

Siderúrgica Venezolana "SIVENSA" S.A.
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FOR IMMEDIATE DISTRIBUTION:

**SIVENSA COMPLETES NEW NEGOTIATION WITH ITS CREDITOR BANKS AND
PREPARES A CAPITAL INCREASE**

CARACAS, APRIL 1, 2005. Siderúrgica Venezolana Sivensa today announced its intention to effect a capital increase upon reaching an agreement with its creditor banks regarding an amendment to the external debt agreement. The results obtained by Sivensa over the last 18 months and the reduction of the debt achieved by its affiliate Sidetur, have been, among other elements, decisive factors in closing this negotiation.

In this connection, and pursuant to the conditions agreed upon in the amendment, Sivensa has called a special shareholders' meeting for next April 15th, in order to approve, among other proposals, a capital increase in bolivars, which, at the official exchange rate in force at the time it is effected, be equivalent to US\$ 18.75 million. The funds obtained shall be used to repay Sivensa and Sidetur's financial debt. The issuance of new common shares shall be made at a price equal to their par value, Bs. 20.00 each, to be subscribed to by the shareholders of the company and/or by such third parties who acquire the latter's' subscription rights, which may be negotiated in the Caracas Stock Exchange.

Sivensa stated that the objectives achieved through this amendment are:

- a. Extending the maturity of the debt set for September 30, 2007, until December 31, 2009;
- b. Reducing the amount that must be financed to pay the final balance of the debt upon maturity in December 2009, and
- c. Keeping in its portfolio assets and strategic operations that had to be sold for a minimum of US\$ 17 million prior to the new terms agreed upon.

The new terms of the amendment, among others, include the following:

- a) Increasing the cost of Tranche A by 1% (from 350 basic points to 450 basic points).
- b) Scheduling gradual migrations of Tranche B (currently non-interest bearing) to Tranche A (interest bearing), from this date until April 2007, for up to US\$ 50 million.
- c) Neutralizing the capital increase effect on the bank's shareholding percentage in the company.

Jointly with the call for the special shareholders' meeting, the company has made available to the shareholders the *Report by the Board of Directors* which contains a broad explanation of the amendments to the debt agreement and the characteristics of the public share offering. This report may be read at the company's website www.sivensa.com.ve

Siderúrgica Venezolana Sivensa S.A. has three divisions: Sidetur, engaging in the manufacture of steel billets for the rolling mill industry, and finished steel products for the construction and infrastructure industry; International Briquettes Holding, IBH, which groups the plants that produce iron briquettes that are used as high-quality raw material by steel mills; and Vicson, which manufactures wire and wire products for the manufacturing, construction, agriculture and infrastructure industries. Sivensa's partners are: in Vicson: Bekaert Corporation, and in IBH: CVG Ferrominera Orinoco.