VALE
Conference call – 1Q13

April, 25th, 2013

Operator: Good morning ladies and gentlemen, thank you for standing by and welcome to Vale's conference call to discuss 1Q13 results. If you do not have a copy of the relevant press release, it is available at the company's website at: www.vale.com at the Investors link.

At this time, all participants are in a listen-only mode. Later, we will conduct a question and answer session and instructions will be given at that time.

If you should require assistance during the call, please press the star followed by zero. As a reminder, this conference is being recorded. To access the replay, please dial (55) 11 4688-6312 – access code 1463163#. The file will also be available at the Company's website at www.vale.com, at the Investors section.

This conference call and the slide presentation are being transmitted via internet as well. You can access the webcast by logging on to the Company's website, www.vale.com, Investors section or at www.prnewswire.com.br.

Before proceeding, let me mention that forward-looking statements are being made under the safe harbor of the Securities Litigation Reform Act of 1996. Actual performance could differ materially from that anticipated in any forward-looking comments as a result of macroeconomic conditions, market risks and other factors.

With us today are:

- Mr. Murilo Ferreira – Chief Executive Officer (CEO);
- Mr. Luciano Siani - Executive Officer of Finance and Investor Relations (CFO);
- Mr. José Carlos Martins – Executive Officer of Ferrous and Strategy;
- Mr. Roger Downey – Executive Officer of Fertilizers and Coal Operations and Marketing;
- Ms. Vania Somavilla – Executive Officer of Human Resources, Health and Safety, Sustainability and Energy;
- Mr. Galib Chaim – Executive Officer of Capital Project Implementation;
- Mr. Humberto Freitas – Executive Officer of Logistics and Mineral Research; and
- Mr. Peter Poppinga – Executive Officer of Base Metals and Information Technology.

First, Mr. Murilo Ferreira will proceed to the presentation and after that we will open for Questions and Answers.

It is now my pleasure to turn the call over to Mr. Murilo Ferreira. Sir, you may now begin.

Murilo Ferreira: Good morning ladies and gentlemen. I am very happy to present our results for the 1Q13 with increase in operating income, margins, and cash generation. Operating income was US$ 4.2 billion, 41% and 68% higher than 4Q12 and 1Q12. Adjusted EBITDA reached US$ 5.2 billion, 18% and 4.8% regarding 4Q12 and 1Q12. It was the second highest figure for the first quarter, lower only than the 1Q11, when iron ore, nickel and copper has peaked.

Underline earnings, net earnings excluding the effect of non-recurring events of US$ 3.2 billion were 65% above last quarter, but 10% below first quarter 1Q12. The lower earnings are explained by higher tax payments and no cash accounting, charges due to the exchange variations and market to market derivatives. Above all, the most important thing to highlight is about the quality of our financial performance. For the first time, in more than forty quarters, costs and expenses were the main drivers of improvements. There was and across the board falling costs and expenses. And this has contributed with US$ 1.5 billion to increase in adjusted EBITDA, more than offsetting the effect, decline in shipment.

Definitely, this is not a one of event. The progress so far arrives from several initiatives on the way. A first group of cut costs is made possible by the authorization of the scope of our activities as a consequence of the decision to deploy capital only to higher return business. A second group comes from the forecast on value and quality. This includes changes in procurement expected to deliver material opex and capex reductions. A deep reassessment of contracts with several suppliers, development of new suppliers, changes in process and idling off laws making operations. The opening of news iron ore mining pits replacing old ones jointly with the Carajás expansions will be important to lower operating costs. This is yet to come over the next three years.

The performance of base metal assets, which have been poor over the last few years, is getting speed. In addition to the gold stream transaction, which have unlocked substantial hidden value, these assets, Vale New Caledônia, Salobo and Lubambe, the three projects ramping up, are running according to the plan. As a pioneer investment to make use of the technology, VNC faces several problems, but it is very likely to become the first successful large scale HPAL operation. It produced in the first quarter 5.100 metric tons of nickel plus 372 metric tons of cobalt. We expect a big improvement in its cash flow this year and to move in a positive cash flow in 2014. Salobo operated at 65% of its nominal capacity last month, and as a consequence, copper and gold output reached all-time high levels. Base metals contributed with 35% of the drop in cost and expenses in the 1Q13 against 1Q12. Adjusted EBITDA of base metals, even including the pre-operating idle capacity and stoppage expenses, reached US$ 757 million with a margin of 41%. A large improvement over the numbers of the last quarter, and it was 9.8%.

We invested US$ 3.97 billion in the first quarter, seeing strict discipline in management capital, with all the financial ratios consistent with investment grade. Our main projects are on schedule and budget, and we have made good progress simplifying the portfolio with the short term is reflected in the behavior of R&D expenditures.

Gradually, uncertainties are being mitigated. The rulings of the Supreme Court early this month on the foreign companies case eliminated the retroactivity of taxation and the obligation to post guarantee to continue the tax dispute. We remain confident on a favorable outcome. We strongly believe that the new mining regulation in Brazil is not going to create any constraint to the investment. We believe that we are in the right direction. I’m proud to have delivered on the commitments we have made so far, but it's still the beginning of a long journey. Together with our team, our motivated team, and our world-class assets, we look forward to achieve our goals. Now, I'll pass it to Martins to provide some clarification regarding price.

José Carlos Martins: Well, thank you very much. I would like to take this opportunity to stress the very fact that the quality of our results improved a lot in this quarter. As we can see, not only iron ore prices improved, but we are able to reduce our cost across the lines, across all the lines, all products, substantially, mainly in base metals. Although we have a cost reduction in all areas, base metals costs are very good in delivering such a result.

So, as far as iron ore price is concerned, I would like to go directly to the chart number nine, where we can see how our pricing system happened in this quarter. As you can see, our prices are moving more and more, not only to daily pricing but also is moving more and more to future prices. The reason is that as we deliver the iron ore near 45 days after we ship, we are adjusting our price system to reflect the situation. So, our price is, 34% of our sales, is based in the future price, which will be the price where the ore is delivered, mainly in China.

The second point is to show that we have around 13% of our price based in the past, which means that the quarter lagged price system, the former Vale reference price, which means that 13% of our sales were based on prices on the quarter starting September and finishing in November. So these two facts, future price and past price, have an impact on our average price realizations. Last quarter, this fact improved our price realization because the future prices were growing, but in this quarter, they pushed down a little bit our price realizations.

On a bigger period, all those impacts will be eliminated, because it took six months or nine months average. The price will not be so different from the IODEX average that we are used to compare.

As far as market, we have, in the first quarter of this year, 4% growth in pig iron and VRI production, which are the mainly the users of iron ore. So 4% means addition of 70 million tons of market in the first quarter of 2013 against the first quarter of 2012. We believe that the growth in this year will be around 3% as far as the numbers that are represented by WSA, World Steel Association.

So as far as market, we believe that the market for iron ore will continue to grow in a sound basis, mainly in China, which, in this quarter, grew almost 8%. But going forward, we see some pressure from the supply side, mainly addition of production in the second half of this year, mainly in Australia, which we believe will bring around 30 to 40 million additional tons to the market in the second half, with some pressure on price. So, taking everything together, we do not believe that the price of iron ore can suffer too much. I don't believe that the price can go below US$ 110 per ton in a sustainable basis. And we believe that the long-term prospects continue to be positive for our products. Thank you.

Operator: Ladies and gentleman, we will now begin the question and answer session. If you have a question, please press *1 on your touchtone phone now. If at any time you would like to remove yourself from the questioning queue, press *2. Please restrict your questions to two at a time.

Our first question comes from Mr. Felipe Hirai, with Merrill Lynch. Mr. Felipe your line is open.

Operator: Our next question comes from Mr. Rodolfo De Angele, JP Morgan.

Rodolfo De Angele: Thank you again. I have 2 questions. The first one, I just want to repeat a question that was discussed in the previous call because I think is really important, which is the one on costs. I just wanted you to comment about how sustainable is the cost reductions that were very impressive that we saw on results in the first quarter? And my second question is on the Valemax. We've started to see in the press that now those ships are starting to dock in China. So I just wanted to confirm if that is a fact and, if so, if we can expect some reduction on the freight cost in the coming quarters? Thank you and congrats on a great result.

Luciano Siani: Thank you for your question. Well, on a short-term basis, cost reductions they come either from reevaluating the scope of your activities or doing the same activities but at lower prices. When it comes to scope, we have already made some decisions regarding loss-making operations. So, I would say that this first quarter results, they already reflect some decisions that we made in the recent past. The consumption of materials and the scope of activities in the operations have already been reviewed with results also coming on, on this quarter. There's always a question about maintenance, so one way of achieving cost reduction is to postpone maintenance, but these are short-lived. So, we're not doing that and one of the evidences of that is that the the materials account has actually posted an increase when you deduct the volumes. So we're not sacrificing the future in order to achieve short-term gains. Much to the contrary, we took advantage of lower volumes to anticipate some maintenance and repairs.

When it comes to the prices that we achieved on contracting services, we're still in the early stages of the revamping of our procurement function, so we believe that through consolidation of contracts and better planning of our needs, and we can get better conditions with suppliers.

When it comes to, now outside of costs, when it comes to sales, general, and administrative expenses, they are sustainable for two reasons: The first, because now we have a much simpler organizational structure. Because we now have a simpler company with less projects, less initiatives, more focused, so this is permanent. And we also have cut discretionary expenses in an effort to make a culture of thrift and austerity to pervade the company.

R&D expenditures are also now in a different level because of the trimming of our exploration activities. So we have removed ourselves from less promising areas and countries, and so we have reduced the scope of our exploration activities. And also because having a smaller project portfolio means that you have less to invest in doing engineering studies, which usually are more than half of the R&D expenditures. So, another reason why this is sustainable.

Pre-operating expenses have gone down because of the successful ramp-ups, specially of New Caledonia and Salobo. They should continue to go down as we ramp up New Caledonia. However, you should expect on the second half, some expenses, pre-operational expenses of the new projects, the Plus 40, the Itabirites projects, the CLN, Long Harbor.

Also, Long Harbor, also we have already recorded US$ 50 million of pre-operational expenses for Long Harbor. So this was individually the most significant increase, it is already on the quarter numbers, and should continue going forward.

And finally, other expenses, these were impacted by non recurring items in the fourth quarter, which simply didn't happen in the first quarter and shouldn't happen again. So we believe also that other expenses are at a much lower level.

Murilo Ferreira: Thank you, Luciano. Martins, regarding the Valemax.

José Carlos Martins: Well, our strategy to improve our logistic system continues to develop very well. Our Malaysian DC under constructions are evolving very fast and we believe that will be in operation beginning of next year, as you can see in the pictures that we present in the material that we distributed to you. Also we put in operation this month another floating station that will operate in Philippines. And also, we opened new ports for receiving Valemax, mainly in Japan and also in Mindanao, Philippines. We are discussing in Korea, to open new ports for Valemax in Korea also. As far as Valemax in China, we burst Valemax in China in middle of this month. This was, is a Valemax with lower cargo and lower draft to accommodate with the Chinese regulations, so it's not a fully loaded Valemax, but was another important step in this regard.

As we are talking about China, I would like to remember, Chairman Mao, when he said that to walk the longer march, you have only to give it the first step. So I think to burst Valemax in China will be a long march for us, but we are giving our steps according to the possibilities. But anyway, taking our strategy as a whole, is developing very well. More and more ports are receiving our Valemax and more and more alternatives are developing to burst those marvelous vessels. Thank you.

Yes. As we told, we put the second operation in floating station in Philippines and Murilo asked me to stress this, so now we have two floating stations and those floating stations work like a port. They are able to transship 70,000 tons per day, from the big Valemax to smaller vessels. So, as time goes by, we are becoming more and more flexible in our strategy and we believe, when the time arrives, that we are able to burst those ships in China. We believe that the cost reduction will be even better. As time goes by, the cost of energy is increasing for shipping industry, so the bigger the ship, the lower will be the energy cost. So it's a trend that we believe is the future of the shipping industry, big vessels and lower energy consumption, lower carbon emission and much more efficiency.

Operator: Our next question comes from Mr. Felipe Hirai, Merrill Lynch.

Felipe Hirai: So I have two questions. The first one is kind of a follow-up on the cost reduction side. So is it possible for you to try to quantify how much of the total cost savings you have done? So in your view, even if it's just like a best guess, if you can compare like half of these other cost savings that you could do here, like 70% or 80% or 20%. If you could just try to guess how much of the cost savings will you have done? And the second question is to Martins. I just wanted to clarify a few things on the iron ore selling strategy. The first one is, if there's going to be, if it is expected to see a change in this mix, of around 30% of sales being from future contracts. And the second one is just to clarify, so this provisional pricing will basically mean that this iron ore, this change in price, would never blend in, let's say, China. So should we use like the average of the first half of the following quarter?

Luciano Siani: Felipe, this is Luciano. I will not give you percentages but I'll give you some color on the various stages. I would say that our reductions are more advanced in R&D and SG&A. Still room to do more on those two, but they are more advanced. On another level, I would say that cost of goods sold, we still have, I would say, more homework to do. And also we have, looking at the longer-term, more opportunities with the new more efficient operations coming on stream. And when it comes to pre-operating expenses, this is going to happen in different steps. So, as I mentioned, this first year, as we conclude successfully the ramp-ups of the base metals projects, there will be a first step of reduction, then a second step of reduction will require the completion of the major projects since 2014 in the iron ore projects. So, and then it should stabilize at the lower level for 15 and 16 until then we have another wave of bigger projects coming on stream.

José Carlos Martins: Felipe, as far as iron ore price, I was not able to hear completely your question, so I'm going to address what I understood from them. As far as price is concerned, we believe that the trend for increasing these sales based on the future price is very strong. Because in this case, we are burying the risk price and we are selling almost in line with our competitors. So, by doing that, we don't need to sell too much on a spot basis, and at the same time, we can keep a stronger price negotiation with our customers. Because the formula does not have any kind of discounts, as you normally have to give when we go to spot basis sales. So, going forward, we believe that this situation will continue as far as price realization. But I would like to stress that if you consider two or three quarters together, I will not see a big difference between the price realization and the average price of you can see in the IODEX.

Operator: Our next question comes from Mr. Carlos de Alba, Morgan Stanley.

Carlos de Alba: Thank you very much and congratulations on the strong numbers, because of the cost reduction. Just on the iron ore prices, could you please, Martins, tell us how much of these future prices that you have now, the 34% in Q1, is the provisional pricing on a 1-month basis, 2-month basis, 3-month basis? Any color will be helpful as we try to refine our model. And second, could you, Murilo, please comment on any potential asset sales in terms of maybe the logistic business? I don't know if selling some call assets in Australia would also be on the table. But anything that you can comment on that would be appreciated, thank you.

José Carlos Martins: Well, as far as this future price, if you look in our presentation on page 10, you can see that these future prices are based normally in the last price available in the quarter. As you can see, future pricing in the first quarter, the evaluation in our books are US$ 137, which is the last price available in the quarter.

Murilo Ferreira: Ok, Carlos. Thank you. I think that we are considering, and I think that we will be able to finalize the process regarding VLI until the end of May, which is very positive for us, and for the country as well. We strongly believe in this strategy regarding the future of VLI. In regard of Norsk, we note that they did a very good homework. It was good results regarding the first quarter of the year. But we note as well that the market is betting against

Norsk Hydro. The volume of shortage is very high. And if you don't go to the market to sell our share in ore, in Norsk Hydro, for any price. For sure, we need to see some movement to establish the average that we have seen in the last few years. Thank you very much, Carlos.

Operator: Our next question comes from Mr. Ivano Westin, Crédit Suisse.

Ivano Westin: Hi, everyone thanks again, congratulations once more for the results. My first question refers to pricing strategy, not on the physical sale for the cargos as Martins has already addressed, but mainly on the financial side. In Q1, you reported that nickel derivatives provided a positive cash flow impact of US$ 10 million. You already hedge copper and bunker. So, my question is whether you intend to hedge your iron ore sales as well, as the consensus of the market is that price will move downhill. So how do you see these hedge on iron ore, is the first question. And the second question refers to the coal division. If you could provide an operated ramp up guidance of Moatize and the developments on the Nacala Corridor, that would be much appreciated. Thank you.

Luciano Siani: Luciano, answering the first question on hedging. The types of hedge that we do for nickel, for instance, they relate to the timing difference between acquisition of some inputs, or and the sale of those transformed products. We avoid to hedge the final price of nickel, copper or iron ore because we understand that the investors who buy shares of Vale want to have exposure to those metals. But if one wanted to do hedge because, let's suppose I wake up one morning and say, look I believe prices of iron ore are going to fall on the second half and I want to hedge those to secure those US$ 135 per ton. I wouldn't be able to do that because forward curve is already reflecting that expectation of a fall for the second half. So therefore, we don't see profitable opportunities, nor reasons to do iron ore hedging at this moment.

Roger Downey: Ok. Ivano, just talking throught the expansion in Mozambique, the Nacala railway is due to start moving dirt from September 14th and we will basically ramp up that until December with the first shipment sailing from the port in January 15th. And we will basically move the capacity of that railway at 20 million tons per annum. It is basically the function of the speed of the trains bottlenecking and we'll be using it according to our demand.

Operator: Our next question comes from Mr. Steve Bristo, RBC Capital Markets.

Steve Bristo: I am just inquiring more about the future pricing on iron ore. And I'm wondering like, in the following quarters, will there be different provisional pricing adjustment then referred to in the income statement. And secondly, if you could provide some kind of a similar breakdown as you have on slide 9 for iron ore for pellets instead so we can try and figure out what kind of realized pellet price we should be forecasting. Thanks.

José Carlos Martins: As far as the iron ore prices, the adjustments will be done in the next quarter according to the prices that you really see when the ore arrives in China. But I'd like to say that if we don't do this way, any trend in price will be anticipated. Because, if you don't deliver the iron ore based on this mechanism, we have to go to this spot and sell. So then you put a lot of pressure in the spot. So that mechanism, is kind of compensating this. So that's the reason also that we do not think that we needed to hedge. But any difference between the provisional price and the realized price will be adjusted in the next quarter.

In the case of pellets, there is one important difference to say because we don't have too much pellets sold on this future price. China is not a big market for pellets. Pellets we sell mainly in Europe, Japan, Korea and Brazil. So, they are not affected by the future price. And what I can tell you is that pellets have a very tough negotiation based on premium, so the iron ore price you can look the IODEX, but for the premium, you can consider something around the US$ 30 to US$ 35 as normal practice in the market, depending upon the situation, ok?

Operator: Our next question comes from Mr. Paul Massoud, with Stifel, Nicolaus & Co.

Paul Massoud: Thank you for taking my question and congrats on the results of the quarter. I guess that my first question, it's more a conceptional one. If you look Chinese steel provisions of, say the last three or four quarters, the ones that actually reported that margin, they've reported negative margins. And so I guess, I was hoping you could spend some time discussing what it is that drives and the payoff, for inputs, given that steel pricing really hasn't, in China, hasn't moved to the same degree. And all else being equal, if you could sort of provide a number that you think puts them in a lot closer to a profitable territory. And then secondly, just on the fertilizer side, given what you've seen and what you've experienced over the last few months, what is in Rio Colorado, I assume somewhat more on where value potential it is in the market today? I'm just wondering if you're seeing more value in existing operation versus cost of spending money on new projects. Thanks.

Roger Downey: Hi, this is Roger Downey here. We'll kick off with the question in fertilizers. Yes, we had to basically rejig our business plan with the developments in Rio Colorado. We have options that we are looking at, obviously, we didn't have a plan B as such, because we were focused on Rio Colorado, but we do have options in our pipeline, which we are now working hard on. These options are very good. We do have options like Carnalita to produce potash here in Brazil with very encouraging returns. The other project that I think is something that should be on everyone's radar is what we're doing in Peru, in Bayóvar, that is one of the highest margin segment in the fertilizer business and one that we should be working hard to expand.

José Carlos Martins: Please. I need to answer the first question about iron ore price and steel makers in China. So, if you look at the situation of the industry all over the world, I don't think it's only a Chinese phenomenon, you have the same situation all over the world. Margins of steel makers this time are below two digits. If they are able to pay for the present price of iron ore, I think the market has the way to adjust it. So the way I see it, is the high cost producers of steel, if they cannot pay for the market price for iron ore, they will have to cut production, reduce production, and then, less demand will be in the market and then you have adjustments. On the other hand, if the price of iron ore goes below such as some level, let's say, US$ 100, US$ 110, many high-cost iron ore produces will be out of the market.

So, I believe that the high cost iron ore producers and the high cost steel producers will establish the limit for the price to fluctuate, and that's the situation. What's happening, as you can see, is the high volatility of iron ore price. Because depending upon the situation for steel price, iron ore price will have a big impact on demand, and also will have a big impact on prices. So that is the reality that we needed to leave, the high volatility. And that will stay as long as we have this situation in the market. But I do not see that, as you said, a big problem. I think the market will adjust it and we are looking at that happening. Last year, when the prices of iron ore went below US$ 90, we had a big reduction in supply and then the price moved up. And when the price of iron ore goes up to a level of US$ 160 to US$ 170, we also can see a lot of blast furnaces being stopped in order to adjust the competitiveness of the steel industry. So, that's a problem, but I think the market has its way to fix it.

Operator: Our next question comes from Mr. Renato Antunes, with Brasil Plural.

Renato Antunes: The first question on the Plus 40 project, just if you guys can give us an update and potentially give us a ballpark of what is the volumes of shipments that we could expect from this project going into 2014? And also, from the Minas Gerais projects, like Itabirites project, that would be great. And the second question, just going back to the whole discussion of foreign subsidiaries tax issues. You guys already commented about that on the portuguese call, but I was basically trying to get a sense, if you could provide us an estimate of Vale's exposure, on a country by country basis, or basically, if, and what, if so, is Vale's exposure to these so-called paraisos fiscais or tax havens. Those are the two questions.

Murilo Ferreira: Thank you very much, Renato. First of all, Galib, will spend some few words regarding what's the status of the Plus 40 and the Itabirites project.

Galib Chaim: About the additional 40 million tons, the project is almost done. We are starting already the commissioning phase. We hope that in July we are starting the operation and that will take two or three months to achieve the full capacity. I believe that at the end of this year, we'll produce something around 5 million tons coming from the additional 40. The Conceição, the Itabiritos Conceição will start the commissioning also in July or August. We hope that at the end of this year, we'll have everything done for this project.

Murilo Ferreira: And Clovis Torres, our legal counsel, regarding the problems that we are facing with the Supreme Court.

Clovis Torres: We don't have a breakdown country by country, the ammounts, mostly because we consolidate in our holding company in Austria. And it's mostly also the marketing activities, they are carried out in Switzerland. And as such, we have income from our projects in Mozambique, for example, Australia, Oman, all of the income from those projects are consolidated in Austria. So, in this sense, I'll pass to your second question. We today, our transactions are done through Austria, which is not a tax haven, and has double-tax treaty with Brazil. Our marketing activities are carried out in Switzerland, in Saint-Prex, and also it is not a tax heaven. So, in this sense, we currently do not carry on transactions, physical transactions in tax havens. We used to do that in the past in countries that are not really, I would say, primarily tax haven, but are considered by the Brazilian authorities as countries with privileged tax rate. And we're talking about Denmark specifically. But even Denmark, it has a double-tax treaty with Brazil. So we are very confident that the outcome of the courts were taken into consideration the superiority of the double tax treaty over the domestic laws, which is a constitutional matter, and will certainly be ruled by the Supreme Court.

Operator: Ladies and gentlemen, as a reminder, if you would like to pose a question, please press the start key, followed by the 1 key on your touch phone now. Our next question comes from Mr. Marcos Assumpção, with Itaú BBA.

Marcos Assumpção: Hi, good morning everyone, congratulations on the strong results and the cost performance again. I have two questions. First one on iron ore, if Martins could comment a little bit about the European demand, are volumes increased close to 15% on a year-on-year basis and it represented nearly 20% of Vale's total volumes again. I would like to see if these are the first signs of improving demand in the region. Second question to Roger Downey on the performance of the coal assets in Australia, specifically, Carborough Downs had a very strong performance in this quarter. If you could comment a little bit about that and the perspectives as well. And how does Vale consider this asset on their asset optimization strategy?

Roger Downey: Hi, Marcos, this is Roger, here. Thanks for your questions. The whole Australian team thank you for your questions. We had a very good first quarter in Australia. It's already a reflection of what's happening there, and the turnaround of the business there. As you mentioned, Carborough Downs had a fantastic first quarter, we were above the budget and above our plan, and certainly production was much higher than we've ever seen. So we had a fantastic first quarter. It could have been better if we hadn't had that longwall move at Integra. But nevertheless, it was a very encouraging result, which indicates where we're going. The Australian business is breaking even already and we expect to see better results and, hopefully, better prices as well should help. But even with the sort of prices that we've had recently, the business has been tested and all the work that we have been putting in there has paid off. As you would have seen, production in Australia was 1.7 million tons and that's almost 17% up on the first quarter last year, despite the rainy season in that part of the world as well. So, very encouraging, and it did offset some of the disappoints we had in Mozambique. So the coal business is coming together. Thanks very much for your question.

José Carlos Martins: Related to markets in Europe, we see the European markets very stable. Although we delivered a little bit more in this quarter, I cannot consider it a trend. As the sales are more stable in Europe and we had a drop in total volume this quarter, and then it seems that Europe is increasing the share, but I think it's only a statistical effect. I just came from Europe where I had opportunity to visit all our customers in Europe, and the forecast for Europe is a stable market. Not better, not worse. If you look at Europe today, they are running around 20% below pre crisis level. The pig iron production in Europe is running 20% below pre crisis level, and that has been in the last two years. So, there's no big change on this scenario. But I believe that not going down is already a good sign. We see the market stable, customers are performing what they expect to perform, and we don't see any kind of downside in Europe. We expect that at some point in the second half, we are going to have a small improvement in their performance.

Operator: This concludes today's question-and-answer session. Mr. Murilo Ferreira, at this time you may proceed with your closing statements.

Murilo Ferreira: Thank you very much, again. We are very happy to deliver the quality in our financial performance. And we strongly believe that it's not a one-off event, it's something that came to stay. And we are looking forward in order to reduce costs in the next coming months. Thank you very much.

Operator: This concludes Vale's first quarter 2013 results conference call for today. Thank you very much for your participation, and have a good day.