractual obligation of supply of iron ore and port services. The contract is subject to interest rate of 12.5% p.a. and expires in September 2042.

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- **By company**

	Assets			Liabilities			
	Current	**Non-current**	**Total**	**Current**	**Non-current**	**Total**	**Sale**
Subsidiaries							
CSN Islands VIII Corp.							
CSN Portugal, Unipessoal Lda.				98,113	50,611	148,724	
CSN Europe Lda.				25,992	51,085	77,077	
CSN Resources S.A. (1)				767,035	4,838,899	5,605,934	
CSN Handel GmbH (2)	303,073		303,073				3,211,
CSN Islands XII Corp.				2,179	351,390	353,569	
CSN Ibéria Lda.					59,183	59,183	
ITA Energética S.A	2,340		2,340				
Companhia Metalúrgica Prada (3)	201,726	29,967	231,693	96,457	196	96,653	1,106,
CSN Cimentos S.A.	15,738		15,738	15,039	350,944	365,983	151,
Companhia Metalic Nordeste	12		12	23,979		23,979	64,
Estanho de Rondônia S.A.	1,063	850	1,913	2,521		2,521	
Mineração Nacional	13		13				
Florestal Nacional S.A.							
Companhia Florestal do Brasil		1,532	1,532				
Sepetiba Tecon S.A.	48,372		48,372	3,080		3,080	2,
Congonhas Minérios S.A. (4)				608,247	1,338,771	1,947,018	
Ferrovia Transnordestina Logística S.A.		5,482	5,482	180,282		180,282	
CSN Energia S.A.							
Companhia Brasileira de Latas	4,689	90,924	95,613	11		11	91,
Stahlwerk Thüringen GmbH				1,294		1,294	
	577,026	**128,755**	**705,781**	**1,824,229**	**7,041,079**	**8,865,308**	**4,627,**
Jointly controlled entities							
Nacional Minérios S.A. (5)	757,859	530	758,389	422,081	8,522,685	8,944,766	357,
Transnordestina Logística S.A.	33,431	237,262	270,693				
MRS Logística S.A.	30,635		30,635	43,194		43,194	
	4,866	8,175	13,041	5,488		5,488	

CBSI - Companhia Brasileira de Serviços e Infraestrutura							
CGPAR Construção Pesada S.A.	5,856	18,472	24,328	7,353		7,353	
	832,647	**264,439**	**1,097,086**	**478,116**	**8,522,685**	**9,000,801**	**357,7**
Other related parties							
CBS Previdência		96,665	96,665	8	11,118	11,126	
Fundação CSN	320	448	768	14		14	
Usiminas	18,112		18,112				50,7
Panatlântica	28,619		28,619				453,5
Ibis Participações e Serviços							
Companhia de Gás do Ceará							
	47,051	**97,113**	**144,164**	**22**	**11,118**	**11,140**	**504,2**
Associates							
Arvedi Metalfer do Brasil S.A.	12,970		12,970				
Exclusive funds							
Diplic, Mugen e Vértice	100,560	134,543	235,103				
Total at 12/31/2013	**1,570,254**	**624,850**	**2,195,104**	**2,302,367**	**15,574,882**	**17,877,249**	**5,489,**
Total at 12/31/2012	**1,872,304**	**1,647,437**	**3,519,741**	**3,005,668**	**13,837,314**	**16,842,982**	**4,243,5**

1. CSN Resources S.A.: prepayment contracts in US dollars, Fixed Rate Notes, and Intercompany Bonds.

2. CSN Handel GMBH: receivables of R$303,073 as of December 31, 2013 (R$75,718 as of December 31, 2012), classified in current assets. Refer to sales transactions on mining products.

3. Companhia Metalúrgica Prada: receivables of R$201,726 as of December 31, 2013 (R$193,109 as of December 31, 2012), classified in current assets. Advance for future capital increase amounting to R$29,967 as of December 31, 2013 (R$12,500 as of December 31, 2012), classified in noncurrent assets. Refers to the purchase of steel and payment of ICMS.

4. Congonhas Minérios S.A.: contracts in Brazilian reais related to intercompany loans.

5. Nacional Minérios S.A.: The advance from customer received from jointly controlled entity Nacional Minérios S.A. refers to the contractual obligation of supply of iron ore and port services. The contract is subject to interest rate of 12.5% p.a. and expires in September 2042.

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c) Other unconsolidated related parties

- **CBS Previdência**

The Company is the main sponsor of this non-profit entity established in July 1960, primarily engaged in the payment of benefits that supplement the official government Social Security benefits to participants. In its capacity as sponsor, CSN carries out transactions involving the payment of contributions and recognition of actuarial liabilities calculated in defined benefit plans, as detailed in note 28.

- **Fundação CSN**

The Company develops socially responsible policies concentrated today in Fundação CSN, of which it is the founding. The transactions between the parties relate to the operating and financial support for Fundação CSN to carry out the social projects undertaken mainly in the locations where the Company operates.

- **Banco Fibra**

Banco Fibra is under the control structure of Vicunha Siderurgia and the financial transactions carried out with this bank are limited to current account operations and investments in fixed-income securities.

- **Ibis Participações e Serviços Ltda.**

Ibis Participações e Serviços is under the control of a Board member of the Company.

- **Companhia de Gás do Ceará**

A natural gas distributor under the control structure of Vicunha Siderurgia.

(f) Key management personnel

The key management personnel, who have authority and responsibility for planning, directing and controlling the Company's activities, include the members of the Board of Directors and statutory directors. The following is information on the compensation of such personnel and the related balances as of December 31, 2013.

	12/31/2013	**12/31/2012**
	Statement of Income	
Short-term benefits for employees and officers	29,540	30,539
Post-employment benefits	118	115
Other long-term benefits	n/a	n/a
Severance benefits	n/a	n/a
Share-based compensation	n/a	n/a
	29,658	**30,654**

n/a – not applicable

(g) Policy on investments and payment of interest on capital and dividends

At a meeting held on December 11, 2000, the Board of Directors decided to adopt a profit distribution policy which, after compliance with the provisions contained in Law 6,404/76, as amended by Law 9,457/97, will entail the distribution of all the profit to the Company's shareholders, provided that the following priorities are preserved, irrespective of their order: (i) carrying out the business strategy; (ii) fulfilling its obligations; (iii) making the required investments; and (iv) maintaining a healthy financial situation of the Company.

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20. SHAREHOLDERS' EQUITY

I. Paid-in capital

Fully subscribed and paid-in capital as of December 31, 2012 and 2013 is R$4,540,000 represented by 1,457,970,108 book-entry common shares without par value. Each common share entitles its holder to one vote in Shareholders' Meetings.

II. Authorized capital

The Company's bylaws in effect as of December 31, 2013 determine that the capital can be raised to up to 2,400,000,000 shares by decision of the Board of Directors.

III. Legal reserve

This reserve is recognized at the rate of 5% of the profit for each period, as provided for by Article 193 of Law 6,404/76, up to the ceiling of 20% of share capital.

IV. Treasury shares

As of December 31, 2013, the Company did not have any treasury shares.

V. Ownership structure

As of December 31, 2013, the Company's ownership structure was as follows:

	12/31/2013		**12/31/2012**	
	Number of common shares	% of total shares	Number of common shares	% of total shares
Vicunha Steel S.A.	697,719,990	47.86%	697,719,990	47.86%
Rio Iaco Participações S.A. (*)	58,193,503	3.99%	58,193,503	3.99%
Caixa Beneficente dos Empregados da CSN - CBS	12,788,231	0.88%	12,788,231	0.88%
BNDES Participações S.A. - BNDESPAR	8,794,890	0.60%	27,509,316	1.89%
NYSE (ADRs)	356,019,691	24.42%	342,997,950	23.53%
BM&FBovespa	324,453,803	22.25%	318,761,118	21.85%
	1,457,970,108	**100.00%**	**1,457,970,108**	**100.00%**

(*) Rio Iaco Participação S. A. is a company part of the control group.

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21. PAYMENT TO SHAREHOLDERS

	12/31/2013
Profit for the year	509,025
Legal reserve	(25,451)
Reversal of statutory working capital reserve	316,426
Profit for allocation	**800,000**
Allocation:	
Dividends distributed on 08/06/2013 and 11/13/2013	610,000
Interest on capital distributed on 8/6/2013 and 11/13/2013	190,000
Total dividends and interest on capital	**800,000**
Weighted average number of shares	1,457,970
Dividends and interest on capital per share	0.54871
Additional information:	
Prior years' dividends payable	2,036
Dividends payable (balance in liabilities)	**2,036**

22. NET SALES REVENUE

Net sales revenue is comprised as follows:

	Consolidated		Parent Company	
	12/31/2013	**12/31/2012**	**12/31/2013**	**12/31/2012**
Gross revenue				
Domestic market	14,635,703	13,742,201	13,509,822	12,669,583
Foreign market	6,143,242	4,813,693	3,531,793	997,509
	20,778,945	**18,555,894**	**17,041,615**	**13,667,092**
Deductions				

Cancelled sales and discounts	(206,109)	(312,687)	(203,712)	(318,287)
Taxes levied on sales	(3,260,404)	(3,014,618)	(2,908,470)	(2,708,188)
	(3,466,513)	**(3,327,305)**	**(3,112,182)**	**(3,026,475)**
Net revenue	**17,312,432**	**15,228,589**	**13,929,433**	**10,640,617**

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23. EXPENSES BY NATURE

	Consolidated		Parent Company	
	12/31/2013	**12/31/2012**	**12/31/2013**	**12/31/2012**
Raw materials and inputs	(5,998,881)	(5,734,685)	(4,120,230)	(3,331,619)
Labor cost	(1,590,892)	(1,482,838)	(1,264,122)	(1,045,144)
Supplies	(1,145,772)	(979,894)	(1,096,502)	(883,820)
Maintenance cost (services and materials)	(1,297,377)	(1,018,545)	(1,255,463)	(1,036,762)
Outsourcing services	(2,117,701)	(1,521,275)	(1,506,764)	(1,202,068)
Depreciation, amortization and depletion (Note 10 b)	(1,093,830)	(1,085,733)	(895,560)	(906,957)
Other	(538,218)	(677,105)	(608,601)	(286,374)
	(13,782,671)	**(12,500,075)**	**(10,747,242)**	**(8,692,744)**
Classified as:				
Cost of sales (Note 26)	(12,422,706)	(11,258,667)	(9,906,380)	(8,039,597)
Selling expenses (Note 26)	(874,875)	(773,488)	(503,514)	(320,722)
General and administrative expenses (Note 26)	(485,090)	(467,920)	(337,348)	(332,425)
	(13,782,671)	**(12,500,075)**	**(10,747,242)**	**(8,692,744)**

24. OTHER OPERATING INCOME (EXPENSES)

	Consolidated		Parent Company	
	12/31/2013	**12/31/2012**	**12/31/2013**	**12/31/2012**
Other operating income				
Untimely PIS/COFINS/ICMS credits	404	26,860	404	19,822
Reversal of actuarial liability/provision for actuarial asset	985	43,749	1,081	43,049
Lawsuit indemnities/wins	51,737	20,567	48,564	20,012
Rentals and leases	817	2,645	817	2,645
Reversal of provisions	7,120	1,953	196,779	36,033
Gain on loss of control over Transnordestina	473,899		473,899	
Other revenues	31,101	15,127	9,299	4,566
	566,063	**110,901**	**730,843**	**126,127**

Other operating expenses				
Taxes and fees	(103,446)	(72,999)	(81,422)	(14,939)
Provision for tax, social security, labor, civil and environmental risks,				
net of reversals	(255,527)	(295,665)	(250,126)	(281,261)
Contractual, nondeductible fines	(6,479)	(61,439)	(563)	(70,624)
Depreciation of unused equipment (Note 10 b)	(61,763)	(14,739)	(28,287)	(13,590)
Residual value of permanent assets written off (Note 10)	(31,660)	(9,759)	(12,548)	(3,617)
Inventory impairment losses/reversals (Note 7)	5,975	(13,210)	6,918	(12,530)
Expenses on studies and project engineering	(95,688)	(58,080)	(94,649)	(56,523)
Pension plan expenses		(5,256)		(5,218)
Healthcare plan expenses	(55,720)	(51,234)	(55,740)	(51,203)
Impairment loss adjustment	(48,469)			
Impairment of available-for-sale security	(5,002)	(2,022,793)	(3,369)	(1,245,024)
REFIS effect - Law 11,941/09 and Law 12,865/13, net	(129,743)		(128,593)	
Impairment of the Transnordestina old railway system	(216,446)			
Other expenses	(130,240)	(157,108)	(111,932)	(59,792)
	(1,134,208)	**(2,762,282)**	**(760,311)**	**(1,814,321)**
Other operating income (expenses), net	**(568,145)**	**(2,651,381)**	**(29,468)**	**(1,688,194)**

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25. FINANCE INCOME (COSTS)

	Consolidated		Parent Company	
	12/31/2013	**12/31/2012**	**12/31/2013**	**12/31/2012**
Finance income				
Related parties (Note 19 b)	25,576	68,023	48,972	143,947
Income from short-term investments	125,685	177,328	16,032	10,187
Net effect of REFIS - Law 11,941/09 and MP 470/09		115,457		115,457
Other income	20,723	31,036	9,286	17,936
	171,984	**391,844**	**74,290**	**287,527**
Finance costs				
Borrowings and financing - foreign currency	(743,276)	(675,379)	(74,648)	(75,199)
Borrowings and financing - local currency	(1,559,312)	(1,531,514)	(1,212,009)	(1,187,544)
Related parties (Note 19 b)	(421,659)	(397,991)	(1,571,144)	(1,488,663)
Capitalized interest (Notes 10 and 32)	490,747	401,827	309,073	276,596
Losses on derivatives (*)	(21,643)	(9,166)	(4,268)	(9,166)
REFIS effect - Law 11,941/09 and Law 12,865/13, net	(277,032)		(273,178)	
Interest, fines and late payment charges	(72,065)	(157,277)	(59,057)	(149,351)
Other finance costs	(135,500)	(178,185)	(97,149)	(145,501)
	(2,739,740)	**(2,547,685)**	**(2,982,380)**	**(2,778,828)**
Inflation adjustment and exchange differences, net				
Inflation adjustments	(37,858)	(143,774)	(33,176)	(89,438)
Exchange differences	97,969	152,837	(997,113)	(452,665)
Exchange losses on derivatives (*)	(3,954)	(4,573)		
	56,157	**4,490**	**(1,030,289)**	**(542,103)**
Finance costs, net	**(2,511,599)**	**(2,151,351)**	**(3,938,379)**	**(3,033,404)**
(*) Statement of gains and losses on derivative transactions				
Real-to-dollar swap	11,172	8,301		
Euro-to-dollar swap	(13,190)	(5,116)		
Yen-to-dollar swap	(5,374)	307		
Dollar-to-euro swap	4,035	(8,065)		
Fixed rate-to-dollar swap	(597)			
	(3,954)	**(4,573)**		
Libor-to-CDI swap	(4,268)	(9,166)	(4,268)	(9,166)
Fixed rate-to-CDI swap	(17,375)			
	(21,643)	**(9,166)**	**(4,268)**	**(9,166)**

(25,597)	**(13,739)**	**(4,268)**	**(9,166)**

26. SEGMENT INFORMATION

According to the Group's structure, its businesses are distributed into five (5) operating segments.

- **Steel**

The Steel Segment consolidates all the operations related to the production, distribution and sale of flat steel, long steel, metallic packaging and galvanized steel, with operations in Brazil, the United States, Portugal and Germany. This segment supplies the following markets: construction, steel packaging for the Brazilian chemical and food industries, home appliances, automobile and OEM (motors and compressors). The Company's steel units produce hot and cold rolled steel, galvanized and pre-painted steel of great durability. They also produce tinplate, a raw material used to produce metallic packaging.

Overseas, Lusosider, which is based in Portugal, also produces metal sheets, as well as galvanized steel. CSN LLC in the U.S.A. meets local market needs by supplying cold rolled and galvanized steel. In January 2012, CSN acquired Stahlwerk Thüringen (SWT), a manufacturer of long steel located in Unterwellenborn, Germany. SWT is specialized in the production of shapes used for construction and has an installed production capacity of 1.1 million metric tons of steel/year.

In January 2014 the production of long steel products started, with capacity of 500,000 metric tons per year, which will consolidate the company as a source of complete construction solutions, complementing its portfolio of products with high added value in the steel chain.

- **Mining**

This segment encompasses the activities of iron ore and tin mining, The high-quality iron ore operations are located in the Iron Quadrilateral in MG, the Casa de Pedra mine in Congonhas, MG, that produces high quality iron ore, as well as the jointly controlled entity Nacional Minérios S.A. (Namisa), which has its own mines, also of excellent quality, and also sells third party iron ore. CSN also controls Estanho de Rondônia S.A. (ERSA), a company that has both tin mining and casting units.

CSN holds the concession to operate TECAR, a solid bulk terminal, one of the 4 (four) terminals that comprise the Itaguaí Port, in Rio de Janeiro. Importations of coal and coke are carried out through this terminal.

- **Logistics**

i. Railroad

CSN has equity interests in three railroad companies: MRS Logística, which manages the former Southeast Railway System of Rede Ferroviária Federal S.A. (RFFSA), Transnordestina Logística S.A. and FTL - Ferrovia Transnordestina Logística S.A. , which operate the former Northeast Railway System of the RFFSA in the states of Maranhão, Piauí, Ceará, Rio Grande do Norte, Paraíba, Pernambuco and Alagoas.

a) MRS

The railroad transportation services provided by MRS are based on the supply of raw materials and the shipment of final products. The total amount of iron ore, coal and coke consumed by the Presidente Vargas Mill is carried by MRS, as is part of the steel produced by CSN for the domestic market and for export.

The Southeast Brazilian railroad system, encompassing 1,674 kilometers of tracks, serves the tri-state industrial area of São Paulo-Rio de Janeiro-Minas Gerais, linking the mines located in Minas Gerais to the ports located in São Paulo and Rio de Janeiro, and the steel mills of CSN, Companhia Siderúrgica Paulista (or Cosipa) and Gerdau Açominas. Besides serving other customers, the railroad system carries iron ore from the Company's mines in Casa de Pedra, Minas Gerais, and coke and coal from the Itaguaí Port, in Rio de Janeiro, to Volta Redonda, and carries CSN's export products to the ports of Itaguaí and Rio de Janeiro. Its volumes of cargo carried account for approximately 28% of the total volume carried by the Southeast railroad system.

b) TLSA and FTL

TLSA and FTL hold the concession of the former RFFSA's Northeast Railway System. The Northeast railway system consists of 4,238 km of railroads divided into two stretches: i) Railway System I, which encompasses the stretches between São Luiz – Mucuripe, Arrojado – Recife, Itabaiana – Cabedelo, Paula Cavalcante – Macau – Recife, and Propriá – Jorge Lins (Railway System I), whose concession goes until 2027, renewable for an additional 30 years, held by FTL; and ii) Railway System II, which encompasses the stretches between Missão Velha – Salgueiro, Salgueiro – Trindade, Trindade – Eliseu Martins, Salgueiro – Porto de Suape, and Missão Velha – Porto de Pecém, whose concession goes until the earlier of 2057 or the date when Transnordestina Logística S.A. reaches a rate of annual return of 6.75% of its total investment.

Moreover, it links up with the main ports in the region, thus providing an important competitive advantage by means of opportunities for combined transportation solutions and logistics projects tailored to customer needs.

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See further details on the restructuring of the Nova Transnordestina project in Note 9.

II. Ports

The Port logistics segment consolidates the operation of the terminal built during the post-privatization period of the ports, Sepetiba Tecon. The Sepetiba terminal features complete infrastructure to meet all the needs of exporters, importers and ship-owners. Its installed capacity exceeds that of most other Brazilian terminals. It has excellent depths of 14.5 meters in the mooring berths and a huge storage area, as well as the most modern and appropriate equipment, systems and intermodal connections.

The Company's constant investment in projects in the terminals consolidates the Itaguaí Port Complex as one of the most modern in Brazil, at present with capacity for handling 480 thousand containers and 30 million metric tons per year of bulk cargo.

- **Energy**

CSN is one of the largest industrial consumers of electric power in Brazil. As energy is fundamental in its production process, the Company invests in assets for generation of electric power to guarantee its self-sufficiency. These assets are as follows: Itá hydroelectric power plant, in the State of Santa Catarina, with rated capacity of 1,450 MW, where CSN has a share of 29.5%; Igarapava hydroelectric power plant, Minas Gerais, with rated capacity of 210 MW, in which CSN holds 17.9% of the capital; and a thermoelectric co-generation Central Unit with rated capacity of 238 MW, which has been operating at the UPV since 1999. For fuel the Central Unit uses the residual gases produced by the steel mill itself. Through these three power generation assets, CSN obtains total rated capacity of 430 MW.

- **Cement**

The cement division consolidates the cement production, distribution and sales operations, which use the slag produced by the Volta Redonda plant's blast furnaces. In 2011, the clinker used in cement production was acquired from third parties; however, at the end of 2011, with the completion of the first stage of the Arcos Clinker plant, MG, this plant already supplied the milling needs of CSN Cimentos in Volta Redonda.

The information presented to Management regarding the performance of each business segment is generally derived directly from the accounting records, combined with some intercompany allocations.

- **Sales by geographic area**

Sales by geographic area are determined based on the customers' location. On a consolidated basis, domestic sales are represented by revenues from customers located in Brazil and export sales are represented by revenues from customers located abroad.

- **Profit per segment**

As explained in Note 3, beginning 2013, the Company no longer proportionately consolidates jointly controlled entities Namisa, MRS and CBSI.

For segment information preparation and presentation purposes, Management decided to maintain the proportionate consolidation of the jointly controlled entities, as historically presented. For consolidated profit reconciliation purposes, the amounts of these companies were eliminated in the column "Corporate expenses/elimination".

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Profit or loss	Steel	Mining	Logistics		Energy	Cem
			Port	Railroads		
Metric tons (thou.) - (unaudited) (*)	6,116,944	21,534,147				2,045
Net revenues						
Domestic market	9,695,736	679,974	194,842	1,074,216	211,797	415
Foreign market	2,697,471	4,616,754				
Total net revenue (Note 22)	**12,393,207**	**5,296,728**	**194,842**	**1,074,216**	**211,797**	**415**
Cost of sales and services (Note 23)	(9,961,948)	(2,829,028)	(97,488)	(708,407)	(161,435)	(276,
Gross profit	**2,431,259**	**2,467,700**	**97,354**	**365,809**	**50,362**	**138**
General and administrative expenses (Note 23)	(738,655)	(69,364)	(22,743)	(100,062)	(20,384)	(68,
Depreciation (Note 10 b)	761,086	219,742	7,272	140,551	17,067	30
Proportionate EBITDA of jointly controlled entities						
Adjusted EBITDA	**2,453,690**	**2,618,078**	**81,883**	**406,298**	**47,045**	**101**

Sales by geographic area	Steel	Mining	Logistics		Energy	Cem
			Port	Railroads		
Asia	45,105	3,610,625				
North America	635,749					
Latin America	153,027					
Europe	1,839,732	1,006,129				
Other	23,858					
Foreign market	**2,697,471**	**4,616,754**				
Domestic market	**9,695,736**	**679,974**	**194,842**	**1,074,216**	**211,797**	**415**
TOTAL	**12,393,207**	**5,296,728**	**194,842**	**1,074,216**	**211,797**	**415**

Profit or loss	Steel	Mining	Logistics		Energy	Cem
			Port	Railroads		
Metric tons (thou.) - (unaudited) (*)	5,828,718	20,181,321				1,972
Net revenues						
Domestic market	8,478,244	713,445	151,514	1,066,756	228,667	387

Foreign market	2,324,038	3,772,104				
Total net revenue (Note 22)	**10,802,282**	**4,485,549**	**151,514**	**1,066,756**	**228,667**	**387**
Cost of sales and services (Note 23)	(8,867,820)	(2,449,839)	(82,585)	(729,684)	(153,031)	(286,
Gross profit	**1,934,462**	**2,035,710**	**68,929**	**337,072**	**75,636**	**101**
General and administrative expenses (Note 23)	(616,976)	(59,404)	(20,482)	(95,246)	(21,792)	(68,
Depreciation (Note 10 b)	750,507	190,019	6,653	139,386	17,238	26
Proportionate EBITDA of jointly controlled entities						
Adjusted EBITDA	**2,067,993**	**2,166,325**	**55,100**	**381,212**	**71,082**	**60**

Sales by geographic area	**Steel**	**Mining**	**Logistics**		**Energy**	**Cem**
			Port	**Railroads**		
Asia	30,495	2,964,154				
North America	585,505	16,589				
Latin America	203,069					
Europe	1,491,195	791,361				
Other	13,774					
Foreign market	**2,324,038**	**3,772,104**				
Domestic market	**8,478,244**	**713,445**	**151,514**	**1,066,756**	**228,667**	**387**
TOTAL	**10,802,282**	**4,485,549**	**151,514**	**1,066,756**	**228,667**	**387**

(*) The ore sales volumes presented in this note take into consideration Company sales and the interest in its subsidiaries and jointly controlled entities (Namisa 60%).

Adjusted EBITDA is the tool based on which the chief operating decision maker measures segment performance and the capacity to generate recurring operating cash, and consists of profit for the year less net finance income (costs), income tax and social contribution, depreciation and amortization, share of profits of investments, and other operating income (expenses), plus the proportional EBITDA of jointly controlled entities. Even though it is an indicator used in segment performance measurements, EBITDA is not a measurement recognized by accounting practices adopted in Brazil or IFRS, does not have a standard definition, and may not be comparable with measurements using similar names provided by other entities. As required by IFRS 8, the table below shows the reconciliation of the measurement used by the chief operating decision maker with the results determined using the accounting practices.

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		Consolidated
	12/31/2013	**12/31/2012**
Profit (loss) for the year	533,994	(480,574)
Depreciation (Note 10 b)	1,093,830	1,085,733
Income tax and social contribution (Note 15)	74,161	(952,208)
Finance income (Note 25)	2,511,599	2,151,351
EBITDA	**4,213,584**	**1,804,302**
Other operating income (expenses) (Note 24)	568,145	2,651,381
Share of profits of investees	(158,138)	(641,436)
Proportionate EBITDA of jointly controlled entities	780,606	717,627
Adjusted EBITDA (*)	**5,404,197**	**4,531,874**

(*) The Company discloses its adjusted EBITDA net of its share of profits of investments and other operating income (expenses) because it understands that these should not be included in the calculation of recurring operating cash generation.

27. EARNINGS (LOSS) PER SHARE (EPS)

Basic earnings (loss) per share:

Basic earnings (loss) per share have been calculated based on the profit attributable to the owners of CSN divided by the weighted average number of common shares outstanding during the year, excluding the common shares purchased and held as treasury shares, as follows:

		Consolidated		Parent Company
	12/31/2013	**12/31/2012**	**12/31/2013**	**12/31/2012**
	Common shares		**Common shares**	

Profit (loss) for the year				
Attributed to owners of the Company	509,025	(420,113)	509,025	(420,113)
Weighted average number of shares	1,457,970	1,457,970	1,457,970	1,457,970
Basic and diluted EPS	0.34913	(0.28815)	0.34913	(0.28815)

28. EMPLOYEE BENEFITS

The pension plans granted by the Company cover substantially all employees. The plans are administered by Caixa Beneficente dos Empregados da CSN (‘CBS”), which is a private non-profit pension fund established in July 1960. The members of CBS are employees—and former employees—of the Company and some subsidiaries that joined the fund through an agreement, and the employees of CBS itself. The Executive Officers of CBS is comprised of a CEO and two other executive officers, all appointed by CSN, which is the main sponsor of CBS. The Decision-Making Board is the higher decision-making and guideline-setting body of CBS, presided over by the president of the pension fund and made up of ten members, six chosen by CSN in its capacity as main sponsor of CBS and four elected by the fund’s participants.

Until December 1995, CBS Previdência administered two defined benefit plans based on years of service, salary and Social Security benefits. On December 27, 1995 the then Private Pension Secretariat (“SPC”) approved the implementation of a new benefit plan, effective beginning that date, called Mixed Supplementary Benefit Plan (‘Mixed Plan”), structured in the form of a variable contribution plan. Employees hired after that date were only entitled to join the new Mixed Plan. In addition, all active employees who were participants of the old defined benefit plans had the opportunity to switch to the new Mixed Plan.

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As of December 31, 2013 CBS had 33,939 participants (33,037 as of December 31, 2012), of whom 19,325 were active contributors (18,262 as of December 31, 2012), 9,460 were retired employees (9,587 as of December 31, 2012), and 5,154 were related beneficiaries (5,188 as of December 31, 2012). Out of the total participants as of December 31, 2013, 13,061 belonged to the defined benefit plan, 18,457 to the mixed plan, 1,568 to the CBSPrev Namisa plan, and 763 to the CBSPrev plan.

The plan assets of CBS are primarily invested in repurchase agreements (backed by federal government bonds), federal securities indexed to inflation, shares, loans and real estate. As of December 31, 2013 CBS held 12,788,231 common shares of CSN (12,788,231 common shares as of December 31, 2012). The total plan assets of the entity amounted to R$4.1 billion as of December 31, 2013 (R$4.3 billion as of December 31, 2012). The administrators of the CBS funds seek to match plan assets with benefit obligations payable on a long-term basis. Pension funds in Brazil are subject to certain restrictions regarding their capacity for investment in foreign assets and, therefore, these funds invest mainly in Brazilian securities.

Plan Assets are all available assets and the benefit plans' investments, not including the amounts of debts to sponsors.

For the defined benefit plans "35% of salary average" and "salary average Supplementation Plan", the Company holds a financial guarantee with CBS Previdência, the entity that administrates said plans, to ensure their financial and actuarial balance, in the event of any future actuarial loss or actuarial gain. As provided for in the prevailing law that governs the pension fund market, for the years ended December 31, 2012 and 2013, there was no need for CSN to pay the installments, since the defined benefit plan posted actuarial gains for the period.

a. Description of the pension plans

Plan covering 35% of average salary

This plan began on February 1, 1966 and is a defined benefit plan aimed at paying pensions (for length of service, special situations, disability or old age) on a lifetime basis, equivalent to 35% of the adjusted average of the participant’s salary for the last 12 months. The plan also guarantees sick pay to participants on Official Social Security leaves of absence and further ensures payments of savings fund, funeral allowance and pecuniary aid. This plan was discontinued on October 31, 1977 when the new supplementary plan based on average salary took effect.

Supplementary average salary plan

This plan began on November 1, 1977 and is a defined benefit plan, aimed at complementing the difference between the adjusted average of the participant’s salary for the last 12 months and the Official Social Security benefit for retirement, also on a lifetime basis. As in the 35% plan, there is coverage for the benefits of sick pay, death and pension. This plan was discontinued on December 26, 1995 with the creation of the mixed supplementary benefit plan.

Mixed supplementary benefit plan

This plan began on December 27, 1995 and is a variable contribution plan. Besides the scheduled retirement benefit, it also covers the payment of risk benefits (pension paid while the participant is still working, disability compensation and sick/accident pay). Under this plan, the retirement benefit is calculated based on the amount accumulated by the monthly contributions of the participants and sponsors, as well as on each participant’s option for the manner in which they receive them, which can be lifetime (with or without continuity of pension for death) or through a percentage applied to the balance of the fund generating the benefit (loss for indefinite period). After retirement is granted, the plan takes on the characteristics of a defined benefit plan. This plan was discontinued on October 16, 2013 when the CBSOPrev plan became effective.

CBS Prev Plan

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The new CBS Prev Plan, which is a defined contribution plan, started on September 16, 2013. Under this plan, the retirement benefit is determined based on the accumulated amount by monthly contributions of participants and sponsors. To receive the benefit, each participant can opt for: (a) receiving part in cash (up to 25%) and the remaining balance through a monthly income through a percentage applied to the fund generating the benefit, not being applicable to death pension benefits, or (b) receive only a monthly income through a percentage applied to the fund generating the benefit.

With the creation of the CBS Prev Plan, the mixed supplementary benefit plan was discontinued for the entry of new participants as from September 16, 2013.

b. Investment policy

The investment policy establishes the principles and guidelines that will govern the investments of funds entrusted to the entity, in order to foster the security, liquidity and profitability required to ensure equilibrium between the plan's assets and liabilities, based on an ALM (Asset Liability Management) study that takes into consideration the benefits of participants and beneficiaries for each plan.

The investment plan is reviewed annually and approved by the Decision-Making Board considering a 5-year horizon, as established by resolution CGPC 7 of December 4, 2003. The investment limits and criteria established in the policy are based on Resolution 3,792/09 published by the National Monetary Council ("CMN").

c. Employee benefits

The actuarial calculations are updated at the end of each annual reporting period by outside actuaries and presented in the financial statements pursuant to CPC 33 (R1) and IAS 19 *Employee Benefits*.

				Consolidated
	12/31/2013	**12/31/2012**	**12/31/2013**	**12/31/2012**
	Actuarial asset		**Actuarial liability**	
Pension plan benefits (Note 8)	97,051	93,546	11,139	17,939
Post-employment healthcare benefits			473,966	547,652
	97,051	**93,546**	**485,105**	**565,591**

The reconciliation of employee benefits' assets and liabilities is as follows:

	12/31/2013	**12/31/2012**
Present value of defined benefit obligation	2,263,012	2,666,261
Fair value of plan assets	(2,684,783)	(2,923,483)
Deficit/(surplus)	**(421,771)**	**(257,222)**
Restriction to actuarial assets due to recovery limitation	335,859	181,615
Liabilities/(assets), net	**(85,912)**	**(75,607)**
Liabilities	11,139	17,939
Assets	(97,051)	(93,546)
Net liabilities/(assets) recognized in the balance sheet	**(85,912)**	**(75,607)**

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Changes in the present value of defined benefit obligation during 2013 are as follows:

	12/31/2013	12/31/2012
Present value of obligations at the beginning of the year	**2,666,261**	**2,153,649**
Cost of services	6,375	5,801
Interest cost	239,310	215,850
Benefits paid	(208,951)	(193,563)
Actuarial loss/(gain)	(439,983)	484,524
Present value of obligations at the end of the year	**2,263,012**	**2,666,261**

Changes in the fair values of plan assets during 2013 are as follows:

	12/31/2013	12/31/2012
Fair value of assets at the beginning of the year	**(2,923,483)**	**(2,384,450)**
Expected return on plan assets	(263,410)	(272,406)
Sponsors' contributions		(3,797)
Benefits paid	208,951	193,563
Actuarial gains/(losses)	293,159	(456,393)
Fair value of assets at the end of the year	**(2,684,783)**	**(2,923,483)**

The amounts recognized in the income statement for the year ended December 31, 2013 are comprised as follows:

	12/31/2013	12/31/2012
Cost of current services	6,375	5,801
Interest cost	239,310	215,850
Expected return on plan assets	(263,410)	(272,406)
Interest on the asset ceiling effect	16,908	

Sponsors' contributions transferred in prior year		(3,797)
	(817)	**(54,552)**
Total unrecognized costs (income) (*)	168	(37,477)
Total costs/(income) recognized in the income statement	(985)	(17,075)
Total costs (revenue), net (*)	**(817)**	**(54,552)**

(*) Effect of the limit of paragraph 58 (b) of CPC 33 (R1) and IAS 19 *Employee Benefits.*

The (cost)/income is recognized in the income statement in other operating expenses.

Changes in actuarial gains and losses in 2013 are as follows:

	12/31/2013	**12/31/2012**
Actuarial (gains) and losses	**(146,823)**	**28,131**
Restriction due to recovery limitation	137,336	6,688
	(9,487)	**34,819**
Actuarial (gains) and losses recognized in other comprehensive income	(9,319)	(2,658)
Unrecognized actuarial (gains) and losses (*)	(168)	37,477
Total cost of actuarial (gains) and losses	**(9,487)**	**34,819**

(*) Actuarial (gains) losses result from the fluctuation in the investments that form CBS's asset portfolio.

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Breakdown of actuarial gains and losses:

	12/31/2013
(Gain)/loss due to change in demographic assumptions (*)	57,015
(Gain)/loss due to change in financial assumptions (*)	(586,272)
Gain)/loss due to adjustments to experience	89,275
Return on plan assets (less interest income)	293,160
Actuarial (gains) and losses	**(146,822)**

(*) Breakdown required based on item 41 of CPC 33 (R1).

The history of actuarial gains and losses is as follows:

	12/31/2013	**12/31/2012**	**12/31/2011**	**12/31/2010**	**12/31/2009**	**01/01/2**
Present value of defined benefit obligations	2,263,012	2,666,261	2,153,649	1,982,556	1,731,767	(1,415,0
Fair value of plan assets	(2,684,783)	(2,923,483)	(2,384,450)	(2,316,018)	(2,160,158)	1,396,
Deficit/(surplus)	**(421,771)**	**(257,222)**	**(230,801)**	**(333,462)**	**(428,391)**	**(18,6**
Experience adjustments to plan obligations	(439,983)	484,524	141,674	225,341	287,146	
Experience adjustments to plan assets	(293,159)	456,393	(81,038)	40,669	664,341	

The main actuarial assumptions used were as follows:

		12
Actuarial financing method	Projected unit credit	

Functional currency	Real (R$)
Recognition of plan assets	Fair value
Amount used as estimate of equity at the end of the year	Best estimate for equity at the end of the fiscal year, obtained based on a projection October amounts recorded
Nominal discount rate	
Inflation rate	
Nominal salary increase rate	
Nominal benefit increase rate	
Rate of return on investments	
General mortality table	Milênio Plan and Medical Care Plan: AT 2000 segregated by gender 35% and Supplementary Average Salary plans: AT 2000 segregated by gender (smo
Disability table	Mercer Disability with probabilities multiplied by 2
Disability mortality table	Winklevoss - 1%
Turnover table	Millennium plan 3% p.a., nil for DB plans
Retirement age	100% on first date he/shed becomes eligible for programmed retirement benefit unde
Household of active participants	95% will be married at the time of retirement, with the wife being 4 years younger tha husband

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The assumptions related to the mortality table are based on published statistics and mortality tables. These tables represent an average life expectancy in years of employees retiring at the age of 65, as shown below:

	12/31/2013	**12/31/2012**
Longevity at age of 65 for current participants		
Male	20.45	19.55
Female	23.02	22.17
Longevity at age of 65 for current participants who are 40		
Male	20.45	19.55
Female	23.02	22.17

Allocation of plan assets:

		12/31/2013		**12/31/2012**
Variable income	118,596	4.42%	110,668	3.79%
Fixed income	2,398,472	89.34%	2,631,187	90.00%
Real estate	107,386	4.00%	118,739	4.06%
Other	60,329	2.24%	62,889	2.15%
Total	**2,684,783**	**100.00%**	**2,923,483**	**100.00%**

The actual return on plan assets was R$29,749 as of December 31, 2013 (R$728,800 as of December 31, 2012).

Variable-income assets comprise mainly CSN shares.

Fixed-income assets comprise mostly debentures, Certificates of Interbank Deposit (“CDI”) and National Treasury Notes (“NTN-B”).

Real estate refers to buildings appraised by a specialized asset appraisal firm. There are no assets in use by CSN and its subsidiaries.

For the defined benefit plans, the expense as of December 31, 2013 was R$740 (R$5,256 as of December 31, 2012).

For the mixed plan, which has defined contribution components, the expense as of December 31, 2013 was R$31,542 (R$31,657 as of December 31, 2012).

For the defined contribution plan CBSPrev Namisa, the expense in 2013 was R$1,427 (R$1,466 as of December 31, 2012).

For the defined contribution plan CBSPrev, the expense in 2013 was R$1,122.

d. Expected contributions

There are no expected contributions that will be paid to the defined benefit plans in 2014.

For the mixed supplementary pension plan, which includes defined contribution components, expected contributions of R$31,820 will be paid in 2014.

e. Sensitivity analysis

The quantitative sensitivity analysis regarding the significant assumptions, for the pension plans as of December 31, 2013 is as follows:

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						12/31/2013
	Plan covering 35% of average salary		**Supplementary average salary plan**		**PIMixed supplementary benefit plan (Milênio Plan)**	
Assumption: Discount rate						
Sensitivity level	0.5%	-0.5%	0.5%	-0.5%	0.5%	-0.5%
Effect on current service cost and on interest on actuarial obligations	38	(53)	(302)	248	(1,129)	(1,129)
Effect on present value of obligations	(12,970)	13,980	(58,025)	62,661	(23,372)	(23,372)
Assumption: Salary growth						
Sensitivity level	0.5%	-0.5%	0.5%	-0.5%	0.5%	-0.5%
Effect on current service cost and on interest on actuarial obligations			9	(8)	132	(127)
Effect on present value of obligations	4	(4)	47	(47)	206	(201)
Assumption: Mortality table						
Sensitivity level	0.5%	-0.5%	0.5%	-0.5%	0.5%	-0.5%
Effect on current service cost and on interest on actuarial obligations	(860)	849	(3,268)	3,189	311	(236)
Effect on present value of obligations	(7,271)	7,176	(27,617)	26,950	(3,693)	3,629
Assumption: Benefit adjustment						
Sensitivity level	0.5%	-0.5%	0.5%	-0.5%	0.5%	-0.5%
Effect on current service cost and on interest on actuarial obligations	659	(624)	2,341	(2,220)	273	(273)
Effect on present value of obligations	5,571	(5,272)	19,730	(18,713)	2,307	(2,307)

The forecast benefits for future years of the defined benefit plans are as follows:

Forecast benefit payments	**2013**
Year 1	160,574
Year 2	165,456
Year 3	162,841
Year 4	160,059
Year 5	157,109
Next 5 years	735,292
Total forecast payments	**1,541,331**

f. Post-employment health care plan

Refer to a healthcare plan created on December 1, 1996 exclusively for retired former employees, pensioners, those who received an amnesty, war veterans, widows of employees who died as a result of on-the-job accidents and former employees who retired on or before March 20, 1997 and their related dependents. Since then, the healthcare plan does not allow the inclusion of new beneficiaries. The plan is sponsored by CSN and administered by Caixa Beneficente dos Empregados da Cia. Siderúrgica Nacional - CBS.

The amounts recognized in the balance sheet were determined as follows:

	12/31/2013	**12/31/2012**
Valor presente das obrigações	473,966	547,652
Passivo	**473,966**	**547,652**

The reconciliation of liabilities for healthcare benefits is as follows:

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	12/31/2013	**12/31/2012**
Passivo atuarial no início do exercício	547,652	457,377
Custo do serviço corrente	49,164	45,967
Contribuições da patrimonial vertidas no exercício anterior	(34,691)	(32,874)
Reconhecimento do (ganho)/perda do ano	(88,159)	77,182
Passivo atuarial no final do exercício	**473,966**	**547,652**

For the post-employment healthcare benefit plan, the expense as of December 31, 2013 was R$55,720 (R$51,234 as of December 31, 2012).

The actuarial gains and losses recognized in shareholders' equity are as follows:

	12/31/2013	**12/31/2012**
(Ganhos)/Perda atuarial na obrigação	(88,159)	77,182
(Ganhos)/Perda reconhecida no patrimônio líquido	**(88,159)**	**77,182**

The history of actuarial gains and losses is as follows:

	12/31/2013	**12/31/2012**	**12/31/2011**	**12/31/2010**	**12/31/2009**	**01**
Valor presente da obrigação de benefício definido	473,966	547,652	457,377	367,839	317,145	[illegible]
Déficit/(Superávit)	**473,966**	**547,652**	**457,377**	**367,839**	**317,145**	[illegible]
Ajustes de experiência nas obrigações do plano	(88,159)	77,182	84,575	48,301	17,232	

The impact on a one-percent change in the assumed trend rate of the healthcare cost is as follows:

	12/31/2013		12/31/2012	
	Increase	Reduction	Increase	Reduction
Effect on total cost of current service and finance cost	5,472	(4,683)		
Effect on defined benefit obligation	46,275	(39,605)	54,292	(46,668)

The actuarial assumptions used for calculating postemployment healthcare benefits were:

	12/31/2013	12/31/2012
Biometrics		
General mortality table	AT 2000 segregated by gender	AT 2000 segregated by gender
Turnover	n/a	n/a
Household	Actual household	Actual household
Financial		
Actuarial nominal discount rate	11.83%	9.31%
Inflation	5.00%	5.00%
Nominal increase in medical cost based on age	5,53% - 8,15%	5,53% - 8,15%
Nominal medical costs growth rate	8.15%	8.15%
Average medical cost	380.05	345.61

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g. Sensitivity analysis

The quantitative sensitivity analysis regarding the significant assumptions, for the postemployment healthcare plans as of December 31, 2013 is as follows:

	12/31/2013	
	Medical Assistance Plan	
Assumption: Discount rate	**Assumption: Discount rate**	
Sensitivity level	0.5%	-0.5%
Effect on current service cost and on interest on actuarial obligations	14,986	15,107
Effect on present value of obligations	(18,916)	20,579
Assumption: Salary growth	**Assumption: Medical Inflation**	
Sensitivity level	0.5%	-0.5%
Effect on current service cost and on interest on actuarial obligations	20,519	10,364
Effect on present value of obligations	46,275	(39,605)
Assumption: Mortality table	**Assumption: Mortality table**	
Sensitivity level	0.5%	-0.5%
Effect on current service cost and on interest on actuarial obligations	12,426	17,750
Effect on present value of obligations	(22,161)	22,858

The forecast benefits for future years of the postemployment healthcare plans are as follows:

Forecast benefit payments	**2013**
Year 1	39,577
Year 2	37,400
Year 3	35,235
Year 4	33,089
Year 5	30,966

Next 5 years	124,419
Total forecast payments	**300,686**

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29. GUARANTEES

The Company is liable for guarantees for its subsidiaries and jointly controlled entities, as follows:

	Currency	Maturities	Loans		Tax forecl	
			12/31/2013	12/31/2012	12/31/2013	12
Transnordestina Logísitca	R$	Up to 12/8/2027 and indefinite	1,875,360	1,626,509	20,600	
FTL - Ferrovia Transnordestina	R$	11/15/2020	125,250			
CSN Cimentos	R$	Up to 10/25/2015 and indefinite			26,423	
Prada	R$	Up to 2/7/2014 and indefinite			10,133	
Itá Energética	R$			7,326		
CSN Energia	R$	Indefinite			2,829	
Congonhas Minérios	R$	5/21/2019	2,000,000	2,000,000		
Fundação CSN	R$	Indefinite	1,003	1,003		
Total in R$			**4,001,613**	**3,634,838**	**59,985**	
CSN Islands VIII	US$			550,000		
CSN Islands IX	US$	1/15/2015	400,000	400,000		
CSN Islands XI	US$	9/21/2019	750,000	750,000		
CSN Islands XII	US$	Perpetual	1,000,000	1,000,000		
CSN Resources	US$	7/21/2020	1,200,000	1,200,000		
Sepetiba Tecon	US$	3/15/2014	15,708			

CSN Handel	US$	6/27/2015	100,000		
Total in US$			**3,465,708**	**3,900,000**	
CSN Steel S.L.	EUR	1/31/2020	120,000	120,000	
Total in EUR			**120,000**	**120,000**	
Total in R$			**8,505,948**	**8,218,991**	
			12,507,561	**11,853,829**	**59,985**

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30. COMMITMENTS

a. Take-or-pay contracts

As of December 31, 2013 and 2012, the Company was a party to take-or-pay contracts as shown in the following table:

			Payments in the period						
Concessionaire	**Type of service**	**Agreement terms and conditions**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**After 2**
MRS Logística	Iron ore transportation	Contractual clause providing for guaranteed revenue on railway freight. In the case of CSN, this means a minimum payment of 80% of freight estimate.	142,190	100,368	214,639	214,639	107,319		
MRS Logística	Steel products transportation	Transportation of at least 80% of annual volume agreed with MRS.	68,248	66,047	65,516	65,516	27,298		
MRS Logística	Iron ore, coal and coke	Transportation of 8,280,000	23,334	128,387	132,770	132,770	132,770	132,770	1,194,

	transportation	metric tons per year of iron ore and 3,600,000 metric tons per year of coal, coke and other reducing agents.							
FCA (*)	Mining products transportation	Transportation of at least 1,900,000 metric tons per year.	734	4,101					
FCA	FCA railway transportation of clinker to CSN Cimentos	Transportation of at least 675,000 metric tons per year of clinker in 2011 and 738,000 metric tons per year of clinker starting 2012.	2,733	1,478	27,300	27,300	27,300	27,300	63,
White Martins	Supply of gas (oxygen, nitrogen and argon)	CSN undertakers to buy at least 90% of the annual volume of gas contracted with White Martins.	110,999	27,941	95,301	95,301	95,301		
CEG Rio	Supply of natural gas	CSN undertakes to buy at least 70% of the monthly natural gas volume.	441,804	438,504	145,416				
Vale S.A	Supply of iron ore pellets	CSN undertakes to buy at least 90% of the volume of iron ore pellets	444,642	383,327	114,962				

		secured by contract. The take-or-pay volume is determined every 18 months.							
Compagás	Supply of natural gas	CSN undertakes to buy at least 80% of the annual natural gas volume secured agreed with Compagás.	18,874	18,414	18,349	18,349	18,349	18,349	128,
COPEL	Power supply	CSN undertakers to buy at least 80% of the annual energy volume contracted with COPEL.	15,202	18,697	8,553	8,553	8,553	8,553	28,
K&K Tecnologia	Processing of blast furnace sludge generated during pig iron production	CSN undertakes to supply at least 3,000 metric tons per month of blast furnace sludge for processing at K&K sludge concentration plant.	7,585	8,460	7,074	7,074	7,074	7,074	44,
Harsco Metals	Processing of slag generated during pig iron and steel production	Harsco Metals undertakes to process metal products and slag crushing byproducts resulting from CSN's pig iron and steel manufacturing process, receiving for	40,506	42,504	15,944				

		this processing the amount corresponding to the product of the multiplication of unit price (R$/t) by total production of liquid steel from CSN steel mill, ensuring a minimum production of liquid steel of 400,000 metric tons.							
Siemens	Manufacturing, repair, recovery and production of ingot casting machine units	Siemens undertakes to manufacture, repair, recover and produce, in whole or in part, ingot casting machine units to provide the necessary off-line and on-line maintenance of continuous ingot casting machine assemblies of the Presidente Vargas plant (UPV). Payment is set at R$/t of produced steel plates.	46,424	40,596	17,213				
(*) in renegotiation phase.									
			1,363,275	**1,278,824**	**863,037**	**569,502**	**423,964**	**194,046**	**1,459,**

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b. Concession agreements

Minimum future payments related to government concessions as of December 31, 2013 fall due according to the schedule set out in the following table:

Company Concession	Type of service	$2,014.00	$2,015.00	$2,016.00	$2,017.00	After 2017	Total
MRS	30-year concession, renew able for another 30 years, to provide iron ore railway transportation services from the Casa de Pedra mines, in Minas Gerais, coke and coal from the Itaguaí Port, in Rio de Janeiro, to Volta Redonda, transportation of export goods to the Itaguaí and Rio de Janeiro Ports, and shipping of finished goods to the domestic market.	90,952	90,952	90,952	90,952	750,356	**1,114,164**
FTL (Ferrovia Transnordestina Logística)	30-year concession granted on December 31, 1997, renewable for another 30 years	7,296	7,296	7,296	7,296	68,702	**97,886**

	for the development of public utility to operate the Northeastern railway system. The railway system covers 4,238 kilometers of railroads in the states of Maranhão, Piauí, Ceará, Paraíba, Pernambuco, Alagoas and Rio Grande do Norte.						
Tecar	Concession to operate TECAR, a solid bulk terminal, one of the four terminals that comprise the Itaguaí Port, in Rio de Janeiro, for a period ending 2022 and renew able for another 25 years.	185,771	185,771	185,771	185,771	928,855	**1,671,939**
Tecon	25-year concession granted in July 2001, renewable for another 25 years, to operate the container terminal at the Itaguaí Port.	24,756	24,756	24,756	24,756	198,045	**297,069**
		308,775	**308,775**	**308,775**	**308,775**	**1,945,958**	**3,181,058**

c. Projects and other commitments

- **Steel – Flat and long steel**

CSN intends to produce 500,000 metric tons per year of long steel products, with an estimate of 400,000 t/year of rebar and 100,000 t/year of wire rod. The facilities will use scrap and pig iron as their main raw materials.

- **Iron ore project**

The expansion plan projects producing 89 Mtpa of iron ore products and increase port capacity by 84 Mtpa in TECAR. In the first stage, CSN project producing up to 66 Mtpa of iron ore and is investing in expanding sea port capacity in Itaguaí, or TECAR, to 60 Mtpa. Coal and coke imports are carried out through this the TECAR terminal.

Coal and coke imports are made using the TECAR terminal, whose concession agreement is 25 years, extendable for another 25 years.

Upon concession termination, all rights and privileges transferred to Tecon will be handed back to CDRJ (Companhia Docas do Rio de Janeiro), together with the assets owned by CSN and those resulting from investments made by CSN in leased assets, declared as returnable assets by CDRJ as they are necessary to the continuity of the related services. Any assets declared as returnable assets will be compensated by CDRJ at their residual value, less related depreciation/amortization.

- **Nova Transnordestina project**

The Nova Transnordestina project includes building 1,728 km in new, next-generation, wide-gauge tracks. The project posts a 39% progress and completion is estimated for the end of 2016. The Company expects that the investments will permit Transnordestina Logística S.A. to boost the transportation of several products, such as iron ore, limestone, soy, cotton, sugarcane, fertilizers, oil, and fuel. Concessionaire of the Nova Transnordestina project, until no longer than 2057: the concession can be terminated before this date if the minimum return agreed with the Government is reached. Transnordestina has already obtained the required environmental permits and purchased part of the equipment and services and in certain regions the project is at an advanced implementation stage.

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The financing sources of the project are: (i) financing granted by Banco do Nordeste/ FNE and the BNDES, (ii) debentures issued by FDNE, (iii) Permanent Track Use contracts, and (iv) interest in the capital of CSN and public shareholders. The approved construction investment is R$7,542,000 and the balance of disbursable funds will be adjusted using the IPCA as from April 2012. Should additional funds be required, they will be provided by CSN and/or third parties through the celebration of an Permanent Track Use Agreement.

The Company guarantees 100% of TLSA's financing granted by Banco do Nordeste/FNE and the BNDES, and 40% of the debentures issued by FDNE. Under the FDNE charter, approved by Federal Decree 6,952/2009, and the Investment Agreement entered into with the public shareholders/ financiers, 50% of the debentures should be converted into TLSA shares.

- **Expansion of Cimentos Sudeste**

in addition to the current production of approximately 2.4 Mtpa at the Presidente Vargas Plant in Rio de Janeiro, CSN plans to expand its cement operation to 5.4 Mtpa. This additional 3 Mtpa volume will be obtained through the construction of a plant integrated with the cement mill and the clinker furnace in the State of Minas Gerais, where the Company already operates a clinker furnace using limestone from its own mine. The Company is assessing growth opportunities in other regions.

- **CSN's Logistic Platform Project in Itaguaí**

Under the terms of the concession agreement, CSN is responsible for unloading at least 3.0 million per year of coal and coke from CSN's suppliers through the terminal, as well as handling ore shipments. Among the approved investments announced by CSN, we highlight the development and expansion of the solid bulk terminal at Itaguaí so that it can also handle up to 84 million metric tons of iron ore per year.

- **Long-term agreements with Namisa**

The Company has signed long-term agreements with Namisa for the provision of port operation services and supplies of run-of-mine (ROM) iron ore from the Casa de Pedra mine, as described below:

I. Port operation service agreement

On December 30, 2008, CSN entered into an agreement for the provision of port services to Namisa for a 34-year period, consisting of receiving, handling, storing and shipping Namisa's iron ore in annual volumes that range from 18.0 to 39.0 million metric tons. CSN has received the amount of approximately R$5.3 billion as an advance for part of the payments due for the services to be provided under this agreement. The amounts charged for these port services are reviewed on a quarterly basis and adjusted considering the changes in the market price for iron ore.

II. High silicon ROM

On December 30, 2008, CSN entered into an agreement for the supply of high silicon ROM ore to Namisa for a period of 30 years in volumes that range from 42.0 to 54.0 million metric tons per year. CSN has received approximately R$1.6 billion as an advance for part of the payments due for the supplies made under this agreement. The supply price is reviewed on a quarterly basis and adjusted considering the changes in the market price for iron ore.

III. Low silicon ROM

On December 30, 2008, CSN entered into an agreement for the supply of low silicon ROM ore to Namisa for a period of 35 years in volumes that range from 2.8 to 5.04 million metric tons per year. CSN has received approximately R$424 million as an advance for part of the payments due for the supplies made under this agreement. The supply price is reviewed on a quarterly basis and adjusted considering the changes in the market price for iron ore.

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31. INSURANCE

Aiming to properly mitigate risk and in view of the nature of its operations, the Company and its subsidiaries have taken out several different types of insurance policies. Such policies are contracted in line with the CSN Risk Management policy and are similar to the insurance taken out by other companies operating in the same lines of business as CSN and its subsidiaries. The risks covered under such policies include the following: Domestic Transportation, International Transportation, Carrier's Civil Liability, Life and Casualty, Health Coverage, Fleet Vehicles, D&O (Civil Liability Insurance for Directors and Officers), General Civil Liability, Engineering Risks, Sundry Risks, Export Credit, Performance Bond and Port Operator's Civil Liability.

In 2013, after negotiation with insurers and reinsurers in Brazil and abroad, an Insurance Issue Certificate was issued for the contracting of a policy of Operational Risk of Property Damages and Loss of Profits, with effect from June 30, 2013 to June 30, 2014. Under the insurance policy, the LMI (Maximum Limit of Indemnity) is US$500,000,000 and covers the following units and subsidiaries of the Company: Usina Presidente Vargas, Mineração Casa de Pedra, CSN Paraná, Terminal de cargas Tecar, Terminal Tecon, Namisa, CSN Handel and Namisa Handel. CSN takes responsibility for a range of retention of US$300,000,000 in excess of the deductibles for property damages and loss of profits.

In view of their nature, the risk assumptions adopted are not part of the scope of an audit of the financial statements and, accordingly, were not examined by our independent auditors.

32. ADDITIONAL INFORMATION TO CASH FLOWS

		Consolidated		**Parent Company**
	12/31/2013	**12/31/2012**	**12/31/2013**	**12/31/2012**
Deferred income tax and social contribution paid	45,388	72,780		
Increase of PP&E with interest capitalization	490,747	401,827	309,073	276,596
Increase of PP&E without increasing cash				373,673
Capital reduction with no cash effect	153,305			

Acquisition of subsidiaries' tax loss carryforwards			297,450	
Capitalization of loan granted in subsidiary			152,927	
	689,440	**474,607**	**759,450**	**650,269**

33. STATEMENT OF COMPREHENSIVE INCOME

	12/31/2013	**12/31/2012**	**12/31/2013**	**12/31/2**
Profit (loss) for the year	**533,994**	**(480,574)**	**509,025**	**(420,**
Other comprehensive income				
Items that will not be subsequently reclassified to the statement of income				
Actuarial (losses) gains on defined benefit pension plan, net of taxes	64,336	106,209	64,336	106,
	64,336	**106,209**	**64,336**	**106,**
Items that could be subsequently reclassified to the statement of income				
Cumulative translation adjustments for the year	218,927	147,735	218,927	147,
Available-for-sale assets, net of taxes	44,084	(8,329)	44,084	(8,
Impairment of available-for-sale assets, net of taxes	3,301	1,507,485	3,301	1,507,
	266,312	**1,646,891**	**266,312**	**1,646,**
Total comprehensive income for the year	**864,642**	**1,272,526**	**839,673**	**1,332,**
Attributable to:				
Owners of the Company	839,673	1,332,987	839,673	1,332,
Non-controlling interests	24,969	(60,461)		
	864,642	**1,272,526**	**839,673**	**1,332,**

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INDEPENDENT AUDITORS` REPORT ON FINANCIAL STATEMENTS

To the Board of Directors and Shareholders of

Companhia Siderúrgica Nacional

São Paulo – SP

We have audited the accompanying individual and consolidated financial statements of Companhia Siderúrgica Nacional ("Company"), identified as Parent and Consolidated, respectively, which comprise the balance sheet as of December 31, 2013, and the statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the individual financial statements in accordance with accounting practices adopted in Brazil, and of the consolidated financial statements in accordance with International Financial Reporting Standards – IFRSs, issued by the International Accounting Standards Board – IASB, and in accordance with accounting practices adopted in Brazil, for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Brazilian and International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Deloitte Touche Tohmatsu

Opinion on the individual financial statements

In our opinion, the individual financial statements referred to above present fairly, in all material respects, the financial position of Companhia Siderúrgica Nacional as of December 31, 2013, its financial performance and its cash flows for the year then ended in accordance with accounting practices adopted in Brazil.

Opinion on the consolidated financial statements

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Companhia Siderúrgica Nacional as of December 31, 2013, its consolidated financial performance and its consolidated cash flows for the year then ended, in accordance with IFRSs, issued by IASB, and accounting practices adopted in Brazil.

Emphasis of matter

We draw attention to note 2 to the financial statements, which states that the individual financial statements have been prepared in accordance with accounting practices adopted in Brazil. In the case of Companhia Siderúrgica Nacional, these accounting practices differ from the IFRSs, applicable to separate financial statements, only with respect to the measurement of investments in subsidiaries, associates and joint ventures by the equity method of accounting, which for purposes of IFRSs, would be measured at cost or fair value. Our opinion is not qualified in respect of this matter.

Restatement of corresponding amounts

As referred to in note 3 to the financial statements, due to the change in accounting policy related to application of the following accounting pronouncements: (i) IFRS 10 Consolidated Financial Statements, equivalent to CPC 36 (R3) - “Demonstrações Consolidadas”; (ii) IFRS 11 Joint Arrangements, equivalent to CPC 19 (R2) - "Negócios em Conjunto", the individual and consolidated corresponding figures relating to the balance sheet as of December 31, 2012, and the related financial information relating to income statement, comprehensive income, changes in equity, cash flows and value added (supplemental information) for the year then ended, presented for comparative purposes, have been adjusted and are restated as required by IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, equivalent to CPC 23 – “Políticas Contábeis Mudanças de Estimativa e Retificação de Erro”, and IAS 1 (R) Presentation of financial statements, equivalent to CPC 26 (R1) – “Apresentação das demonstrações contábeis”. Our conclusion is not qualified in respect of this matter.

Other Matters

Statements of value added

We have also audited the individual and consolidated statements of value added ("DVA") for the year ended December 31, 2013, prepared under the responsibility of the Company's Management, the presentation of which is required by Brazilian Corporate Law for publicly-traded companies, supplemental information for IFRS, which do not require the presentation of DVA. These statements were subject to the same auditing procedures described above, and, based on our opinion, are fairly presented, in all material respects, in relation to the financial statements taken as a whole.

Deloitte Touche Tohmatsu

Audit of consolidated financial statements for the opening balance as of January 1, 2012

The amounts for the opening balance as of January 1, 2012, presented for comparison purposes, restated as a result of the matters described in Note 3, which comprise the balance sheet, presented in that note, and a summary of significant accounting policies and other notes, for comparison purposes, were audited by other independent auditors, whose report, without qualification, was issued and dated on May 14, 2013.

The accompanying individual and consolidated interim financial information has been translated into English for the convenience of readers outside Brazil.

São Paulo, February 27, 2014

DELOITTE TOUCHE TOHMATSU Auditores Independentes	Roberto Wagner Promenzio Engagement Partner

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OPNION OF THE SUPERVISORY BOARD OR EQUIVALENT BODY

Date: February 27, 2014

The Audit Committee met to review the Company's Financial Statements for the year ended December 31, 2013.

Then, the Audit Committee received the representatives of Deloitte Auditores Independentes for them to present the process of finalization of the audit of the Financial Statements for 2013.

After reviewing and discussing the audited financial statements and the Annual Management Report, obtaining the required clarifications, the Audit Committee decided to recommend to the Board of Directors the approval of the financial statements for the year ended December 31, 2013

Fernando Perrone

Yoshiaki Nakano

Antonio Bernardo Vieira Maia

Claudia Maria Sarti – secretary

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STATEMENT OF DIRETORS ON THE FINANCIAL STATEMENTS

As the Executive Directors of the Companhia Siderurgica Nacional, we declare pursuant to Article 25, paragraph 1, item VI of CVM Instruction 480 of December 7, 2009, that we reviewed, discussed and agreed to the Financial Statements ended at December 31, 2013

São Paulo, February 27, 2014.

Benjamin Steinbruch

CEO

Enéas Garcia Diniz

Executive Diretor

Luis Fernando Barbosa Martinez

Executive Diretor

David Moise Salama

Executive Diretor of Investors Relations

(CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE)

STATEMENT OF DIRETORS ON AUDITORS´REPORT

As the Executive Directors of the Companhia Siderurgica Nacional, we declare pursuant to Article 25, paragraph 1, item V of CVM Instruction 480 of December 7, 2009, that we reviewed, discussed and agreed to the Financial Statements ended at December 31, 2013

São Paulo, February 27, 2014.

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Benjamin Steinbruch

CEO

Enéas Garcia Diniz

Executive Diretor

Luis Fernando Barbosa Martinez

Executive Diretor

David Moise Salama

Executive Diretor of Investors Relations

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 14, 2014

COMPANHIA SIDERÚRGICA NACIONAL

By: /s/ Benjamin Steinbruch

Benjamin Steinbruch
Chief Executive Officer

By: /s/ David Moise Salama

David Moise Salama
Investor Relations Executive 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.