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## Vale enters into a leasing contract for a pellet plant

Vale hereby announces that it has signed a five-year leasing contract involving a pellet plant located in the port of Tubarão, in Vitória, in the Brazilian state of Espírito Santo, of its affiliated company Companhia Coreano Brasileira de Pelotização - Kobrasco (Kobrasco), to be effective from June 1, 2008.

Kobrasco is a joint venture between Vale and POSCO - the largest steel producer in South Korea and one of the largest in the world. Both companies hold a 50% stake in Kobrasco, which main activity is the production and sale of iron ore pellets. In 2007, Kobrasco produced 4.9 million metric tons of iron ore pellets and had net earnings of US\$ 38 million.

Under the lease contract Vale has agreed to make an annual payment to guarantee POSCO the same level of the current profitability. Vale will consolidate 100% of Kobrasco's pelletizing operations in its financial statements, which will contribute to simplify and to increase transparency of our operational and financial reporting.

This transaction follows the announcement made in April 30, 2008, related to the leasing of the two pellet plants of Nibrasco. Both transactions are consistent with Vale's continuous search for opportunities to maximizing shareholder value creation. In these cases we are increasing our exposure to the iron ore business and capturing synergies in the port of Tubarão, which includes the resulting improvement of efficiency of operational assets and processes.

### More information



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