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Vale signs leasing contract with Itabrasco

Vale hereby announces that it has signed a leasing contract involving a pelletizing plant located in Tubarão complex, in Vitória, in the Brazilian state of Espírito Santo, with its affiliated company Companhia Ítalo Brasileira de Pelotização - Itabrasco, for a period of 10 years, as from October 1, 2008.

Itabrasco, which main activity is the production and sale of iron ore pellets, is a joint venture between Vale and Ilva International S.p.A. (Ilva) - the largest steel producer in Italy and one of our largest clients for pellets - each with a 50.9% and 49.1% stake, respectively. In 2007, Itabrasco produced 4.0 million metric tons of iron ore pellets and had net earnings of US\$ 35 million.

As an outcome of negotiations, Vale has agreed to pay for the leasing an annual payment in order to guarantee Ilva the same level of profitability. Consequently, Vale will consolidate 100% of Itabrasco's pelletizing operations in its financial statements, simplifying its financial report.

The leasing of Itabrasco follows the announcement made in April 30, 2008 and May 9, 2008 related to the leasing of Nibrasco and Kobrasco. These 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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