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## Vale settles 2008 benchmark iron ore fines prices with Baosteel

Companhia Vale do Rio Doce (Vale), the world's largest iron ore producer, concluded the iron ore fines price negotiations for 2008 with Baosteel (Baosteel), the largest Chinese steelmaker, that represents all the Chinese steelmakers.

As an outcome of these negotiations, the iron ore prices for Southern System fines (SSF), FOB Tubarão, increased by 65% relatively to 2007. At the same time, due to its recognized superior quality, it was agreed that the price for Carajás iron ore fines (SFCJ) will have a premium of US\$ 0.0619 per dry metric ton Fe unit over the 2008 price for SSF.

Therefore, the new reference prices per dry metric ton Fe unit for 2008 are US\$ 1.1898 for SSF and US\$ 1.2517 for SFCJ.

The magnitude of the price increase for 2008 reflects the continuity of very tight conditions still prevailing in the global iron ore market.

The iron ore price settlement with large high-quality companies and traditional customers such as Baosteel is an evidence of our commitment to the benchmark pricing system, respecting the weight of the long-term relationship and trust involved in these negotiations.

Vale reinforces its commitment with customers, investing a substantial amount of resources in increasing production capacity. Despite the sharp rise of investment and operational costs, the Company has managed to expand iron ore production at an average annual rate of 14.1%, between 2001 and 2007. Currently, we are developing projects to add new capacity of high quality iron ore to meet our client needs, aiming to reach a production capacity of 450 million metric tons per year by the end of 2012, which will require substantial investment in new mines and the enlargement of our railroad and port infrastructure.

### More information



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