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Vale will operate the FNS

Companhia Vale do Rio Doce (Vale) announces that at 10:00am, Brazil time, at the São Paulo Stock Exchange (Bovespa), it won the auction for the sub-concession for commercial exploitation of a 720 km stretch of the North-South railroad (FNS), running from Açailândia, State of Maranhão, to Palmas, State of Tocantins, in Brazil.

Vale will pay R\$ 1,478,205,000 (one billion, four hundred and seventy eight million and two hundred and five thousand Brazilian reais) in three installments. The first installment, equal to 50% of the total amount, will be due on the day of the signing of the contract, occurring in the next 60 days. The second installment, equal to 25% of the total amount is scheduled to be paid in December 2008, while the last installment will be paid at the time of the completion of the last part of the railroad. Between 2007 and 2010, Vale is likely to invest an additional R\$ 66 million in the railroad infrastructure (traffic signs, repair shops, filling stations, etc.).

Vale will be responsible for the operation, maintenance, control, and improvements of the FSN for 30 years.

Vale has operated the FNS since 1996, through a 225km railroad stretch, linking the cities of Açailândia and Estreito in the State of Maranhão. At Açailândia, the FNS links to the Carajás railroad (EFC), enabling access to the port of Itaqui, in São Luís, where Vale operates the Ponta da Madeira maritime terminal.

Valec, a state-company run by the Transport Ministry, which is the holder of the concession and the entity responsible for building the railroad, has already built a railroad stretch of 133.5km between Estreito and Araguaína, State of Tocantins. A railroad stretch with an extension of 213.2 km, linking the cities of Araguaína and Guaraí, both located in the State of Tocantins, is currently under construction with an expected conclusion in December 2008. Lastly, Valec has to complete the final railroad stretch of 148.3 km linking the cities of Guaraí and Palmas by December 2009.

This project will open up a new corridor for the transportation of general cargo, mainly for the export of soybeans, rice and corn, produced in the Center-North region of Brazil. It will also contribute for the development of the State of Maranhão's port system through the creation of 50,000 jobs. The FSN will use biodiesel fuel, reaffirming Vale's commitment to preserve and protect the environment.

Vale's participation in this project is a clear demonstration of its commitment to invest not only on its own infrastructure, but also in the country's infrastructure, in line with the main logistics businesses of Vale, which transport and handle general cargo for clients.

More information



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