

**REPORT SUBMITTED BY THE BOARD OF DIRECTORS OF SIDERÚRGICA  
VENEZOLANA "SIVENSA" S.A. TO THE CONSIDERATION OF THE SPECIAL  
SHAREHOLDERS' MEETING TO BE HELD ON JULY 28, 2008  
REGARDING THE DECLARATION AND PAYMENT OF A CASH DIVIDEND**

Ladies and Gentlemen:

The Board of Directors of Siderúrgica Venezolana "Sivensa", S.A. at its special meeting of July 2, 2008, agreed to submit to the Special Shareholders' Meeting a proposal for the declaration and payment of a cash dividend in the amount of One Bolivar and twenty-five centimes (Bs. 1.25) per share, to be charged against the retained and not distributed profits corresponding to the fiscal year ended September 30, 2007.

If the Shareholders' Meeting approves this proposal, it is requested that it delegates upon the Company's Board of Directors the fixing of the date of payment of such dividend, including the determination of the Final Trading Date with Rights (*Fecha Límite de Transacción con Beneficio*), upon the terms set forth in the "Rules regarding the Information on the Payment of Dividends to be furnished by Companies that make Public Offerings of their Shares," issued by the National Securities Commission pursuant to Resolution No. 110-2004 of August 11, 2004, published in Official Gazette No. 38.007 of August 24, 2004." This Final Trading Date with Rights shall be subsequent to the date of distribution of the shares that are to be issued to substitute the dividend in kind, accorded by the Annual Shareholders' Meeting of November 30, 2007.

Caracas, July 3, 2008

The Board of Directors