

FITCH PLACES SIDETUR'S RATINGS ON RATING WATCH NEGATIVE

Fitch Ratings-Chicago/Caracas-03 November 2010: Fitch Ratings has placed the ratings of Siderurgica del Turbio S.A. (Sidetur) on Rating Watch Negative. The Negative Watch follows the announcement made by the Venezuelan government on Oct. 31, 2010 that it is taking swift action to nationalize Sidetur and its subsidiaries. Sidetur is a 100% owned subsidiary of Siderurgica Venezolana S.A. (Sivensa). Fitch rates Sidetur's US\$100 million 10% senior unsecured notes due 2016 issued through its wholly-owned subsidiary Sidetur Finance B.V. 'B+/RR4'. A full list of Sidetur's ratings is listed below.

The Negative Watch reflects the uncertainty regarding the exact time by which the nationalization will be completed and its impact on the company's operations during this process. This uncertainty will negatively affect labor productivity and the fluidity of day-to-day relationships with the company's suppliers, customers and banking institutions that provide it with working capital financing.

Based on Fitch's experience, the government of Venezuela has not prevented payment of debt obligations of strategically important nationalized companies and nothing has occurred so far to suggest that the government will act differently in this case. However, Fitch will closely monitor the unfolding of Sidetur's nationalization process to ascertain whether full government support is forthcoming to resolve the Negative Watch. Sidetur is a relatively small long-steel company, albeit with a 40% market share in the domestic rebar market, and may not receive the same level of government support as previously nationalized, more strategic companies.

Sidetur's next interest and amortization payment is due Jan. 20, 2011. During the third quarter of 2010, Sidetur paid US\$2.5 million of principal. During the nine month period to June 30, 2010, the company also paid US\$6.8 million in interest. The company has a debt service reserve account in place for the amount of US\$7.6 million to meet the next two amortization payments due in January and April 2011.

Fitch places the following Sidetur ratings on Rating Watch Negative:

Sidetur S.A.

--Foreign currency Issuer Default Rating (IDR) 'B+';

--Local currency IDR 'B+';

--USD100 million unsecured notes due 2016 issued by Sidetur Finance B.V., a wholly owned subsidiary of Sidetur, 'B+/RR4';

--National scale rating 'A+(ven)';

--National short-term rating 'F1(VEN)'.

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Additional information is available at 'www.fitchratings.com'.

Applicable Criteria and Related Research:
--'Corporate Rating Methodology' (Aug. 13, 2010).

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Corporate Rating Methodology
http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=546646

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