

Staying strong in a world of changes



New York
May 20, 2008

Disclaimer



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Agenda



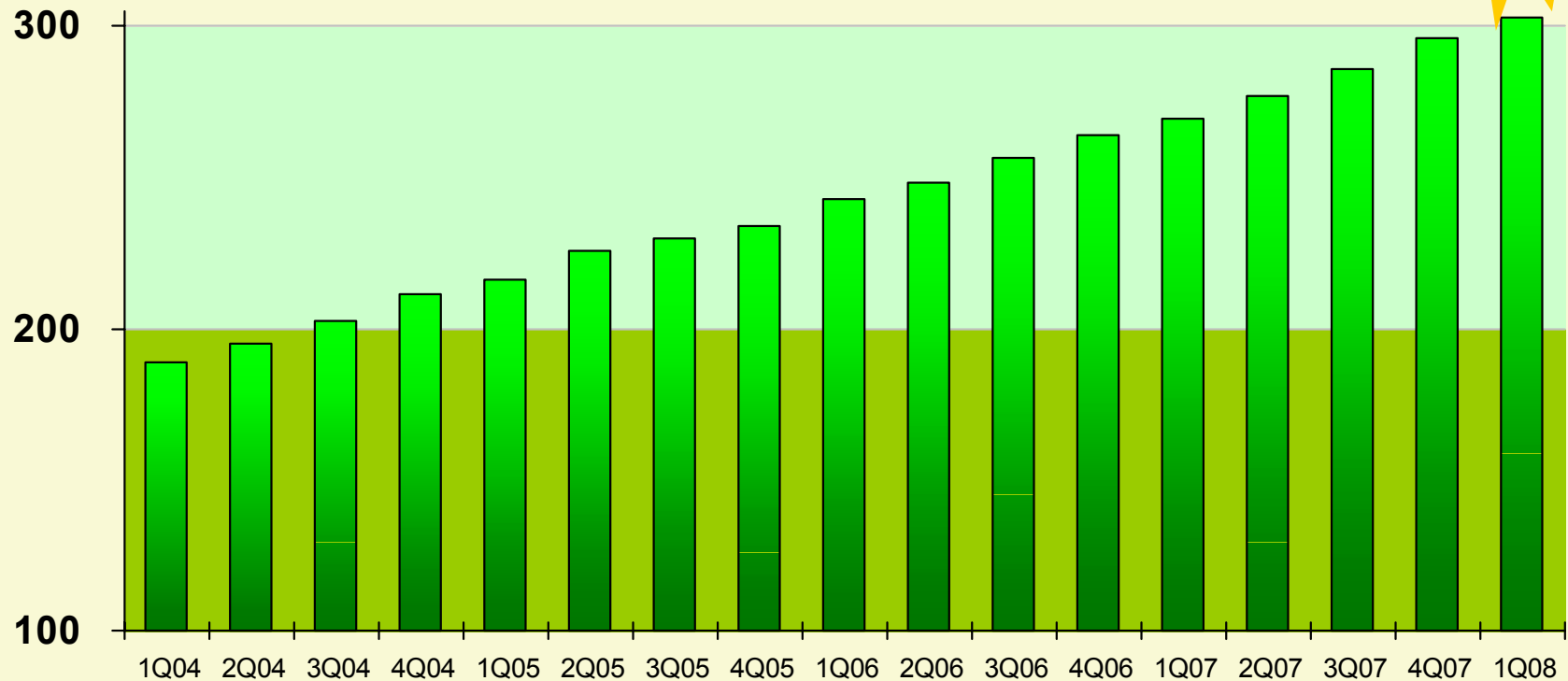
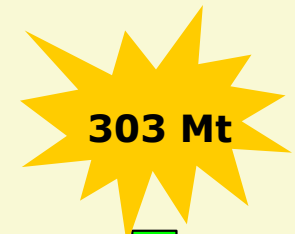
- **A solid performance**
- **The cycle has gained momentum**

A solid performance

Increasing our exposure to the cycle: exceeding the 300 Mt mark for iron ore output



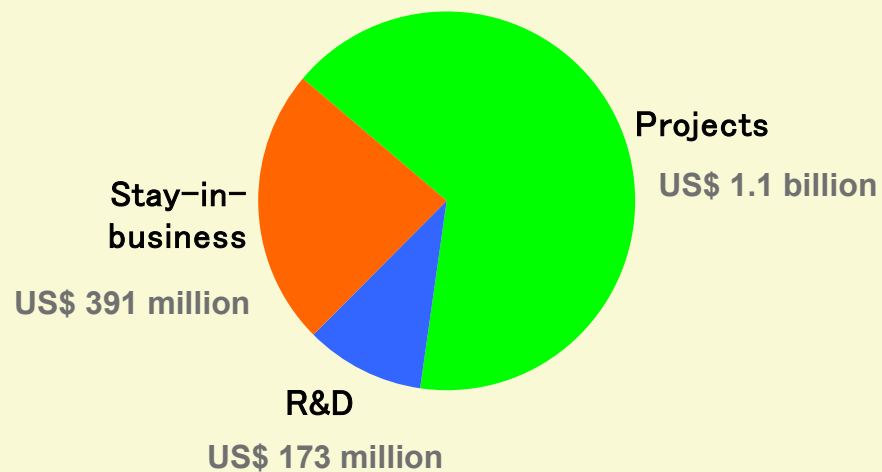
LTM iron ore production
Million metric tons (Mt)



Delivering new value creation platforms

- Fazendão 15.8 Mtpy of iron ore (ROM)
- Samarco III 7.6 Mtpy of pellets
- Dalian 35,000 tpy of finished nickel

Capex 1Q08 US\$ 1.7 billion

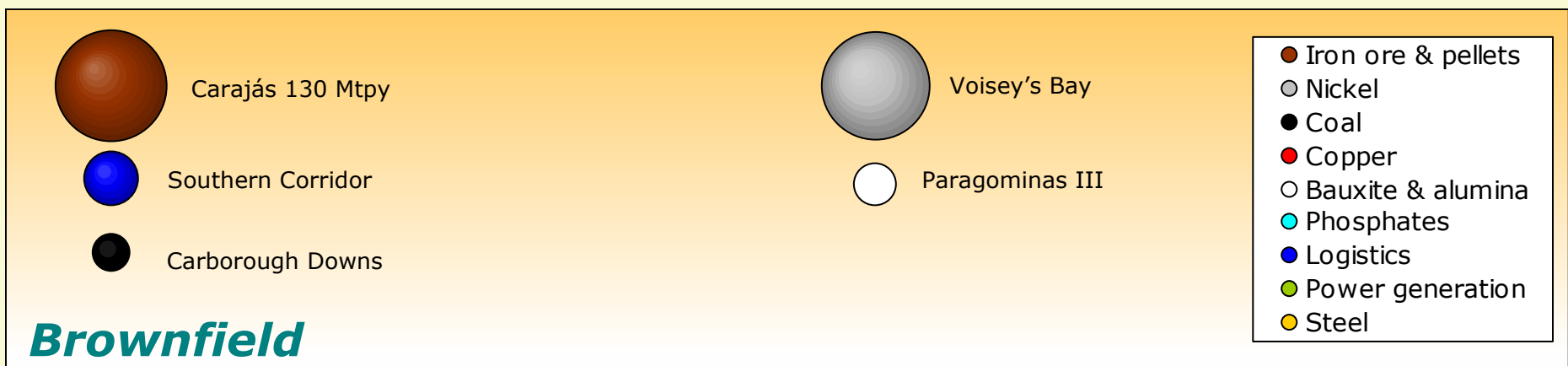
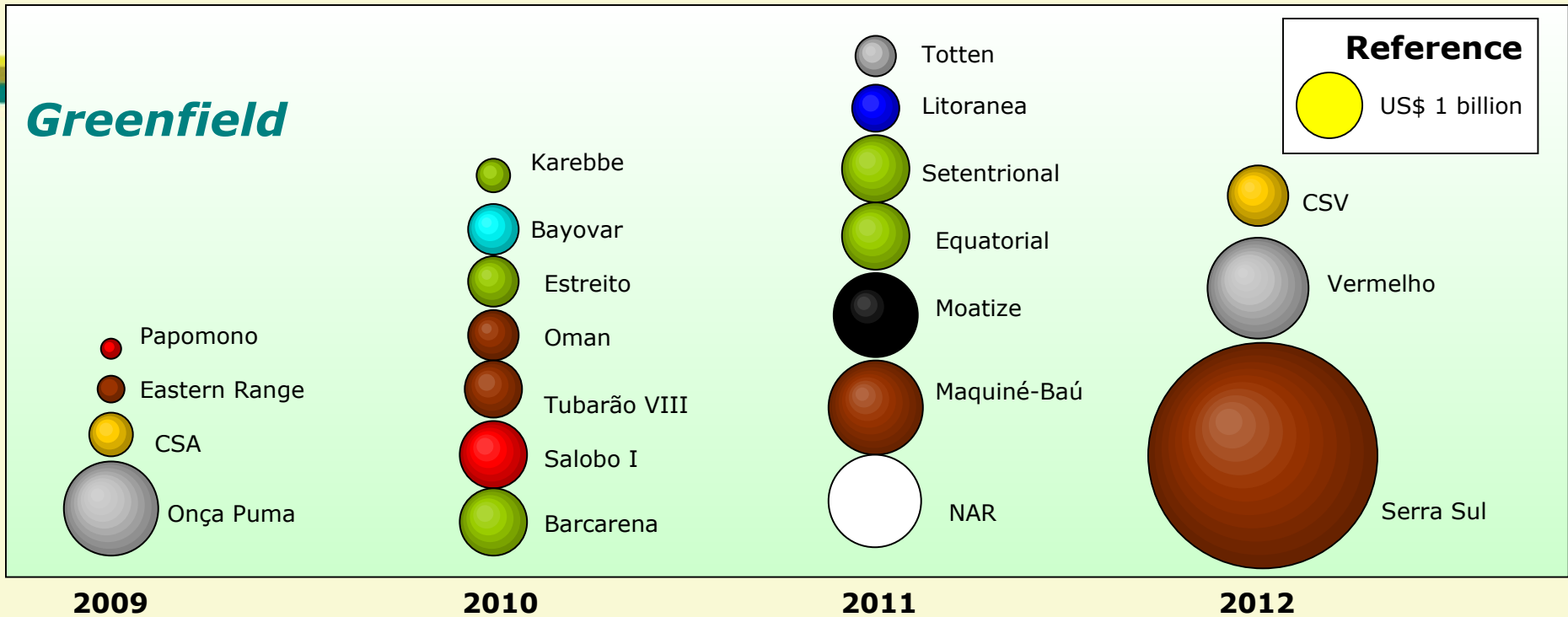


There is more to come in 2008 ...



■ Pellets	Itabiritos	Brazil	7.0 Mtpy
■ Bauxite	Paragominas II	Brazil	4.5 Mtpy
■ Alumina	Alunorte 6 & 7	Brazil	1.9 Mtpy
■ Copper	UHC	Brazil	10,000 tpy
■ Nickel	Goro	New Caledonia	60,000 tpy Ni 4,600 tpy Co

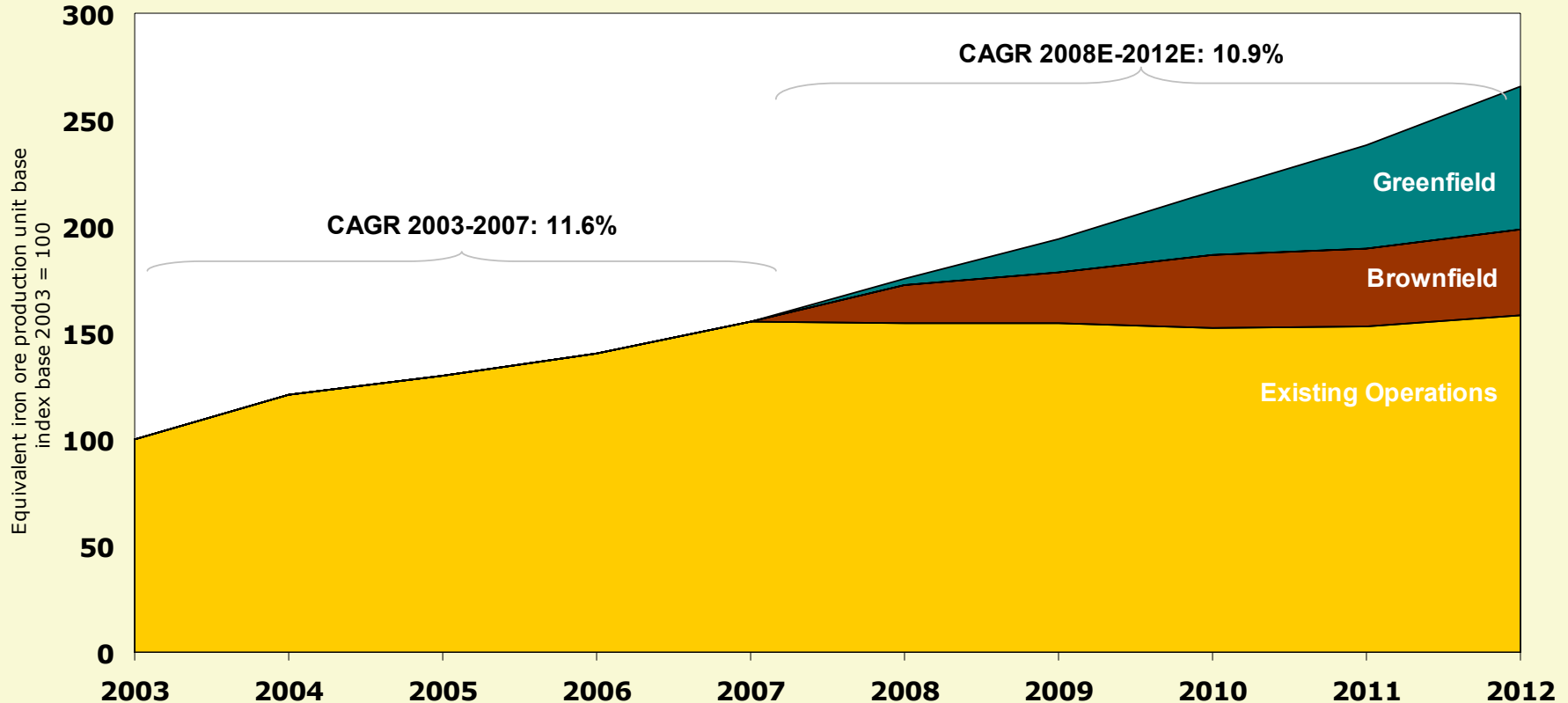
... while we continue to develop a large world-class worldwide pipeline of projects



Execution of the organic growth pipeline will keep the high growth path



Vale aggregate production growth¹

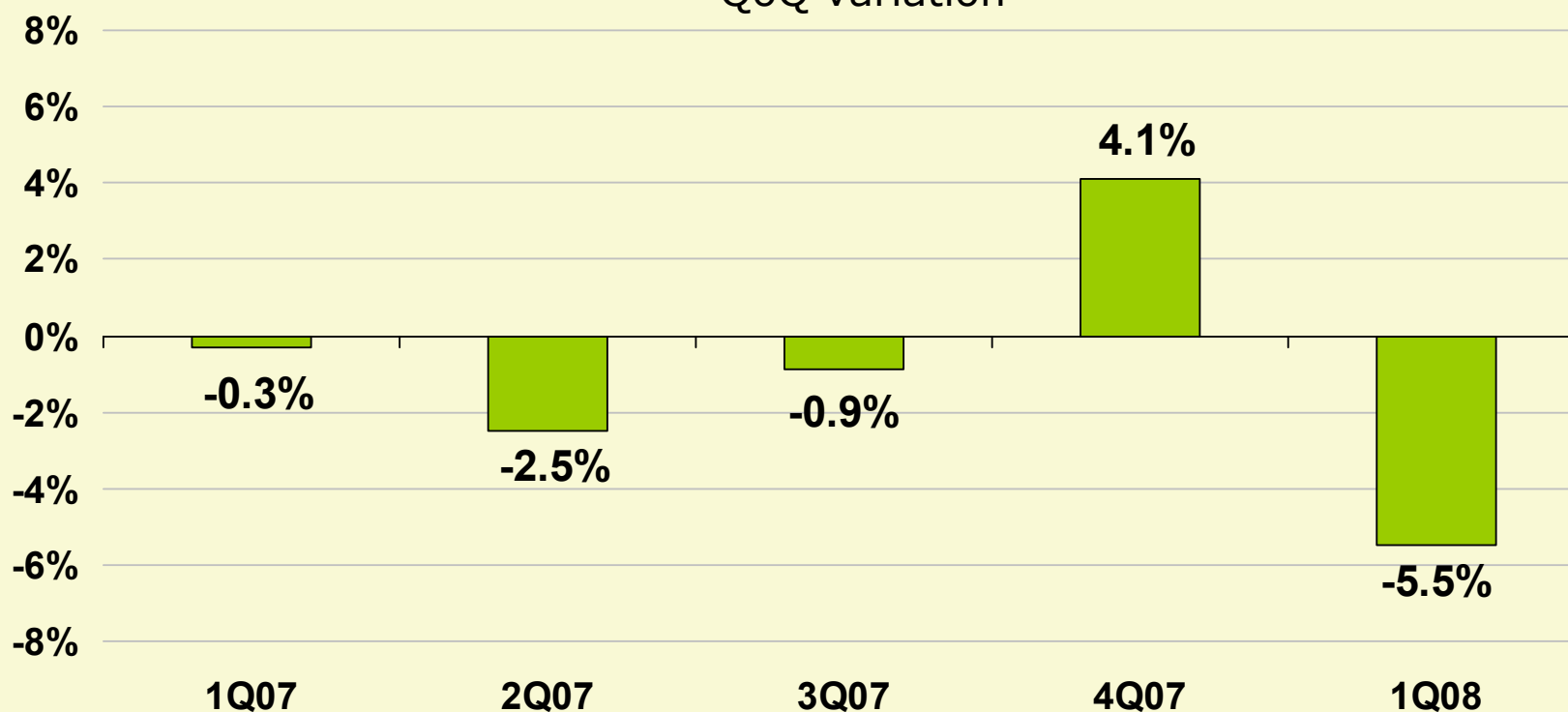


¹ index encompassing the production of all products produced by Vale, base 2003 = 100.

Our cost cutting efforts are paying off amidst an environment conducive to rising costs

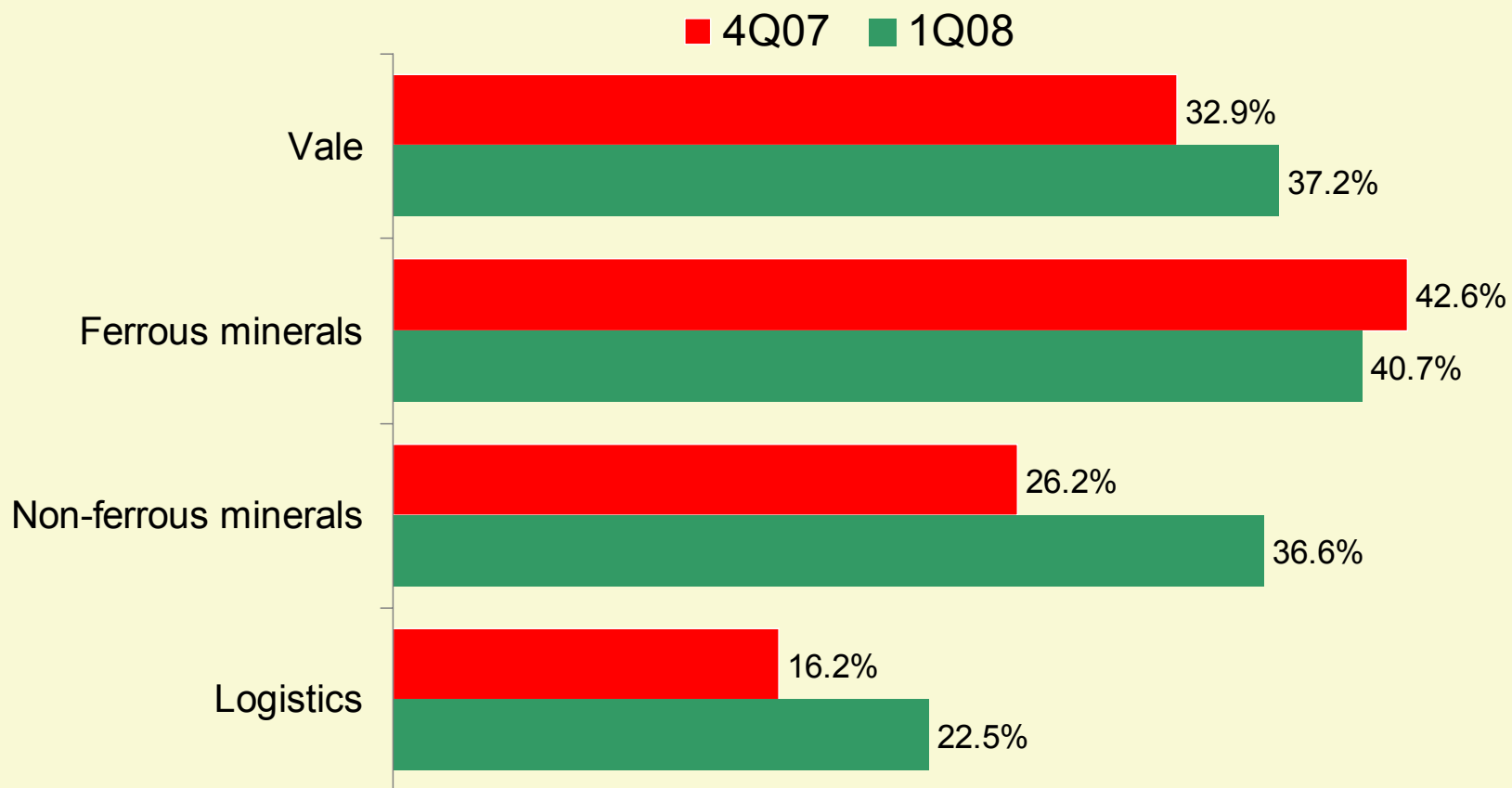


Cost per output unit¹ QoQ variation



¹ COGS discounting the effects of depreciation and currency volatility

Operational margins on the rise

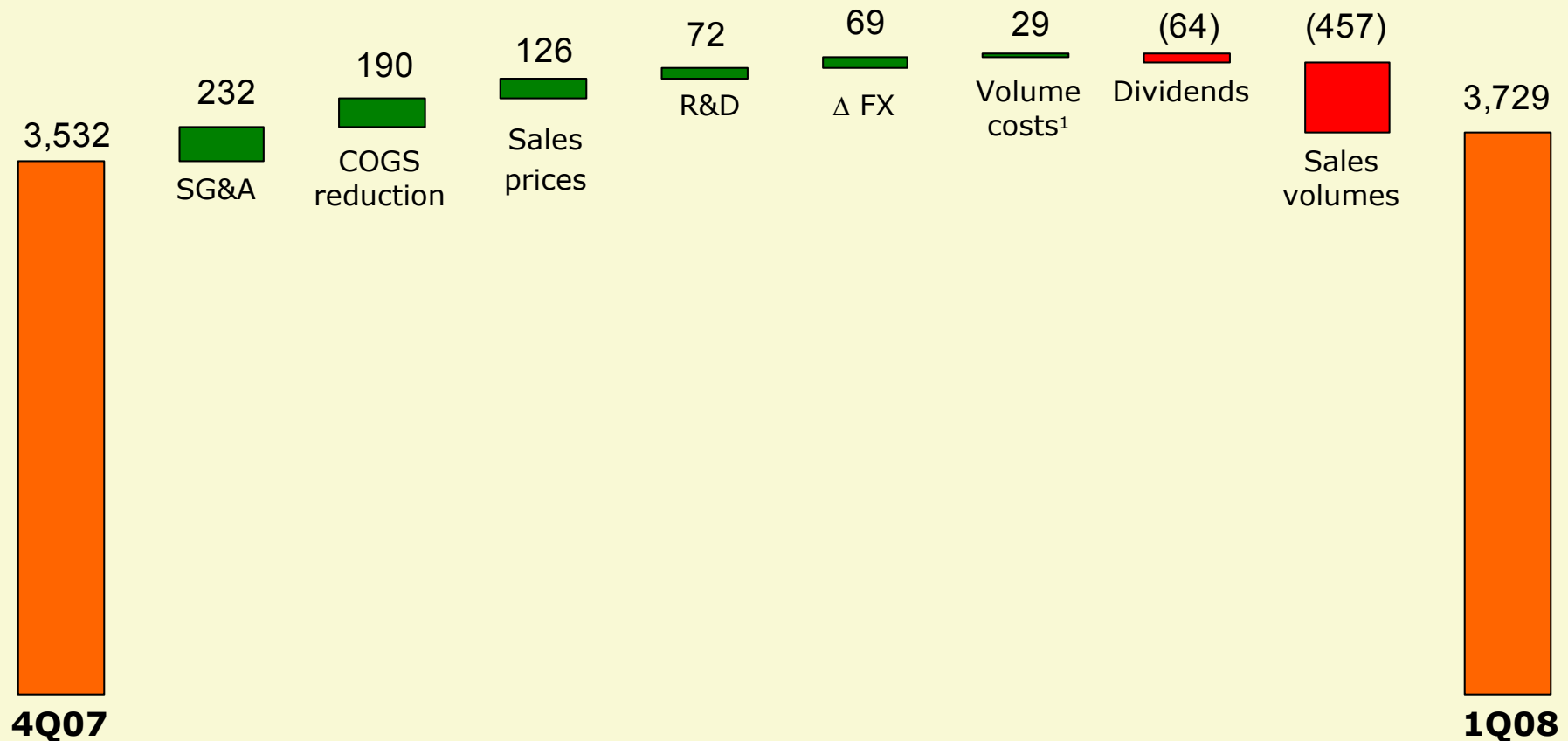


Despite seasonally low sales volumes, adjusted EBITDA showed a 5.6% increase



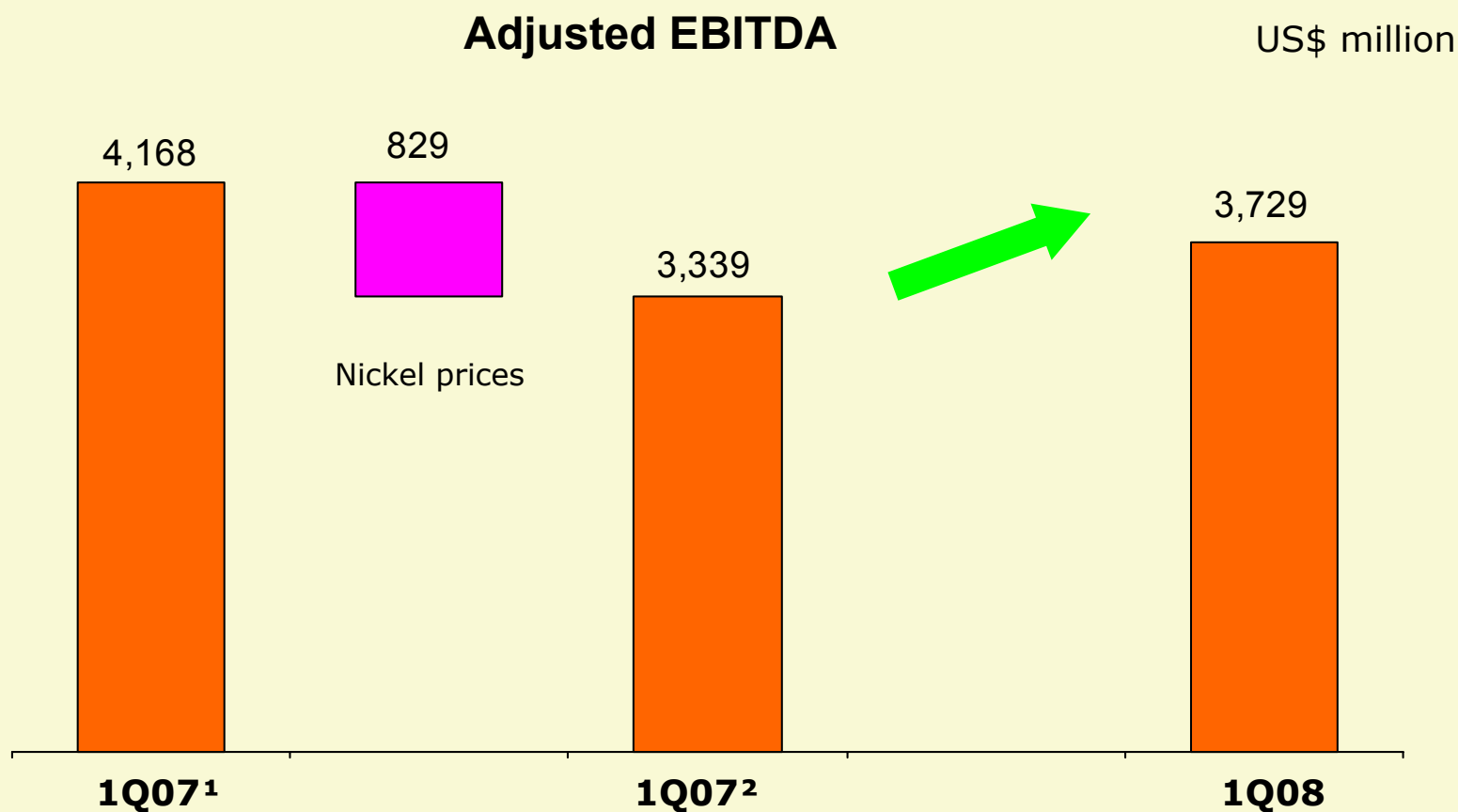
Adjusted EBITDA

US\$ million



¹ cost changes due to production

Adjusted EBITDA decreased on a YoY basis due to the normalization of nickel prices



¹ excluding extraordinary inventory adjustment.

² adjusted EBITDA at 1Q08 nickel average realized prices

Net earnings decreased under the weight of an increase of non-cash charges of US\$ 952 million



LTM net earnings US\$ billion



Impact of non-cash charges



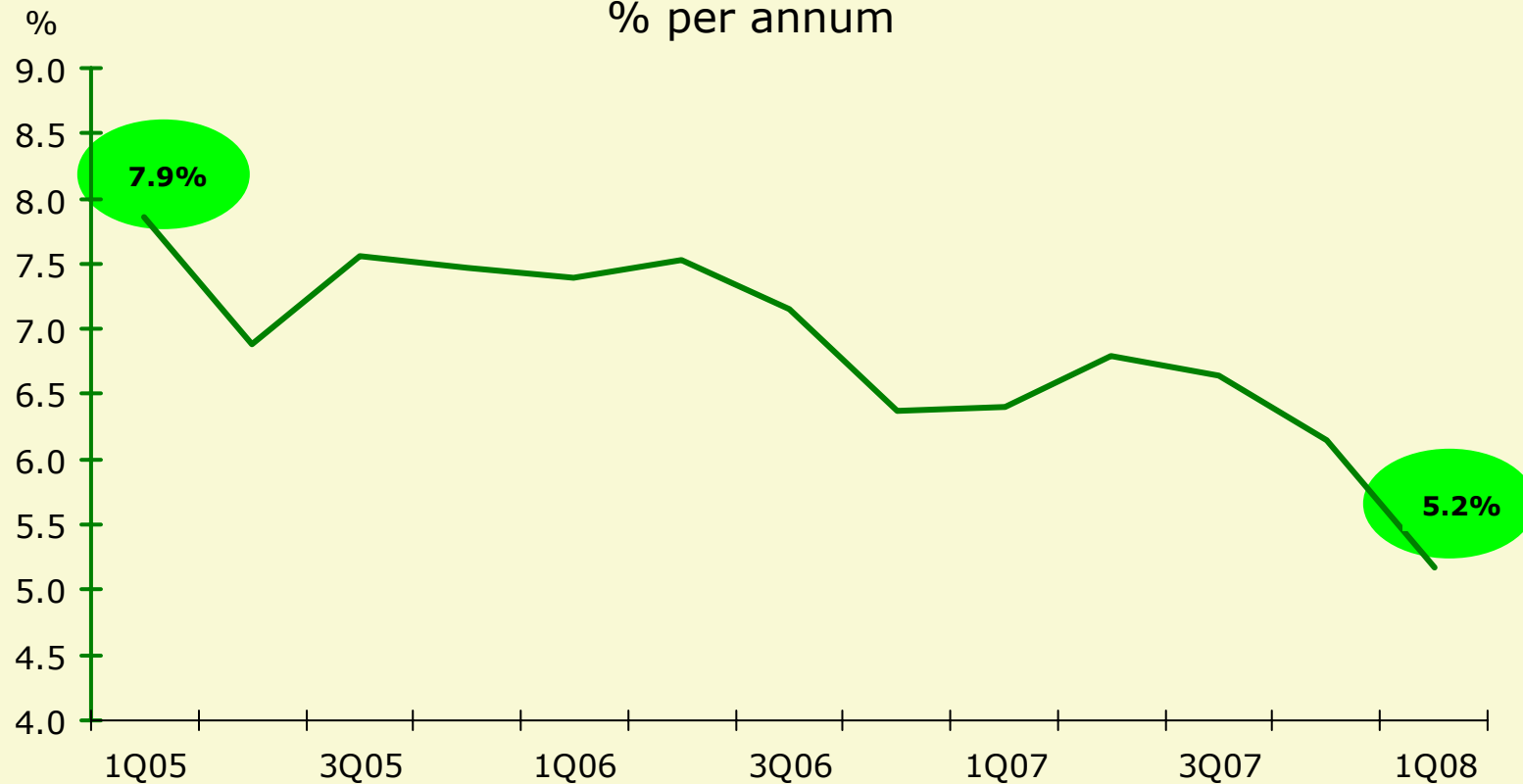
1Q08 x 1Q07 change US\$ million

Monetary variation	659
Swaps	175
Price hedging	228
Mark-to-market	-145
Others	35
Total	952

De-risking our debt: costs in a downward trend



Average cost of debt
% per annum



The cycle has gained momentum

The cycle has gained momentum, with longer term fundamentals remaining strong

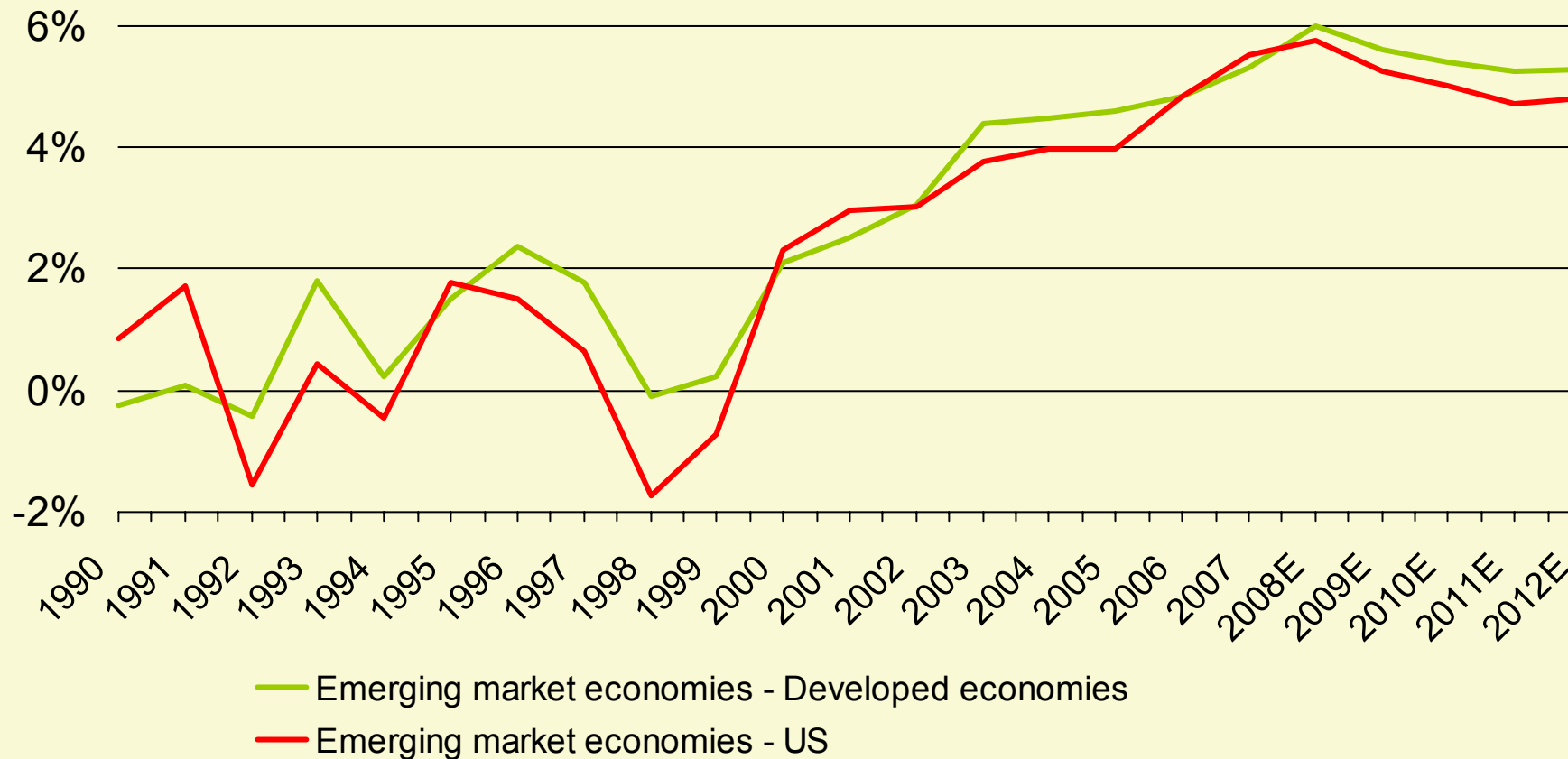


- Demand for minerals and metals continues to increase
- Supply growth faces multiple headwinds
- Large infrastructure spending in emerging markets is the key support to demand growth over the long term
- Homebuilding, industrialization and consumer durables are other important sources of demand growth

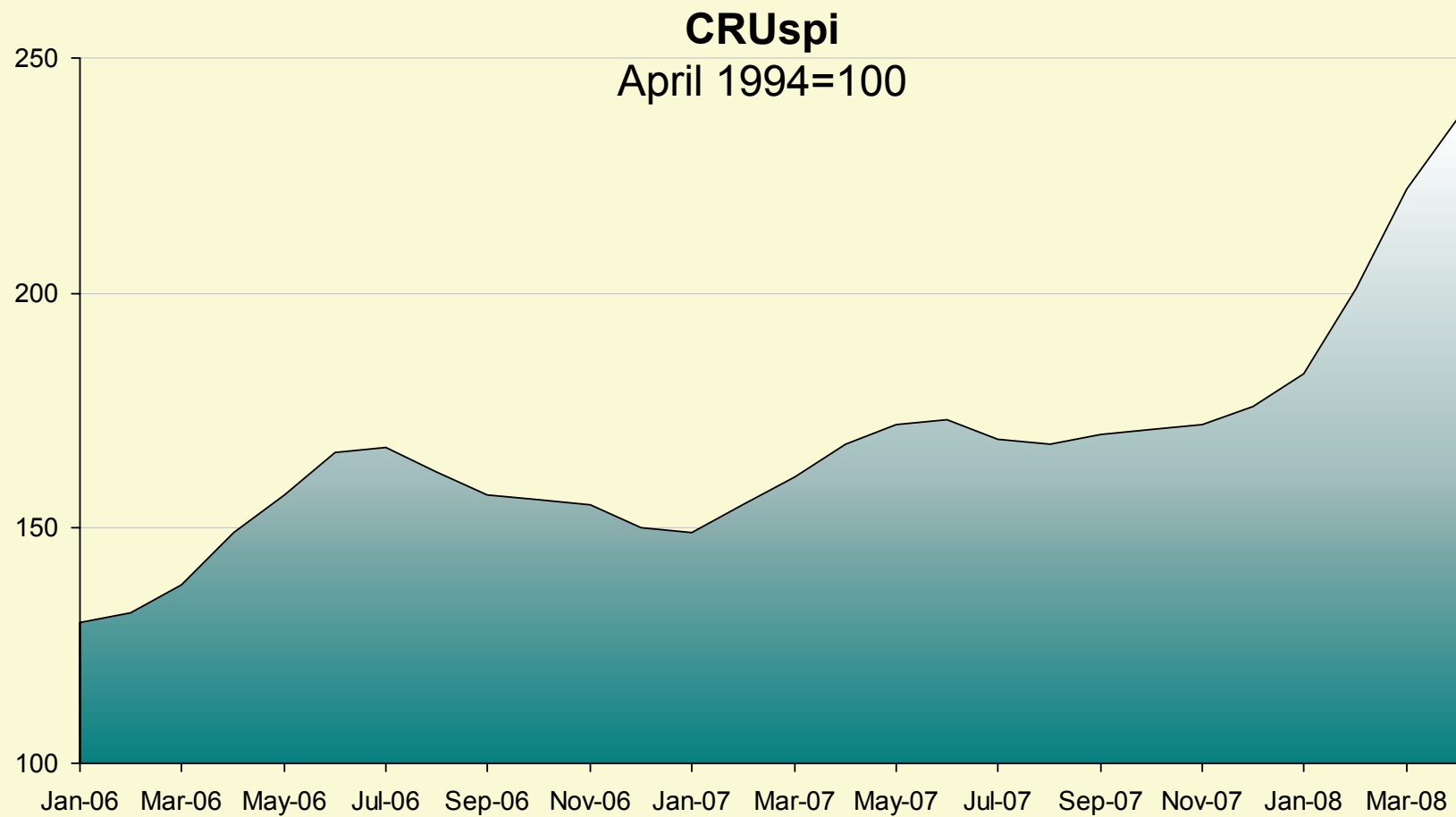
We believe global GDP growth to stay above-trend in 2008-2012. “Relative decoupling” is expected to continue



Difference in GDP growth rates

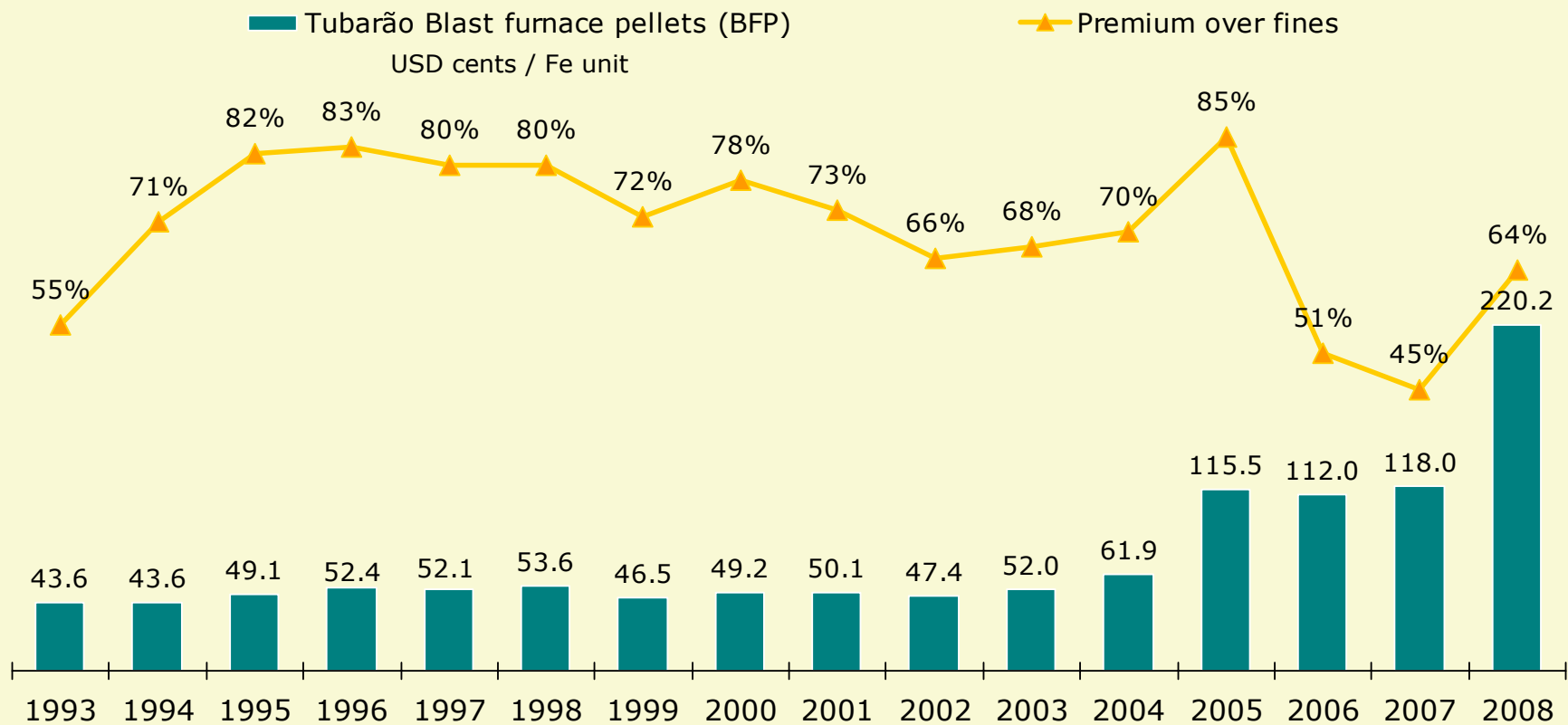


Steel prices rising across the world and reaching all-time highs. Excess demand adding tightness to markets for steelmaking raw materials – iron ore, met coal, Mn alloys



Source: CRU

Premium for BFP over iron ore fines prices returning to normal levels in another signal of market tightness



New projects to exploit the rising global demand for pellets

Delivered	Capacity (Mtpy)	Start-up
■ Zuhai ¹	1.2	January 2008
■ Samarco III ²	7.6	April 2008
To be delivered		
■ Itabiritos	7.0	2H08
■ Tubarão VIII	7.3	2H10
Board approval		
■ Oman	9.0	2H10
Under analysis		
■ China and Malaysia		

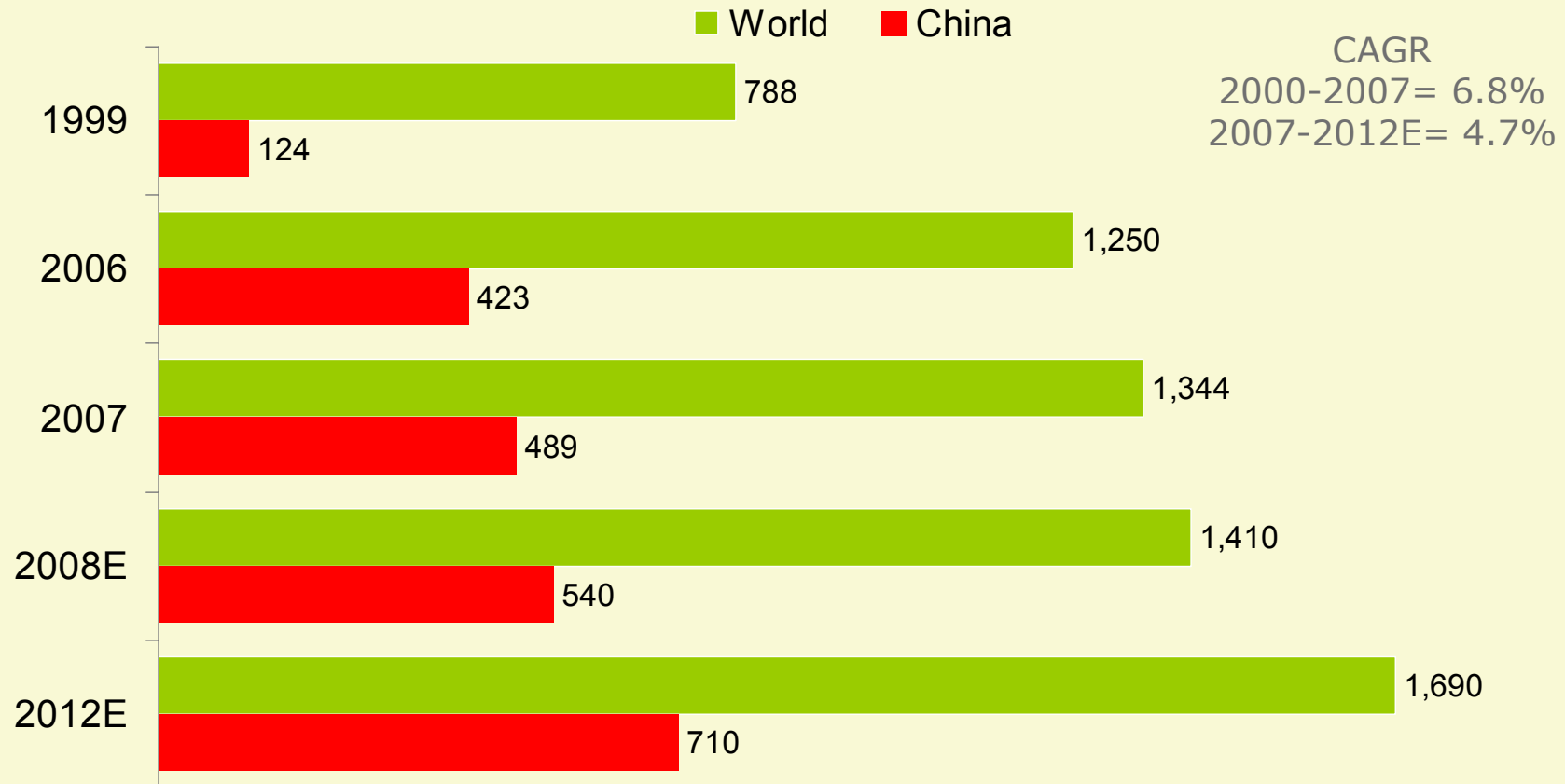
¹ Vale owns a 25% stake. Additional 2.0 Mtpy capacity under analysis.

² Third pellet plant of Samarco, in which Vale owns a 50% stake

Global crude steel production expected to reach 1.7 billion metric tons in 2012, more than twice the levels prevailing by end of the 20th century



Crude steel production (Mt)

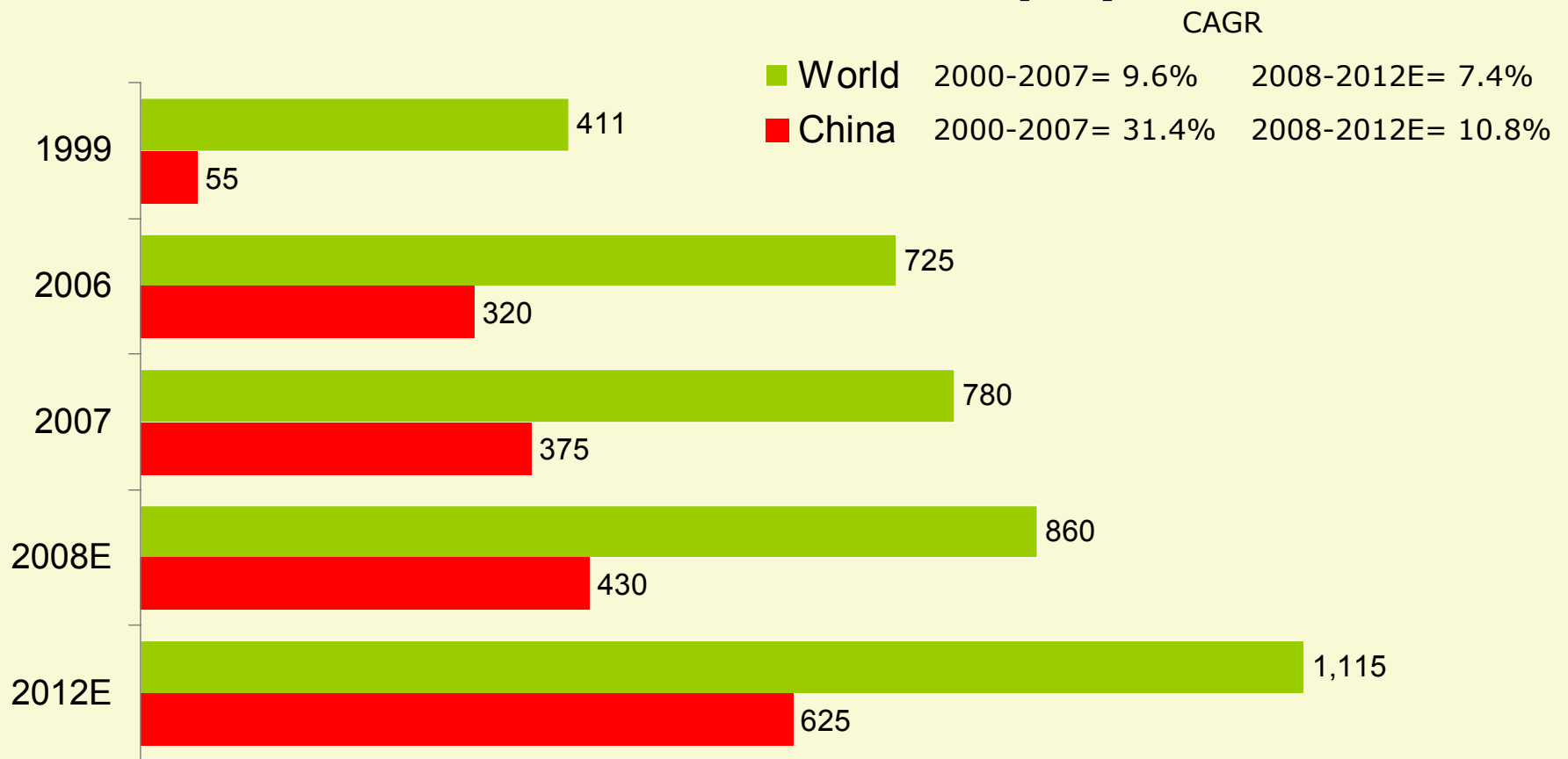


Source: IISI

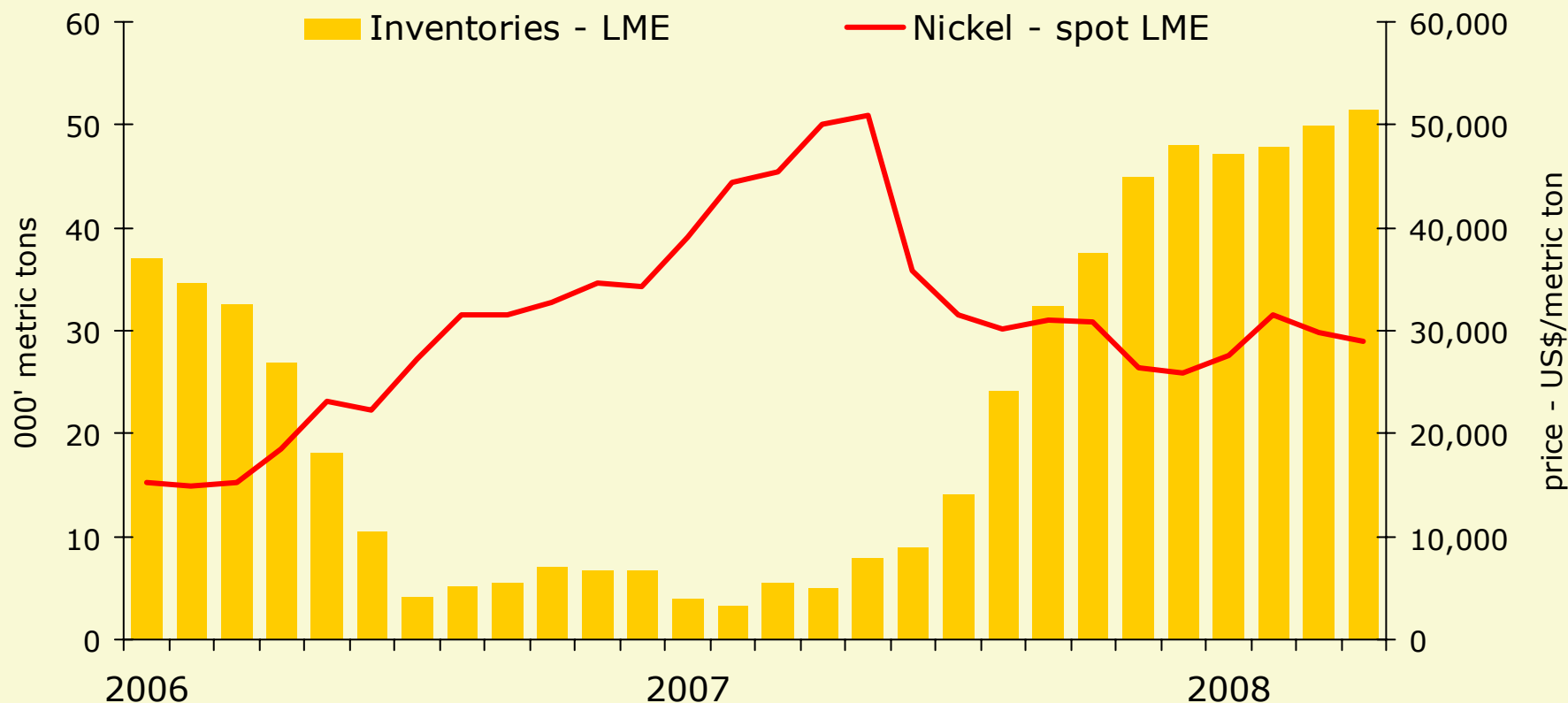
Seaborne iron ore trade is expected to continue to grow faster than global steel output



Seaborne iron ore trade (Mt)



Even though the existence of high inventories, near term prospects for nickel are improving. Stainless steel de-stocking cycle ended and demand from other applications is steady

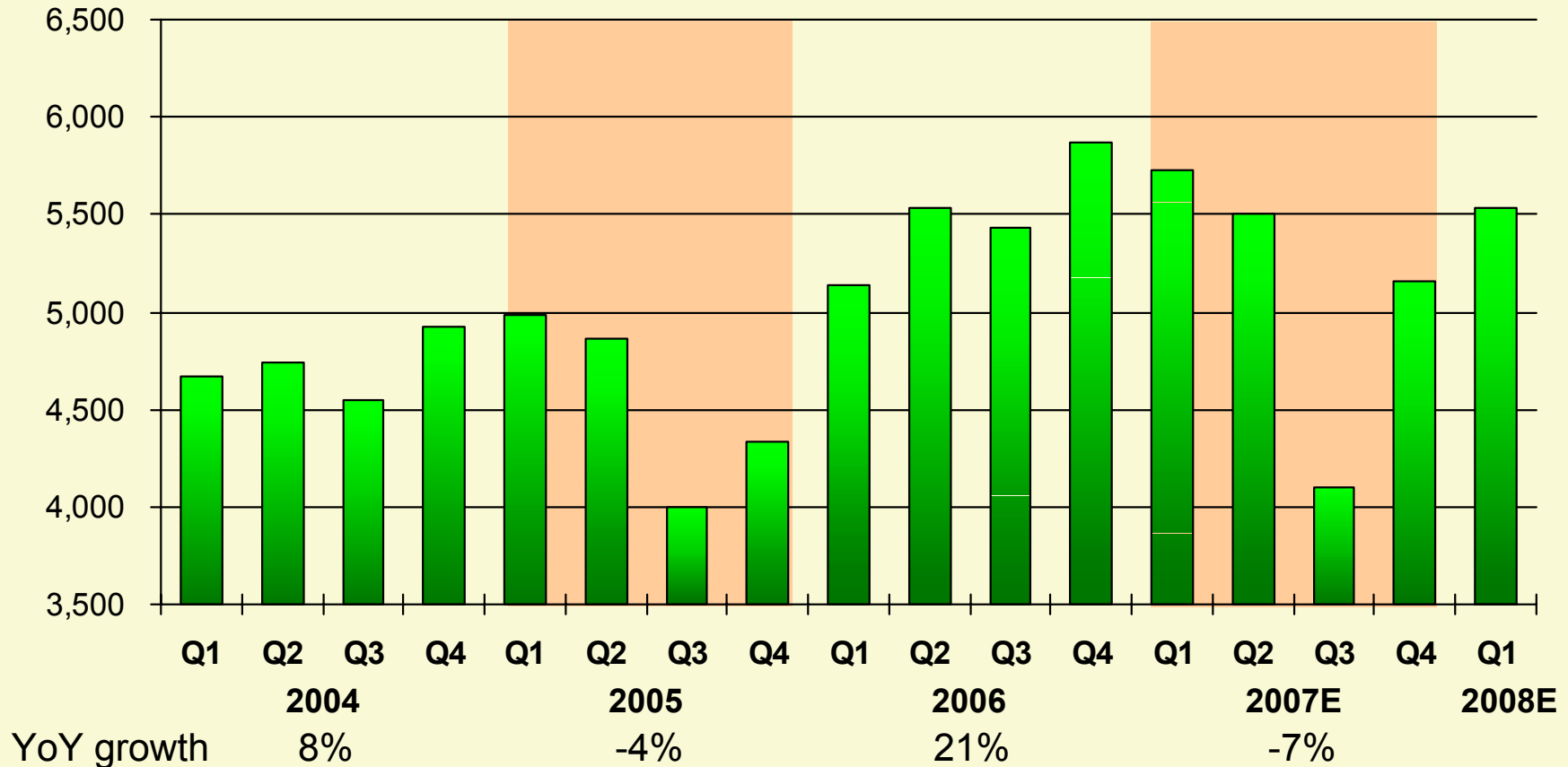


Source: LME

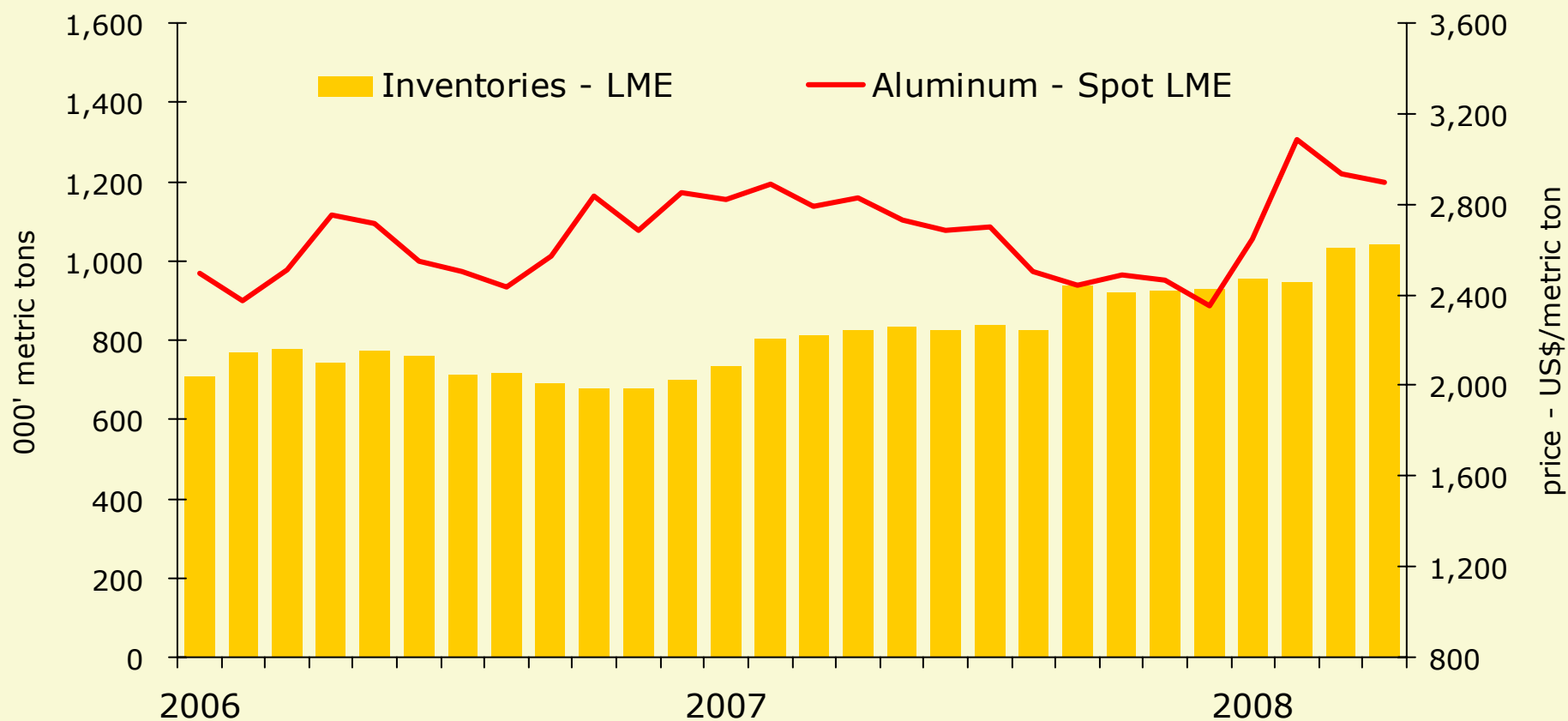
Austenitic production is recovering from the low levels of 3Q07. Substitution pressures subsided and stainless steel output is gradually increasing



World austenitic stainless steel production
1Q04 – 1Q08E

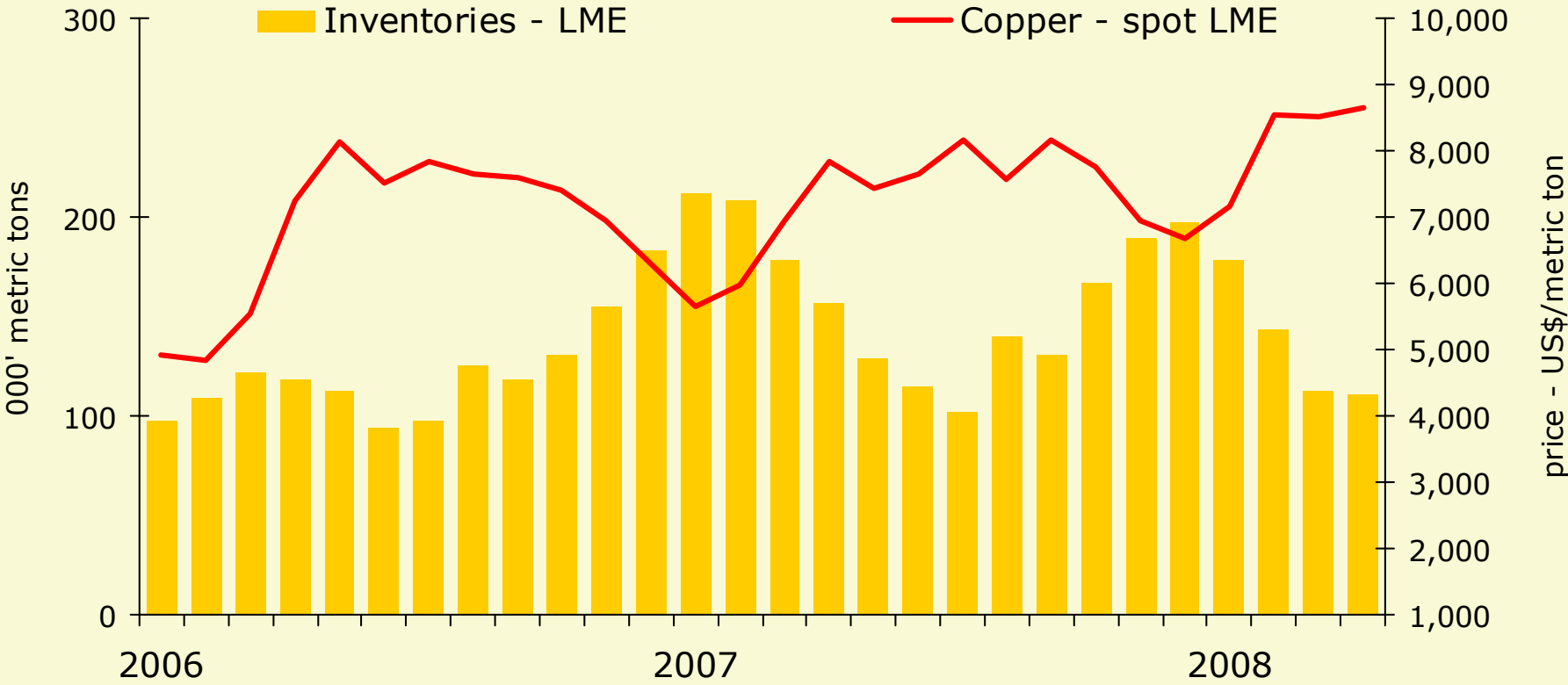


Aluminum prices increased in response to power shortages. Conflict between highly capital intensive projects and high energy costs tends to be solved by higher prices



Source: LME

The combination of production disruptions, low inventories and supply growth constraints creates a high price environment for copper



Source: LME

Vale: a global leader