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Vale signs leasing contract with Nibrasco

Vale hereby announces that it has signed a leasing contract involving two pelletizing plants located in Tubarão complex, in Vitória, in the Brazilian state of Espírito Santo, with its affiliated company Companhia Nipo Brasileira de Pelotização - Nibrasco (Nibrasco), due to 30 years, as from May 1, 2008.

Nibrasco, in which Vale and Japanese's shareholders - Nippon Steel Corporation (NSC), JFE Steel Corporation (JFE), Sumitomo Metal Industries (Sumitomo), Kobe Steel Ltd. (Kobe), Sojitz Corporation (Sojitz) and Nisshin Steel Co. Ltd. (Nisshin) - have stake of 51% and 49%, respectively, produces and sells iron ore pellets. In 2007, Nibrasco had an output of 9.0 million metric tons of iron ore pellets and achieved net earnings of US\$ 24 million.

As an outcome of negotiations, Vale has agreed to pay for the leasing an annual payment in order to guarantee shareholders' the same level of profitability, disregarding the leasing, and the proportional division of synergies obtained by Vale with this leasing transaction. Consequently, Vale will consolidate 100% of Nibrasco's pelletizing operations in its financial statements, simplifying its financial report.

This decision is consistent with our strategy of searching continuously maximization of shareholder value creation, in this case, through increasing our exposure to iron ore business and capturing synergies in Tubarão complex, including improving efficiency of operational assets and processes.

More information



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