International Conference Call
Vale
3rd Quarter 2009 Earnings Release
October 29, 2009

Operator: Good morning ladies and gentlemen, thank you for standing by and welcome to Vale's conference call to discuss the Third Quarter 2009 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 section.

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 (*0). As a reminder, this conference is being recorded. The replay will be available until November 4, 2009. To access the replay please dial (55 11) 4688-6312 (access code: 408). 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 at 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 in Rio de Janeiro is Mr. Fabio Barbosa, Chief Financial Officer. First Mr. Barbosa 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. Barbosa. Sir, you may now begin.

Mr. Fabio Barbosa: Good morning ladies and gentlemen, thank you very much for attending this conference. I would like start our discussion today by commenting on the items of our agenda. Today we are going to discuss our 3Q results that you saw in the release, but more than that, we are going to focus on the drivers of these results, and finally a second item we will discuss our view about the future and how we are preparing Vale for that.

In terms of our results in the 3Q, I think the numbers speak for themselves. We have a 35% growth quarter over quarter of shipments in iron ore and pellets. Our operating revenues grew about the same. There was an impressive recovery of our Ebit margin, our Ebitda figures and our net earnings, despite below previous years, we posted a very impressive recovery compared to the 2Q09.

And this is basically the result of the global recovery, the synchronized growth that is taking place. Just now we saw the numbers for the US GDP growth. The US GDP growth in the 3Q, annualized rate, reached 3.5% against 0.7% in the 2Q09 - so it is a major swing, showing that the recovery around the world is taking place in a more sustainable and synchronized fashion and the results in our Ebitda are reflecting this perspective with an impressive growth compared to the 2Q of US$ 1.3 billion or so.

And as I said, this is the result of the sharp recovery of industrial production, a major component explaining the demand for minerals and metals and this recovery came, as we point out, faster than we and the average analysts expected. So we have now the global industrial production in the positive territory, nearing 10% in annualized basis.

And more than that, now the effort of emerging market economies is being joined by the developed economies. So they also came to the positive territory in this last quarter. But of course the major driver here today in the last several months is the emerging market economies, and as we put there in slide 9, they explain the very sharp recovery in prices that we observed in this crisis.

Despite the depth of the current crisis, the fact that emerging market economies are the leaders of the recovery in the world economy today represented or allowed for a much faster recovery of aluminum, copper and nickel prices compared to the previous episodes.

So this is a very important feature of the current economic situation and as we can see also for the future in slide 10, the ratio new orders/inventories is pointing to a more sustainable growth moving forward.

And as we also state in slide 11, the global economic recovery is likely to be sustainable due to the nature of what is taking place in the world right now: not only the indicators, that are confirming this perspective, but the very characteristic of a more diversified growth that is taking place around the world.

In our perspective the downside risks are diminishing. We do not see today the same degree of volatility that we observed particularly in the first half of the year. Now there is a sort of accommodation in the process of recovery, reaching a more normalized level in terms of growth for some countries, and we had extreme growth in some cases, particularly in the case of Singapore, for instance, that the GDP grew about 20% on an annualized basis in the 2Q09 and now we see an accommodation in a different level, but clearly on a more sustainable basis, in a more moderate fashion. So this is very good news for us.

And I would like to point out also the Chinese performance, particularly in our iron ore… In terms of iron ore imports and this, contrary to some comments that we hear from time to time, has nothing to do with speculative demand or something of this sort. This is actually the result of actual growth taking place in carbon steel output combined with a structural trend towards replacement of domestic ore by imported ore of higher quality as we can see in the statistics. This is not a short-term phenomenon, it is a long-term phenomenon, it is a long-term trend and we believe that it should continue moving forward.

And at the same time, another idea that is little adherent to reality is the indication that there would be some inventory accumulation as well in the steel side. What we see is that apparent consumption of steel has been growing steadily there in China, in line with the steel output, and this has to do with the very growth in the Chinese property construction as you can see in these two charts there on page 14.

So floor space sold, floor space completed started and developed, all pointing to the growth direction. So this is nothing like a speculative or short-term event; it is the result of the characteristic of the Chinese recovery, that is more based today in the domestic demand, and gradually bringing the contribution of exports to this trend. So this is sustainable in our view and should continue moving forward.

And we at Vale commented in the last quarter results that we have been able to export this very strong performance of the Chinese market and we managed to reach all-time high level shipments in the 3Q of almost 40 million tons of sales to China of iron ore and pellets. It is a major achievement and we are now close to the annualized rate of 150 million tons of iron ore shipments to China.

And the good news is that this is not limited to China. As we said before, growth is spreading to the European Union. We see the growth, the global growth of carbon steel, where we have now reached the level of about 107million tons per month and we see the impressive recovery in Europe as well as in Brazil and in Japan. Japan reaching almost 80% of the pre-crisis level of production.

So we are, as we discussed in the last quarter, benefiting from the unique position that Vale has to explore the upside in the market as we had. We suffered the most during the first half of the year with some idle capacity and now we were able to very quickly increase our shipments in the 3Q as you can see.

The same goes for stainless steel production that is in the path to recover and this has been contributing to support the nickel prices as you can see there on page 20 at a higher plateau, and you can visualize there that the lower level of volatility that has been prevailing in this market.

And now how do we see the future? We continue to see the future as a very promising one. We have not changed our minds about the strength of the structural changes that are taking place and that is why we invested in the last several years US$ 60 billion in our company. So out of this, total organic growth represented 60% and we also made several accretive acquisitions during this time. So it is a very important expression of our confidence in our future.

And combined with the spending in growth we also were able during these years to be one of the top sustainable value creators according to Boston Consulting Group. As you can see there, we are in a nice fourth-place there and showing that not only the volume of investment was impressive, but also the very performance of the company throughout the years that allowed us to reach this very honorable position there.

And of course for the basic materials industry, we are the top player there with a 10-year leadership there in terms of value creation among basic materials companies.

Well, this photo of the past should not change in our view, as we are uniquely poised to explore the future growth trends of the world economy, particularly due to this element that we put there in page 25, in which we reaffirm the idea of decoupling, meaning decoupling there is not a disconnection between emerging market economies and the developed economies overtime, but rather the different path of growth that those economies naturally tend to have due to the maturity of their very economies.

So it is natural to have, as we can see there in a longer perspective starting here in the 70s, we clearly had this decoupling during the 70s that was interrupted by the debt crisis, that prevented emerging market economies from growing faster. And then in the late 90s, early 2000 years, we have clearly reestablished the natural decoupling of emerging market economies and developed economies.

And this is a benefit to the minerals and metals industries, because we are the ones that should benefit most of this trend and based on this view we announced our Capex program for 2010 with US$ 12.9 billion, and growth is the bulk of this investment program for 2010 and we have a very nice distribution in terms of projects that we are going to invest as you can see there on page 27. The fact is that, this is again a message of confidence in the future of our industry and the capacity of Vale of exploring the opportunities, the long-term opportunities that are there. And it is an impressive pipeline of projects and you see also some photos on page 28, and at the same time, we are not putting there the exausted list of all options to grow in the future; as you can see on page 29 there are several other projects that are listed there in copper, potash, phosphate and coal that we could add to that pipeline and that will allow the company to grow over the next five years or so on an average rate of 12.6%.

So this is the basic message. We continue to be extremely confident in the future of our company, because we do believe that the structural changes that are taking place in emerging market economies will continue. And again, Vale is uniquely poised to explore those opportunities. Thank you very much and I will be here to try to answer your questions if you have one. Thank you.

Q&A Session

Operator: Excuse me. Ladies and gentlemen we will now begin the Question and Answer session. If you have a question, please press the star key followed by the one key (*1) on your touch-tone phone now. If at any time you would like to remove yourself from the questioning queue, press star two (*2). Please restrict your questions to two at a time.

Our first question comes from Mr. Felipe Hirai with Bank of America.

Mr. Felipe Hirai: Hello, good morning everyone, good afternoon. So Fabio, congratulations on the results. I have two questions here, first the trend on your iron ore shipments that we should see over the next few quarters.

Do you think that it is possible that we could see your iron ore shipments going up to something like 80 or 85 million tons already in the next few quarters, given that despite the very strong increase in shipments from the 2Q to the 3Q in some regions, shipments to Americas or Europe, for example, they are still down about 50% compared to the same period in last year and also apparently you have still some inventories, so if you could comment as well if you still have some more inventories to sell in the 4Q.

And my second question would be related to the realized average iron ore prices in the 3Q. Was there any impact different from like a higher mix to Europe that positively impacted your realized prize for the average iron ore price for the 3Q?

Mr. Barbosa: Thank you Felipe. Well, of course I cannot provide any guidance in terms of volumes and what I can comment is much more on the side of demand. We see the demand getting stronger on a daily basis and as you can appreciate by the results that we released, we have now two components that are very important: first a more diversified growth in demand, although in some areas still below previous years; but we have first the recovery in our natural markets, particularly Europe and Brazil and second an impressive growth of shipments to China.

So in a way, there has been a structural change in terms of the position of our shipments, because we managed, as we commented in the last quarter, to enlarge our customer base in China and at the same time the old clients are back, and that allowed us to very quickly increase our shipments. And we have not been able yet to bring to production any meaningful additional volume compared to the nominal capacity that we used to have before the crisis.

So this very strong combination - of course, I am not going to give you any figure - we have no expectation that there will be a reversal of demand; to the very contrary, we believe that demand will continue to get stronger and stronger, and on the other side, there are clear physical limitations to the supply that may be available to markets.

On your second question, the result of the price change that you see is basically the result of the diversified geography of the sales and also the products, the product mix that we are selling including a sharp recovery in pellets as you can appreciate. So I think that from now on, I mean from this year onwards, we have to get used to a more volatile pricing quarter after quarter. This is part of this environment that we live today and this should prevail over time. So we have to be accustomed to this sort of behavior. Thank you very much.

Mr. Hirai: Ok thank you Fabio.

Operator: Excuse me. Our next question comes from Mr. Rodolfo de Angele with Banco JP Morgan.

Mr. Rodolfo de Angele: Hi good morning everyone, good morning Fabio. Well, my first question is if we painted a very bullish scenario for iron ore demand for next year, Fabio, considering bottlenecks, logistics; what is the maximum volume do you think Vale could ship in terms of iron ore in pellets in 2010? That is my first question.

Mr. Barbosa: Well, as I mentioned in the previous answer, Rodolfo, there has been no meaningful change in our nominal capacity compared to last year. We are depending on the depletion of mines and the logistical constraints, we may reach the nominal capacity of 300 and 310million tons per year depending on our ability to operate mines and to remove wastes and several other variables.

This is not a forecast of any sort. I am replicating the numbers that we published some time ago about our capacity. So it is around that and that is a challenge, as you well know, to operate at full capacity in any circumstances and this year or next year there is not a difference in terms of the challenges involved in operating at this level. So, again, there has been no addition, no major addition to supply and this is the basic idea. Thank you.

Mr. de Angele: Ok and just my second question on the nickel side, Fabio. We know that Vale is working on the strikes in Canada. We saw the volumes of nickel and related products going down this quarter. Could you mention or comment to us a bit on what is the inventory situation there and what is the strategy while the strike is still on? Would you be purchasing to meet your commitments with clients? What is the overall strategy that you expect? Thank you.

Mr. Barbosa: Rodolfo, I will not comment on inventories and we have no news about the discussions with our colleagues and we will try to operate within the boundaries of our possibilities and that is what I can say about that. This has to be analyzed in a long-term perspective of the sustainability of the business and that is our approach and that will continue to be our approach about that. Thank you.

Operator: Excuse me. Our next question comes from Mr. Carlos de Alba with Morgan Stanley.

Mr. Carlos de Alba: Good morning Fabio. Two questions, first one is obviously the iron ore business did fantastically well in this quarter and expectation is for it to remain strong. But if we take a moment to look at the performance of the non-ferrous minerals segment the operating margins, despite significant increases in basis of prices during the quarter it only increased 5%. What is the company doing to take the ability of this segment to higher levels - even if it is not at as high as we saw in 2008, clearly there may be room for the business to improve on that front.

My second question would be regarding: if you can give us any comment on your take on the royalties and of the potential increase, potential new exports tax on minerals that would be great. Thank you.

Mr. Barbosa: Ok thank you. On your first point I think we should look in perspective. We are talking about the non-ferrous business that came from -23 to +5 in three quarters. So it is a major swing of margins. I am not saying that we do not have more work to do, but we have been doing a lot.

Remember in the last quarter that the combined effect of nickel and iron ore businesses cost reductions. You remember that chart that we indicated that there has been a reduction of around 35% in the nickel business as we measured in the last quarter. So there has been a lot done already and we believe that this is the right path, although we are not happy yet with the results - we still have a long way to go - but a lot has been accomplished in this area, and the numbers are there.

But this is also in a way a structural change that should be reflected over the quarter. The important thing is that in the average of the industry we remain extremely competitive in every segment.

As for your second question on the royalties and taxation, I think this is part of the debate. My impression is that the idea of tax on exports is no longer an idea that is being discussed that often. Let us say; economic history shows that this is not a good course of action, this is not productive to the country. To the country there is a negative effect of taxation of this sort and I am not saying about only minerals but in general. A sort of taxation does not contribute to the country in the long term, as experience shows in several economies.

As for the royalties this is also a debate that is taking place. I think Brazil is a very rich country in terms of natural resources and this is part of our routine. We have to debate this and show how we believe that there is currently a proper taxation in place and this is the challenge that we have. And it is natural to have this debate. We welcome this debate and we believe that will be able to show what is the most appropriate idea for the country and the segment - that is not only Vale, there are a lot of other companies that operate in this segment. And Brazil, again, is a country very rich in opportunities, so that could be further explored if the right environment is in place. Thank you.

Operator: Excuse me. Our next question comes from Mr. Ivan Fadel with Credit Suisse.

Mr. Ivan Fadel: Good afternoon everyone. My first question is related to the options that Vale has to grow in the future. Specifically in iron ore there is a slide that shows that there is a lot of projects that can be put into business and my question would be whether the main projects as the Carajás Plus 30 or Serra Sul could be actually anticipated if there is enough demand for it or this is the best or at the earliest that we can have those projects coming into the market.

Mr. Barbosa: Ivan, the timeline of the projects is a result of the actual physical constraints on that. Remember that Vale is investing in this year a record figure and will invest next year another record figure. So the timeline is actually driven by the constraints that we have in terms of the implementation of the projects. If we could we would be happy to anticipate the startup of the project, but the problem is that we are not able to do that.

So we believe that the market will remain very strong over the next several years and we actually regret that we are not able to bring more capacity sooner rather than later. Thank you.

Mr. Fadel: Ok and next question would be related to the cost side. It was a great thing that costs came very much under control on the iron ore business on a cost per ton basis and actually slightly down quarter on quarter. I suspect that this has to do with the dilution effect offsetting the stronger Real and perhaps the fact that you brought up higher-cost mines.

So my question would be is this: what is it really? And do we expect more of this effect for the upcoming quarters? Or should we expect now Vale to have larger gains in the cost-cutting process that is being implemented? What is your view on the cost side? Thank you.

Mr. Barbosa: I think that there is a combination of the effects that you mentioned and then they should continue, because several actions that we took - for instance, the streamline of the corporate structure; the adjustment in our management model in the nickel business and the procurement optimization, among others, they are bound to deliver results on a long-term basis.

The volume effect, as indicated, it was already noticed in this quarter and I think that as you move forward you will have to consider the positive effects of dilution of costs associated with higher volumes, but also the fact that higher marginal costs in mines are being brought back to production and the challenge that we have is to make sure that we keep cost strictly under control in this environment. Thank you.

Operator: Excuse me. Our next question comes from Mr. Marcos Assumpção with Itaú Securities.

Mr. Marcos Assumpção: Good morning everyone, congratulations for the strong results. First question is regarding the iron ore market in China. Can we expect a seasonal slowdown in the 4Q volumes because of high level of inventories of steel in China right now? And if this happens, if we could see more volatility on spot prices and just to complement, can we expect the continuous trend of reduced volumes on a C&F basis as we saw in the 2Q, 70%

sales to China were under this type of contract and in the 3Q it drops to 56%? Thank you.

Mr. Barbosa: Thank you Marcos. I think that the major issue today in terms of volumes to China is not on the demand side. I do not share this view regarding inventories or something of this sort. The growth in the Chinese economy continues. The GDP growth is now at an annualized rate of 8%, very much in line with our expectations.

As I said before, we enlarged our customer base in China and we do not see any weakening of demand moving forward and the challenge that we have is actually on the supply side. Considering that, as expressed before, our traditional markets are back on a much stronger pace of demand. So this is the issue that we have today and we are not concerned at all with the demand side.

As for the volumes in the C&F/FOB, if you recall we commented that there was a reversal of the market. There was a clear trend towards more C&F sales because actually clients were not willing to take the very volatile freight rates there. So what we observed in the last several months is that a change in a different direction and in our perspective is actually an indication of the strength of demand moving forward.

So I would not give you, as I said before, any guidance about volumes; but I see the higher percentage of FOB sales into China as one more indication of a stronger market there. Thank you.

Mr. Assumpção: Ok. Second question regarding nickel, we saw during this quarter the nickel pig iron producers coming back to the market. So can we expect prices to be kept around the level that they are right now given the high level of inventories on LME and also the nickel pig iron producers back?

Mr. Barbosa: Marcos, I think that there has been some activity with the nickel pig iron producers already, and this was not able to affect meaningfully prices in the last quarter; but the trend that you see is that as growth became more spread throughout the world – and I just commented at the beginning of our discussion the observed growth in the US economy, on an annualized basis 3.5% GDP growth - this is very good news and is one of the largest markets for nickel as well.

So we see … I am just pointing out this number due to the importance of the US economy. So you see a very good combination of recovery of stainless steel and at the same time a more widespread growth in the world economy and this allows us to think of a strong demand moving forward. But prices, you know, the market will determine them moving forward according to the balance between supply and demand.

Operator: Excuse me. Our next question comes from Mr. Jorge Beristain with Deutsche Bank.

Mr. Jorge Beristain: Good morning Fabio. I am just trying to understand how the pricing dynamics are working in China right now. In your 2Q press release you made reference to the fact that iron ore fines back adjusting for the provisional price impact would have been around US$ 50/metric ton, in the 2Q they went to US$ 57/ metric ton. We know that roughly 70% of your sales are on contract, so we should not have seen a significant change quarter on quarter in those sales.

So in other words it would have been the C&F, which only represents 30% of your sales mix driving a 14% quarter on quarter improvement in pricing. My back of the envelope map tells me that those C&F sales would have had to fetch upwards at 40 or 45% premiums to the contract price of US$ 50 to make that formula work.

So I am trying to understand is there something I am missing here or could there have been some resets of higher quarter on quarter fines prices that are under contract or maybe some changes in global sales mix shifting regions increasing Europe's exposure that could have contributed to that higher quarter over quarter sales or am I reading it correct to assume that you are significantly benefiting on your C&F sales far above what you would be realizing on contracting right now?

Mr. Barbosa: Jorge, unfortunately you cannot. It is not like that. As I said before, the average prices that you see is a result of product mix and the increased sales to other geographies where you observed a higher price. So it is nothing of this sort. We actually see a growing trend in terms of the benchmark. This is the reference, the basic reference more than ever.

So I do not see the way you see it. There is no extraordinary premium; to the very contrary of this, as I said before, is something that you have to get used to. It is the increased volatility in prices from quarter to quarter. Thank you Jorge.

Mr. Beristain: If I could follow up on that then. How do you explain the fact that this quarter China accounted for 55% of your iron ore sales revenue, but also 55% of your volumes, which would indicate that average Chinese iron ore pricing is in line with the rest of the world, when Asia typically is getting a 10% discount just because of your contract structure?

Mr. Barbosa: Because you have other countries that still are bringing to the picture and other regions where prices are higher and products with higher prices. That is why. There is no change there, there is no extraordinary premium there, and more than the previous quarters we are, as we commented in the previous question, we are observing clients moving more towards FOB prices and implied in that is also the use of the benchmark as the reference, ok? Thank you.

Operator: Excuse me. Our next question comes from Mr. Leonardo Correa with Barclays Capital.

Mr. Leonardo Correa: Hi good afternoon, thank you for the call. My first question is regarding the rebound in the European iron ore demand. As the restarting effect dissipates during the next months, when does Vale expect real demand recovery to take place in the region? Is there any timing? Are you guys seeing the recovery already in the 1Q10 or would this probably occur later in the year? That is my first question regarding European iron ore recovery.

Mr. Barbosa: And your second question?

Mr. Correa: And the second question would be to touch and explore a little bit more the very strong Chinese iron ore import levels for the month of September. I know you already disclosed part of your thoughts before, but given that crude steel production rates in domestic ore production in China have remained relatively constant during the past couple of months, could there be any other explanation for this big movement in imports? Do you contemplate any possibility of Chinese strategically stockpiling ahead of a tough round of negotiations in 2010? Is that something that is contemplated by Vale? Those are both of the questions.

Mr. Barbosa: Thank you. As for Europe, first we are now observing Europe operating with an average utilization of roughly 65 to 70% of the levels they were operating just before the crisis. So we believe that this is already reflected in our numbers. If you remember that by May, June, the capacity utilization was around 40 to 50%. So it is a major change and this is reflected our numbers as I said before.

And Europe, different from what we observed in the 2Q, when it represented less than 9% of our total volumes, Europe represented this 3Q about 15% of the volumes sold. So this is an impressive recovery and as the consolidation of the recovery takes place in Europe as well we believe that this trend should be further enhanced in terms of participation of total sales.

As for the iron ore imports in China, I think that the explanation for that… I really have difficulties with this concept of inventories building, etc., in China, particularly in bulk materials like iron ore.

We have to understand that as the actual demand increases as we show there with the apparent consumption of steel increasing, the production of steel increasing, there is a natural increase in demand for iron ore. And there is also this structural trend of replacement of domestic ore by imported ore and this is irreversible in our view and actually represents a major market opportunity for companies like Vale that could be explored further in the future because we have the reserves, we have the projects and we, I would say, we are the ones best poised to increase production and to meet the demand for the very reduction of domestic ore in total ore consumption in China.

So I believe that this is a structural trend and there is nothing to do, in our view, with the short-term speculations in terms of inventories or anything of a different nature, ok? Thank you.

Operator: Excuse me. Our next question comes from Mr. Ian Bragg with Opus Pension Trust.

Mr. Ian Bragg: Thank you, Opseu Pension Trust. I want to stay on the nickel and I appreciate your encouraging demand projection and related to that I wanted to refer back to several questions before that mentioned the United Steel workers that are at strike at Vale Inco.

As you know, Sudbury is a heavily unionized environment in the companies. Nickel production has never operated during previous work stoppages, so I am not clear if you can make any comments at all, but I do think it is an important question what your strategy is in dealing with the strikers and how you intend to manage current and future production with some real risk of potentially a heavy labor situation.

Mr. Barbosa: As we have an ongoing dialogue with our colleagues, I would prefer to keep this dialogue involving only the two parties, ourselves and them and when we have any relevant news about this we of course will publicly disclose if you do not mind.

Mr. Bragg: Ok thank you.

Mr. Barbosa: Thank you.

Operator: Our next question comes from Mr. Vincent Lepine with Exane BNP Paribas.

Mr. Vincent Lepine: Good afternoon. I am afraid I am going to ask you about China again. You said about steel consumption in China was very strong and you mentioned apparent steel consumption, which indeed was up 40% or so in the past two months.

But it is also strange that in a country where steel consumption is the strongest on Earth this is where you have the lowest steel prices. So I am just thinking going into 2010 steel consumption in China is probably going to be robust, but in the short-term, do not you think there is a need for destocking?

I mean, certainly Arcelor Mittal yesterday was saying that there is indeed a need for short term destocking not saying too bad, but at least through the next 2 to 3 months and given that imports of iron ore and even domestic production of iron ore in China have remained pretty high, I mean, it does seem a little bit of disconnect between the two.

What is your view on the real steel demand in China versus the apparent consumption and therefore inventory restocking that we have seen over the past few months? Thank you.

And the second question, if I may, is on the Capex. If I am not mistaken, your guidance for this year is about 9 billion and therefore if I take that back and subtract the first three quarters that would mean 3.6, 3.7 billion for the 4Q. So given it is about double or even a bit more than double what you had in 3Q, just if you could tell us exactly what projects you are accelerating just now? Thank you.

Mr. Barbosa: Thank you Vincent. Well, on your first question I am afraid I have to repeat myself. The apparent consumption is actually real consumption. That is what it means. We have a calculation of the internal consumption plus the imports, so the net import if any, and that is why we come to these figures. So this is actually happening.

Again, we do not see any speculative movement in terms of stockpiling either in the steel area or in the iron ore. Just consider that the GDP in China on an annualized basis grew 15% in the 2Q and in the 3Q it was 8% … 10% sorry. So this has been an impressive growth trend and it is reflected in several other consumption indications, main indicators that you have in the country.

So this is nothing like, in our view, a speculative movement; it is actually demand on the ground and we could have some fluctuation on a weekly basis here and there, but the structural trend undoubtedly is towards a higher demand in China this year and the next year our expectation for the world steel output would be a growth of 9%, so returning to the pre-crisis levels as we put in our release.

So it is a very bright perspective for the industry as the economy recovers worldwide and China, of course, will be no exception there. Thank you.

Operator: Excuse me. Our next question comes from Mr. Tony Rizzuto with Dahlman Rose.

Mr. Tony Rizzuto: Thank you very much. A couple of my questions …

Mr. Barbosa: I am sorry, I have to come back to the second question, Tony, I forgot about it. Just hold on a minute please if you do not mind.

Mr. Rizzuto: No problem.

Mr. Barbosa: Ok the Capex, the question by Vincent Lepine from BNP, the Capex you are right that the execution was lower if you compare to the even distribution of the expenses, but they are not like that; I mean, they tend to be higher in the last quarter of the year and we are on track to spend the full US$ 9 billion that we announced on our Capex program. Sorry for that, thank you.

And Tony you can start please.

Mr. Tony Rizzuto: Thank you very much Fabio. A couple of my questions have been asked already, but I want to ask about the nickel situation. I understand the sensitivities there, but we have watched as US Steel corporations. is facing sanctions for violating job and production commitments at their Ontario operations under the Investment Company Act. in Canada and I am wondering are you also with Vale feeling similar pressures from the Government there?

Mr. Barbosa: Absolutely not. We are complying fully with our undertakings and we are good company, we are a good corporate system. We are meeting all the requirements of the agreement that we signed and there has been no indication whatsoever of any discomfort of the Canadian authorities about us.

Mr. Rizzuto: Thank you very much Fabio.

Mr. Barbosa: Thank you Tony.

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

Mr. Barbosa: Well, once again I would like to thank you all very much for attending this conference and as usual we will be available for any further questions that you may have about Vale and the quarter results. Thank you all very much.

Operator: That does conclude our Vale's Third Quarter 2009 Earnings conference for today. Thank you very much for your participation and have a good day.