

PROTOCOL AND JUSTIFICATION OF CONSOLIDATION OF SOCIEDADE DE MINERAÇÃO ESTRELA DE APOLO INTO VALE S.A.

VALE S.A. (“Vale”), a public company with head offices in the City of Rio de Janeiro, State of Rio de Janeiro, at Av. Graça Aranha, number 26, enrolled with the Legal Entities Taxpayers Roll of the Ministry of Finance (CNPJ/MF) under the number 33.592.510/0001-54, with its articles of incorporation filed with the Commercial Registry of the State of Rio de Janeiro – JUCERJA, under the number 33.300.019.766, herein represented in the terms of its Bylaws; and

SOCIEDADE DE MINERAÇÃO ESTRELA DE APOLO (“Estrela de Apolo”), a private company with head offices in the City of Rio de Janeiro, State of Rio de Janeiro, at Av. Graça Aranha, number 26, 1601 - part, enrolled with the Legal Entities Taxpayers Roll of the Ministry of Finance (CNPJ/MF) under the number 07.221.852/0001-58, with its articles of incorporation filed with the Commercial Registry of the State of Rio de Janeiro – JUCERJA, under the number 33.3.0027557-6, herein represented in the terms of its Bylaws and, jointly with Vale (“COMPANIES”),

the COMPANIES have agreed upon signing this **PROTOCOL AND JUSTIFICATION OF CONSOLIDATION OF ESTRELA DE APOLO INTO VALE** (“Protocol”) which consolidates the conditions agreed by the administrators of the COMPANIES, related to the consolidation of Estrela de Apolo into Vale, based on Articles 224 and 225 of Law 6,404, of December 15, 1976 (“Brazilian Corporate Law”) as well as any other further applicable legal dispositions, as per the terms and conditions set out below:

1. Vale is a public company, being the world’s largest producer of iron ore and pellets and one of the largest producers of nickel. It is an important global producer of copper, bauxite, alumina, aluminum, cobalt, coal and manganese among other raw materials important to the global industrial sector. Vale is also the largest logistics player in Brazil.
2. Estrela de Apolo is a private company, which has as its main purposes the exploration and exploitation of mineral deposits located in Brazil, by means

of research, extraction, processing, transportation and commerce of mineral assets, which may be extended to the exportation of such substances and products, as well as the participation in other companies.

3. Whereas Estrela de Apolo is a wholly-owned subsidiary of Vale and there are synergies between the COMPANIES, the consolidation of Estrela de Apolo into Vale is justified as it allows for simplification of the corporate structure as well as optimization of resources and costs.

4. The share capital of Estrela de Apolo is R\$ 4.160,00 (four thousand, one hundred and sixty reais), fully paid in, divided in 41.600 (forty-one thousand and six hundred) common shares, all nominative, with no par value, which are entirely held by Vale, free of any liens or encumbrances.

5. Estrela de Apolo's assets shall be transferred to Vale at the respective book value as the assets and liabilities are valued according to the general accepted accounting principles. This is justified by the fact that, as Estrela de Apolo is a wholly-owned subsidiary of Vale, its net assets are already the exclusive property of Vale and are represented by the shares of Estrela de Apolo. Once the universality of the 41.600 (forty one thousand and six hundred) common shares issued by Estrela de Apolo and held by Vale are cancelled, as a result of the consolidation of Estrela de Apolo into Vale, the value of these shares in Vale's accounting book shall be replaced by the value of Estrela de Apolo's assets, without any alteration to the book entered value.

6. The value of Estrela de Apolo's net assets to be transferred to Vale shall be ascertained by a specialist company, pursuant to article 8 of the Brazilian Corporate Law, with such company being nominated at the Extraordinary General Shareholders' Meeting of Vale at which the present proposal is to be analyzed, with such company composing the appraisal report, as established in paragraph 1, article 227 of the Brazilian Corporate Law, with such valuation being made using the book value, based upon the balance sheet of Estrela de Apolo as prepared on October 31, 2009, with observance of the accounting criteria established in articles 183 and 184 of the Brazilian Corporate Law to the

valuation of assets and liabilities elements, in the rules of Brazilian's Securities and Exchange Commission, considering that Vale adopts the same criteria.

7. Changes to the value of the assets taking place between October 31, 2009 and the effective date of the consolidation of Estrela de Apolo into Vale shall be registered in Estrela de Apolo, considering the balance which must be elaborated to instruct a declaration of appropriated to be filed with respect to the extinguishment of Estrela de Apolo by its consolidation into Vale, reflecting in Vale by the mechanism of assets equivalency, without affecting the appraisal report mentioned on the former item.

8. Given that Vale holds all the shares composing Estrela de Apolo's share capital, which shall be cancelled by the intended consolidation, there shall be no share issuance of Vale's capital, which shall remain unchanged. Consequently, no amendments will be made to the By-Laws of Vale.

9. As a result of the above, Estrela de Apolo and Vale will each hold Extraordinary General Shareholders' meetings to formalize the provisions of the present instrument, pursuant to article 227 of the Brazilian Corporate Law, and Vale shall be responsible for filing the minutes of the consolidation at the appropriate registration entities.

10. Under the terms of the Brazilian Corporate Law, Vale shall unconditionally assume the entire assets, rights and liabilities of Estrela de Apolo, be they legal or conventional.

In light of the above, the consolidation of Estrela de Apolo into Vale is in the best interests of its shareholders.

Rio de Janeiro, December 17, 2009.

SOCIEDADE DE MINERAÇÃO ESTRELA DE APOLO S.A.

VALE S.A.