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## Vale concludes aluminum portfolio management

Vale informs that it has concluded the transaction announced on May 2, 2010, with Norsk Hydro ASA (Hydro), a company listed on the Oslo Stock Exchange and the London Stock Exchange (ticker symbol: NHY), transferring its stakes in Albras - Alumínio Brasileiro S.A. (Albras), Alunorte - Alumina do Norte do Brasil S.A. (Alunorte) and Companhia de Alumina do Pará (CAP), along with its respective off-take rights and outstanding commercial contracts and net debt of US\$ 655 million for 22% of Hydro's common shares outstanding after the shares issued by Hydro today, and US\$ 503 million in cash, after adjustments.

In addition, Vale formed a newly incorporated Mineração Paragominas S.A (Paragominas) and transferred the Paragominas bauxite mine and all its other Brazilian bauxite mineral rights to this new company. As part of the transaction, Vale sold 60% of Paragominas to Hydro for US\$ 578 million in cash, after working capital adjustments, and the remaining 40% will be sold in two equal tranches of 20% in 2013 and 2015, for US\$ 200 million in cash each. Under the terms of the agreement, Vale, through its wholly owned subsidiaries, transferred to Hydro: (i) 51% of the total capital of Albras; (ii) 57% of the total capital of Alunorte; (iii) 61% of the total capital of CAP; and sold (iv) 60% of the total capital of Paragominas, in which Vale remains with 40% equity interest until it is fully divested until 2015.

Vale, through its wholly owned subsidiaries, subscribed 447,834,465 Hydro shares or 22% of the 2,035,611,206 shares outstanding, valued at approximately US\$ 3.5 billion according to Hydro's closing share price and NOK exchange rate on February 25, 2011. Pursuant to the transaction agreements, Vale cannot divest its shares during a two-year lock-up period after the closing or increase its ownership in Hydro beyond its 22% stake.

As part of the agreement, Vale is entitled to have one representative on Hydro's Board of Directors. Tito Martins, our Executive Officer of Base Metals Operations, has been elected as a board member and joined Hydro's board with the completion of the transaction.

The combination of Vale and Hydro assets creates one of the world's largest and most competitive integrated aluminum companies, with growth potential and access to large bauxite reserves, captive power generation at competitive prices and technological expertise.

Vale is engaged in active portfolio asset management, which is one of the pillars of our strategy to create value on a sustainable basis. Given that Vale remains exposed to the aluminum business through a significant stake in the combined company, we strongly believe that this transaction will create substantial value for our shareholders.

### More information



#### Mônica Ferreira

monica.ferreira@vale.com

Rio de Janeiro

+55 (21) 3845-3636

#### Fatima Cristina

fatima.cristina@vale.com

Rio de Janeiro

+55 (21) 3485-3621

