

**REPORT SUBMITTED BY THE BOARD OF DIRECTORS OF SIDERURGICA VENEZOLANA "SIVENSA"
S.A. TO THE CONSIDERATION OF THE SPECIAL SHAREHOLDERS' MEETING TO BE HELD ON
SEPTEMBER 1ST, 2009
(THIRD PHASE OF THE REPURCHASE PROGRAM
OF THE COMPANY'S SHARES)**

Dear Shareholders,

With the purpose of giving continuity to the Repurchase Program of Shares of Siderurgica Venezolana "Sivensa", S.A. (the "Company"), the Board of Directors has decided to submit the following items to the consideration of the Special Meeting of Shareholder to be held on September 1st, 2009:

1. According to the provisions of Articles 55 et seq. of the Capital Markets Law, to authorize the Board of Directors so the Company may carry out the Third Phase of the Repurchase Program of the Company's Shares, by acquiring such shares through any Stock Exchange, at the times it deems convenient, within the terms and based on the conditions set forth below:

(A) In exercising the authorization conferred upon it, the Board of Directors may agree, at its discretion, that the Company acquire up to FIFTEEN PERCENT (15%) of the common shares representing its subscribed and paid-in capital, including the treasury stock within such percentage.

(B) For the Third Phase of the Repurchase Program, the price per share to be paid by the Company shall adjust to market conditions and shall be determined by the Board of Directors or by the Company's body upon which it decides to delegate this responsibility, and in no event shall exceed Fifty Bolivars (Bs. 80) per share.

(C) The authorization to carry out the Third Phase of the Repurchase Program shall be valid during the period starting on September 1st, 2009 and ending on February 28th, 2010 (both dates included). After such period shall have elapsed, this authorization will no longer be effective.

2. Authorize the Board of Directors to (i) dispose of the shares within the two (2) years following their acquisition, according to the provisions of Article 63 of the Capital Markets Law, including the reduction of the paid-in capital through the redemption and annulment of the acquired shares, if such acquisition shall have been made with funds from earned surplus; or (ii) reduce the paid-in capital of the Company through the redemption and annulment of the acquired shares, within the six (6) following months to the date of the Shareholders' Meeting (September 1st, 2009), if the acquisition shall have been made with funds other than funds from earned surplus. In any event of reduction of the paid-in capital through the redemption or annulment of the shares acquired as a result of the implementation of the Third Phase of the Repurchase Program of the Company's Shares, the Board of Directors is fully authorized to implement such reduction without the need to previously call a Shareholders' Meeting, as well as to make any amendments to Article Fourth of the Articles of Incorporation/Bylaws of the Company, titled "Capital and Shares".

Caracas, July 28th, 2009.

THE BOARD OF DIRECTORS