

Vale S.A.
Form 6-K
August 27, 2010

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**United States
Securities and Exchange Commission
Washington, D.C. 20549
FORM 6-K
Report of Foreign Private Issuer
Pursuant to Rule 13a-16 or 15d-16
of the
Securities Exchange Act of 1934
For the month of
August 2010
Vale S.A.**

Avenida Graça Aranha, No. 26
20030-900 Rio de Janeiro, RJ, Brazil
(Address of principal executive office)

(Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.)

(Check One) Form 20-F Form 40-F

(Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1))

(Check One) Yes No

(Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7))

(Check One) Yes No

(Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.)

(Check One) Yes No

(If Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b). 82-__.)

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Press Release

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Vale signs railroad concession agreement for Rio Colorado

Rio de Janeiro, August 26, 2010 Vale S.A. (Vale) announces that it signed an agreement with Ferrosur Roca S.A. (FERROSUR), a general cargo railroad operator in Argentina, for the transference of the concession of a 756-kilometer railroad stretch connecting Zapala, in the province of Neuquén, to General Cerri, in the province of Buenos Aires, Argentina.

This agreement is an important step to the consolidation of the logistics solution of the Rio Colorado project and has yet to be approved by the competent national authorities in Argentina.

Rio Colorado includes the development of a potash mine and power supply, railway and port logistics infrastructure, with an initial estimated nominal capacity to produce 2.4 million metric tons per year (Mtpy) of potash (potassium chloride, KCl) and potential for a future expansion to 4.35 Mtpy.

The development of Rio Colorado is in line with our strategy to become a leading global player in the fertilizer business thus creating substantial shareholder value in the long-term. The project is still subject to the approval of our Board of Directors.

For further information, please contact:

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This press release may include declarations about Vale's expectations regarding future events or results. All declarations based upon future expectations, rather than historical facts, are subject to various risks and uncertainties. Vale cannot guarantee that such declarations will prove to be correct. These risks and uncertainties include factors related to the following: (a) the countries where Vale operates, mainly Brazil and Canada; (b) the global economy; (c) capital markets; (d) the mining and metals businesses and their dependence upon global industrial production, which is cyclical by nature; and (e) the high degree of global competition in the markets in which Vale operates. To obtain further information on factors that may give rise to results different from those forecast by Vale, please consult the reports filed with the Brazilian Comissão de Valores Mobiliários (CVM), the French Autorité des Marchés Financiers (AMF), and with the U.S. Securities and Exchange Commission (SEC), including Vale's most recent Annual Report on Form 20F and its reports on Form 6K.

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Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Vale S.A.
(Registrant)

Date: August 26, 2010

By: /s/ Roberto Castello Branco
Roberto Castello Branco
Director of Investor Relations