

FUTURE PLANS AND PROSPECTS AND REASONS FOR THE INTRODUCTION

FUTURE PLANS AND PROSPECTS

On 28 October 2010, we announced that the Board of Directors had approved the investment budget for 2011, including capital expenditures of US\$24,000 million dedicated to sustaining existing operations, research and development and project execution.⁽¹⁾

The capital expenditure budget for 2011 represents an increase of 125.1% over the US\$10,662 million invested in the last twelve-month period ended on 30 September 2010. Our investment plan reinforces the focus on organic growth as a priority: 81.3% of the budget is allocated to finance research and development and greenfield and brownfield projects against an average of 74.4% over the last five years.

During 2011 we will invest in the development of a large number of major projects, fifteen of which have already been approved by the Board of Directors. The approved projects include Carajás Additional 30 Mtpy, Conceição Itabiritos, Vargem Grande Itabiritos, Oman, Tubarão VIII, CLN 150, Salobo, Salobo II, Konkola North, Long Harbour, Totten, Moatize, Biofuels, Estreito and Karebbe. We will continue to make sizeable investments in our railroads, maritime terminals, shipping fleet and power generation facilities.

18 large projects are coming on stream between 2010 and 2012, generating cash flow from the US\$26,000 million of capital invested over time in their development. The completion of these projects will enhance our capacity to finance our plans for future growth and provide the foundation for building new business platforms through the development of low capital expenditure brownfield projects.

Investment budget data

<u>By category</u>	<u>Investment budget (US\$ million)</u>	
	<u>2011</u>	<u>%</u>
Organic growth	19,521	81.3
Projects	17,535	73.0
Research and development	1,986	8.3
Support of existing operations	4,479	18.7
Total	24,000	100.0

<u>By business area</u>	<u>Investment budget (US\$ million)</u>	
	<u>2011</u>	<u>%</u>
Bulk materials	10,110	42.1
Ferrous minerals	8,522	35.5
Coal	1,588	6.6
Base metals	4,310	18.0
Fertilizers	2,505	10.4
Logistics	5,014	20.9
Power generation	794	3.3
Steel	677	2.8
Others	590	2.5
Total	24,000	100.0

(1) The total capital expenditures announced in the investment budget for 2011 cannot be broken down in their entirety by project in this Listing Document on the basis it also includes expenditure dedicated to sustaining existing operations and research and development.

REASONS FOR THE INTRODUCTION

The purpose of our seeking the Introduction is to:

- demonstrate the Group's commitment to, and focus on, Asia;
- raise the Group's profile with Asian customers and investors;
- offer the prospect of further liquidity for investment in our Company and to increase our investor base; and
- offer investors the prospect of trading in our Company in the Asian as well as the European and North American time zones, consolidating our position as a major global company.