

MEMORANDUM

To: All Option Members, Member Organizations and ROTs

From: Market Watch

Date: February 1, 2008

Re: Companhia Siderurgica Nacional S.A. (SID) - 3 for 1 Stock Split

In an effort to avoid rounding strike prices, The Securities Committee has decided to employ a new adjustment methodology. The contract adjustment described below utilizes the new method of contract adjustment wherein strike prices, number of contracts, and premium/strike multipliers are unchanged for certain kinds of stock splits and stock dividends. It is important that option investors be aware that it will be necessary to calculate the current market value of the adjusted option deliverable to correctly determine the option's in-the-money status.

Companhia Siderurgica Nacional S.A. (SID) has declared a 3 for 1 stock split payable to share holders of record on Friday, January 25, 2008. Distribution date for the stock split will be Friday, February 8, 2008. **Ex-distribution date for the stock split will be Monday, February 11, 2008.**

Adjusted Date: **Monday, February 11, 2008**
 Symbol(s): **SID becomes SIU**
 Strike Price: **No Change**
 Pos/Exercise Limit: **750,000 contracts until Sept 2008 expiration; where limits revert to 250,000 contracts**
 Multiplier: **100 (e.g., Premium of 1.00 = \$100)**
 New Deliverable: **1) 300 Companhia Siderurgica Nacional S.A. (SID) Common Shares**

The resulting list of adjusted strike prices and symbols is as follows:

Companhia Siderurgica Nacional S.A. (SID) (Before 2/11/2008) (1 Contract)					Companhia Siderurgica Nacional S.A. (SIU) (Beginning 2/11/2008) (See new deliverable above)				
			Calls	Puts				Calls	Puts
SID	FEB	65	BM	NM	SIU	FEB	65	BM	NM
SID	FEB	70	BN	NN	SIU	FEB	70	BN	NN
SID	FEB	75	BO	NO	SIU	FEB	75	BO	NO
SID	FEB	80	BP	NP	SIU	FEB	80	BP	NP
SID	FEB	85	BQ	NQ	SIU	FEB	85	BQ	NQ
SID	FEB	90	BR	NR	SIU	FEB	90	BR	NR
SID	FEB	95	BS	NS	SIU	FEB	95	BS	NS
SID	FEB	100	BT	NT	SIU	FEB	100	BT	NT
SID	MAR	40	CH	OH	SIU	MAR	40	CH	OH
SID	MAR	45	CI	OI	SIU	MAR	45	CI	OI
SID	MAR	50	CJ	OJ	SIU	MAR	50	CJ	OJ
SID	MAR	55	CK	OK	SIU	MAR	55	CK	OK
SID	MAR	60	CL	OL	SIU	MAR	60	CL	OL
SID	MAR	65	CM	OM	SIU	MAR	65	CM	OM
SID	MAR	70	CN	ON	SIU	MAR	70	CN	ON
SID	MAR	75	CO	OO	SIU	MAR	75	CO	OO
SID	MAR	80	CP	OP	SIU	MAR	80	CP	OP
SID	MAR	85	CQ	OQ	SIU	MAR	85	CQ	OQ

Companhia Siderurgica Nacional S.A. (SID) (Before 2/11/2008) (1 Contract)					Companhia Siderurgica Nacional S.A. (SIU) (Beginning 2/11/2008) (See new deliverable above)				
			Calls	Puts				Calls	Puts
SID	MAR	90	CR	OR	SIU	MAR	90	CR	OR
SID	MAR	95	CS	OS	SIU	MAR	95	CS	OS
SID	MAR	100	CT	OT	SIU	MAR	100	CT	OT
SID	JUN	65	FM	RM	SIU	JUN	65	FM	RM
SID	JUN	70	FN	RN	SIU	JUN	70	FN	RN
SID	JUN	75	FO	RO	SIU	JUN	75	FO	RO
SID	JUN	80	FP	RP	SIU	JUN	80	FP	RP
SID	JUN	85	FQ	RQ	SIU	JUN	85	FQ	RQ
SID	JUN	90	FR	RR	SIU	JUN	90	FR	RR
SID	JUN	95	FS	RS	SIU	JUN	95	FS	RS
SID	JUN	100	FT	RT	SIU	JUN	100	FT	RT
SID	SEP	65	IM	UM	SIU	SEP	65	IM	UM
SID	SEP	70	IN	UN	SIU	SEP	70	IN	UN
SID	SEP	75	IO	UO	SIU	SEP	75	IO	UO
SID	SEP	80	IP	UP	SIU	SEP	80	IP	UP
SID	SEP	85	IQ	UQ	SIU	SEP	85	IQ	UQ
SID	SEP	90	IR	UR	SIU	SEP	90	IR	UR
SID	SEP	95	IS	US	SIU	SEP	95	IS	US
SID	SEP	100	IT	UT	SIU	SEP	100	IT	UT

Any additional SID series that are added prior to the ex-date will also be adjusted in the manner described above.

With this new method of adjustment, it is no longer possible to determine if an adjusted option is in- or out-of-the-money by simply comparing the stock price to the option strike price. When the new method is used, the stock price must always be adjusted by the appropriate factor(s) in order to correctly determine in-the-money amounts or premiums. Option investors must be aware of the number of shares (and possible cash amounts) in the deliverable and the fact that the multiplier used for premium and strike dollar extensions remains unchanged.

The new SID option contracts representing 100 shares of SID, will be admitted to trading on Tuesday, February 12, 2008. Strike prices and expiration months will be announced on a separate release prior to that date.

Customers should be advised that all Good-til-Cancelled (GTC) orders not on AUTOM must be cancelled and re-entered prior to the ex-distribution or effective date. GTC AUTOM orders will be deleted by PHLX Service Desk/AUTOM personnel.

Questions regarding this release may be directed to Market Watch at 1-800-THE-PHLX, choice #2, or (215) 496-1508.