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International Conference Call
Vale
3rd Quarter 2011 Results
October 27, 2011

Operator: Good morning ladies and gentlemen. Welcome to Vale's conference call to discuss 3rd Quarter 2011 Results.

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 key followed by zero (*0). As a reminder, this conference is being recorded. The recording will be available at the Company's website at www.vale.com, in the Investors section. The audio replay of this conference call will be available at the phone number (55 11) 4688-6312, access code: 2602108

This conference call is 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 statements may be made during this teleconference that present Vale's expectations about future events or results. These are forecasts based upon Vale's expectations about the company's future business involve macro-economic conditions, markets risks and other factors.

With us today are Mr. Murilo Ferreira, Chief Executive Officer; Mr. Guilherme Cavalcanti, Chief Financial Officer; Mr. Eduardo Bartolomeo, Executive Officer of Integrated Local Operations, Mr. Eduardo Jorge Ledsham, Executive Officer of Exploration, Energy and Projects, Mr. José Carlos Martins, Executive Officer of Marketing, Sales and Strategy; Mrs. Vânia Somavilla, Executive Officer of Human Resources and Corporate Services.

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

Murilo Ferreira: Good morning, everyone. We are very pleased with the results obtained this quarter. It has been a very challenging quarter, international conditions remained quite volatile. And as a result, all mining companies had to contend with scenarios, which were often unpredictable.



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In the case of Vale, a point that I would like to emphasize is that we have reached a record iron ore production level of 87 million, which is very important to us, showing operational optimization. It was a number that we were very eager to deliver to the market. We are happy to state that the Vale team is able to deliver at this very important level.

Of course, in relation to sales there is a lag, which was seen by you in your analysis of the numbers. We are building inventory in our operations in Oman, and also in Brazil. This was unsustainable in our opinion. It was a decision of Vale's Executive Directors in the recent past. And we could not continue working permanently from hand to mouth in relation to our iron ore stocks. This harmed our operational efficiency, and especially our customers. So, it was a managerial decision and this number below reflects not only the building of initial inventory in Oman, but also an optimization. Later our directors here will be able to get into the details with you. We also had a fairly significant copper production figure, which topped the previous quarter. Certainly this is a point that we would like to highlight.

On the problem of investments, of course it is easy to see that the number is well below what we had projected in the budget for last year. And we had many problems, continued problems, throughout the year with environmental licensing. It is clear that we need to expedite these environmental licenses, we, and the entire Executive Directors are committed to this matter. We are investing heavily in training, in the preparation of the best practices guide, environmental licensing and environment. An Executive Committee for environmental licensing was formed, which works on actions that can contribute to streamlining the entire process. So these are attitudes that I find important in the sense we have greater coordination, so that we can, of course, deliver projects within the timeframe projected by the company in its strategic planning. On the other hand, and this we'll have the opportunity to discuss, mainly, as from November 28, Vale Day, we will be making a rigorous risk analysis of deviations in deadlines and costs, in relation to planning, with periodic reviews that allow preventive action in the deployment of processes, to facilitate a more suitable transition for the project in operation. So I think it's an extremely useful tool that will give us a greater level of certainty in relation to costs and deadlines. Reducing this uncertainty, and these successive postponements we've been having in relation to deadlines and everything else.

With respect to our projects, however, we would like to highlight the ramp up there in Moatize, which is a very important project for us. We had the



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opportunity to see many analysts, and many investors who visited it. And I'm sure they were inspired by what they saw. It is a very beautiful project, one of the most beautiful I've ever seen in mining. And this, the competence of the team that has worked with the project since 2005, when preliminary studies were conducted, up to now, and the way it was deployed so inspired our shareholders that they have already approved the duplication of the project along with the establishment of the Nacala corridor. This will give a much greater security to our logistics system, and also offer us a deep-water port. During this period until then, we will ship the production from Moatize out through Beira. So that is what we would like to highlight.

Maybe just a quick word about Salobo. We had some problems with some contractors, and they left the site at just the wrong time, so there was a delay in the second quarter of 2012. On the other hand at Karebbe, which is our 410MW energy project in Indonesia, everything has gone normally, and it is already in operation.

Thank you very much, now we are ready for the Question and Answer Session.

Operator: Thank you. Ladies and gentlemen, we will now begin the Question and Answer session. If you have a question, please press the star key followed by number 1 (*1). If at any time you would like to remove yourself from the questioning queue, press star two (*2). Please, restrict your questions to two per person.

Operator: Excuse me. Our first question comes from Mr. Felipe Hirai, from Bank of America Merrill Lynch.

Felipe Hirai: Thanks, and good morning everyone. I don't know if you will be saying something about the presentation that you posted on the website, but if not I would like to ask my questions. They are related to the iron ore market. The first one is, whether you could talk a little about what you are seeing in the market, we saw a sharp fall in prices in the short term, whether you see the price level to which iron ore could drop. And how you see demand in the short term. And my second question is with regards to this inventory optimization. If we will see some sort of effect also in the fourth quarter, or if all of this optimization has happened now in the third quarter? Thank you.

José Carlos Martins: Good morning, Felipe this is Martins. With respect to the issue of price, effectively a strong adjustment in iron ore spot prices is taking



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place. We believe that in addition to a natural adjustment for increased supply in this quarter, we have here an over-shooting effect, caused by the credit policy being adopted in China. You have a strong monetary contraction in China.

The majority of market participants, whether traders or steel mills themselves, have difficulty in raising funds for working capital. The method used there, a good deal, is that the trader gives inventory as collateral to generate money. And now the banks are only accepting invoices, in other words, the billing. So as a result the companies needed additional cash, which they are not managing. Thus the option in this situation, both for the steel companies, and many of the traders, is to reduce inventory to generate cash. So you have this effect, an increase in supply. If you analyse this quarter most market participants increased their supply, both in Brazil and Australia. There was a small reduction by India, but both in Brazil and in Australia there was an increase in supply for the Chinese market. And also the domestic market.

So these factors acted together. I mean, a liquidity squeeze, an increase in supply, acted together to force this fall in price. If you look at the history of ore price, you will see that there is support there in the range of U\$ 120, which is the price that it hit today. Today, Platts is giving a price in the range of U\$ 120. Can it go a little further down than that? It can. But now you start to get the mitigating factors. The first is the arrival of winter in China, when local production of ore typically reduces. The second is the rainy season, and more cyclones in Australia, which also contributes a little to the reduction in supply of ore from these places. And, moreover, there are already some signs of the Chinese Government, let's say, loosening its credit policy a little. So I guess the combination of these factors will help towards stabilization and, who knows, a price recovery. Structurally we don't see any problem in China, from the point of view of market demand, nor do we see any great modification. The civil construction sector continues with plans for the construction of social housing. The Chinese economy has behaved quite positively. So, everyone believes this over-shooting should stabilize, and prices should start to recovery, probably by mid-November. Murilo would like to say something, too.

Murilo Ferreira: Felipe, I think yesterday we had, for the first time, since these macro-conservative measures were adopted by China, that is, three increases in interest, albeit modest, right? And that quite big increase in reserves when ten steps were taken. Then, yesterday, we had the Premier, who announced that he will take selective measures for freeing up credit, I believe that this can



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be interpreted in relation to what everyone says, that companies are looking for funding at any price and a policy for normalization could be on its way.

It is true that perhaps the most important thing to be done, would be a cut in the reserve levels that are required. But this must happen step by step, we do not believe that this will happen at once. And it has also been said by the Premier himself, that from the fiscal point of view, they wish to introduce subsidies for consumption, to facilitate consumption. So I guess these measures that were announced yesterday, should become operational in the next few days. And it will be important for us to see a normalization of the Chinese credit system, which so concerns us. But Martins will finish off his reply here in relation to inventory.

José Carlos Martins: I'll ask Eduardo, who is responsible for operations. Basically, I mean, Vale has been working in recent quarters, since the recovery of demand started. We were practically liquidating what we call operational inventory. That is what you need, especially in the South to homogenize production. We have several mines and each mine has a different quality ore. So you need a relatively large volume of inventory to do blending and homogenize these loads. With strong demand, we ended up delivering "hand to mouth". It's what people call "train to ship". You take the ore from the mine and practically put it straight onto the ship.

So this brought, in addition to problems with respect to residence time, to reduce moisture, especially in the rainy season. The loads leave with quite a difference in quality between each one, and this created a quality problem. Leveraging the best productive performance, we sought to rebuild these inventories in order to improve the quality and increase the residence time. But Eduardo will explain more.

Eduardo Bartolomeo: Well Felipe, good morning. Indeed, just to complete what Martins said, I think it's pretty much what happened. There was an irrigation system, from the mine to the port. It is at the port where people effectively fix the quality of our product. Then, we also had a production record in the logistics system, we transported 83 million tonnes. I mean, there was a healthy irrigation of our production channels.

In answer to your question about stabilization in the fourth quarter, I think the answer is yes. Also with regard to Oman, maritime channels were irrigated, I mean, we had already built up the Oman inventory, we stockpiled in ports and



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there is inventory at the mines, as a result of a fall in the internal market, which allows us to do what Martins said, that is to improve our ability to serve our customers. So we think that the effect of stockpiling, it was really felt, and it was, actually, the best quarter in our history. So we managed to do this effectively. And I believe that now the fourth quarter will respond in answer to our demand. There should not be increased stockpiling in this period.

Operator: Excuse me, our next question comes from Mr Rodrigo Barros from Deutsche Bank.

Rodrigo Barros: Good day to all, and first of all, congratulations for the result, primarily, on the production side, which really was impressive. I have two questions. First, I would like you to comment on the declaration by Baosteel that at the current level of the price of nickel, it is better to buy nickel itself than nickel pig iron. I thought this statement very important, confirmed by the company if your view is that it may be indicating the bottoming of nickel prices. And my second question is more qualitative, in relation to the change of approach by Vale to obtain environmental permits for iron ore, the creation of this kit that you mention in the press release. How do you see this in terms of timing for new projects and what do you expect from an improvement in your relationship with the Government, given this more pragmatic stance I'd say. Thank you very much.

Murilo Ferreira: Rodrigo, thanks for your question, this is Murilo. Actually in relation to the NPI, this is material that appeared at the end of 2005, and began to gain strength in 2006. This year, according to the numbers that we have been given, around 180 thousand tons of nickel pig iron was produced in China. But there has been considerable weakening in these last few weeks. It's the situation which we all foresee, ore is transported, often when prices improve, and when it comes to be processed and comes up to customer sales, there is a substantial fall in price and Chinese producers have to take the loss. And even more so, since the cash cost for the most efficient of them is around \$ 16,000 and many of them are above \$ 18,000, you end up setting a natural floor for NPI. We are certain that NPI has characteristics so special that it continues to be produced only in China. Not one country in Asia is producing NPI, so you see that it works under conditions quite differentiated in that country, but also it has a resistance to price.

In relation to environmental licensing we should highlight the following: Vale has had a good deal of success in many projects. I myself, as you know, was



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responsible for aluminum for many years. We had expansion in MRN, we had the deployment of Paragominas, we had Alunorte 1, 2 and 3, which were three successive expansions in a decade. And we had many initiatives in hydroelectricity and today we have nine, completed plants. So, we can say that we were also successful. But specifically in iron ore we did have problems. We need to check from an external point of view what needs to be done, but also on our side, internally. I'll pass you over to Vânia, our Executive Director, who is responsible for this area, so that she can throw some light on this for you.

Vânia Somavilla: Good morning Rodrigo. I think we have taken three key measures that we could summarize, as regards the issue of licensing. The first is really the good practice guide, which is a fairly detailed guide, with all the procedures you need from the initial phase of the project, from initial studies of mining research FEL1, FEL2 and FEL3. This applies to projects that are starting. You are absolutely right, this is very important so it begins with start-up projects. For the projects already in the pipeline, we work with what we call the licensing road map. Where we carry out a detailed gap analysis, for those projects for which studies have already commenced. Then we review the studies in progress, with detailed description of processes and workflows with responsibilities for each of the items produced there.

That is, the goal of these two processes, which are the good practice guide and licensing road map, is that we give the environment the same importance as we have given to engineering projects. I think this is quite an important turning point, the fact that we draw up our studies with a very high level of detail. And the third step, also important to ensure quality and monitoring is that a licensing Executive Committee is created, with the presence of three Vale Executive Directors, responsible for the area of projects development, implementation, and me, since I take care of that part of the environment and sustainability as well. So we do a weekly follow-up of the major projects, to see if the licensing is going the way we want.

Operator: Excuse me, our next question comes from Mr. Marcos Assumpção from Itaú BBA.

Marcos Assumpção: Good morning to all, congratulations on the result. My first question is with regards to Europe, whether you see any sign of weakness in demand for iron ore in the region, and if there is any possibility of flexibility of



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quarterly contracts as is happening in China in the short term. Are clients asking for this in Europe as well or not? And the second question, if you can talk a bit about volumes of iron ore, not only in the fourth quarter but also for 2012, we saw the third quarter maybe a little below the expectation of the market, the numbers for 2011 perhaps closed a little below that first expectation of around 310 million tonnes. If you could comment, maybe even give an indication of what you are seeing for October, which is already practically at an end. Thank you.

Eduardo Bartolomeo: Marcos, October production numbers are very good too, and reflect the period that we have been through in the last quarter. We are shipping 100% of what we are producing. I mean, there is no perceived change in Vale's view on shipping. We cannot provide our expectation for volume, and our guidance does not change. And next year, Martins can collaborate here, we're keeping our budget within the guidance that we had last year too. That is 310 Mt for this year and 320 Mt of production for next year. So we're seeing things as consistent with what has happened in recent months here with us.

José Carlos Martins: Well, with respect to the European market, it is effectively a bit weaker. We had some cancellations, nothing significant, but we did have some cancellations. And also the domestic market is weaker as well. I don't know if you know, some Brazilian plants are in a process of verticalization, so we have had a bit more ore available for export. And logically the main destination for this ore is China. Is not an expressive volume, we're talking about two or three more ships per month. But it's the natural destination, whenever you have a market fall in areas where Vale has a large participation, which is Brazil and Europe.

The market is much weaker in pellets, which is natural at times like these. You can even see that this is the case today with Australian lump, which is being sold with virtually no premium in China. There was a growth of production in Australia, a larger proportion of lump, apparently. So all this is transmitted by the market as what everyone calls a direct load, acid load. That is the product that you throw directly into the blast furnace, as pellets and as lump. So this is the scenario from the point of view of the market. For the next year in term of sales, we're keeping to our predictions. We believe that this situation in China is temporary.

We believe strongly in a reshaping of the situation, the price coming down quite a long way, but then recovering strongly. Because there is no major structural



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change in what is happening in China. I emphasise this point, because it is important. There is no change, moreover, I would say that prospects are even better in China, with stimulation of the internal market and the civil construction sector, even with less dynamism in the main export markets of China. So we are optimistic about next year, and we are prepared to produce and export to the limit of our capacity. In the previous crisis of 2008, you remembering that we made a decision to cut production and reduce sales during the crisis period. We were not very satisfied with the results, so today we are much better prepared.

We have our fleet of ships, and we have the capacity to continue exporting. And if customers fail to comply with the contracts, we are prepared to compete in the spot market. We have no unbreakable rule here in the company in this regard. We find that the quarterly system is an interesting system for steel mills. Because it gives them a price predictability for the following quarter. It is not a yearly price, but keeps the price firm for a period. We had a pretty much stable price for almost three quarters.

So if customers want to opt for more spot pricing, we're prepared to consider it. But that is a one-way decision only. From the moment they are prepared to go for more spot pricing, we're willing to work like that, but from then on it will be spot pricing. We will not work on a system where, when the price drops people want the spot price, but when the price rises they want fixed prices. I think it is fair to both sides. If companies today have difficulties in administering their cash flow, with a time-lag for pricing per quarter, which is the situation today. Because this lower price for ore will end up being reflected in the next quarter for customers.

If customers believe that because of their financial situation they cannot wait that long, and want a spot pricing, Vale is willing to take it on board. Because in reality what cash is left over for one of them is missing for the other. This adds up to zero. So if we have to go for greater more spot pricing, we are willing. But, from then on it becomes clear that if the price rises, as we believe will happen very soon, prices will also rise on the spot market. So, this situation, we are a market oriented undertaking, we always say we are guided by the market. And we're looking at the situation, we are following what is happening with the various market participants. There is a big dispute for market share, in terms of Australian ore. And this is reflecting on the entire market, we have our market share and we want to keep it and we also want to collaborate with our customers.



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We are a company that looks after our relationship with our customers. We believe that iron ore has no application outside of steel. So if we do not sell to the steel mills, to whom we will sell? So this relationship is very important, we are not afraid to sit down and talk with customers face to face, and discuss the situation. Except that the solution has to be good for both sides. If we go for more spot pricing, it has to work both ways, when it goes down and when it goes up. So that's our position with respect to market situation, with respect to price. Always very calm, very rational, and watching the market. That is for us the main indicator of how we should behave in this respect.

Murilo Ferreira: I would just like to reinforce the comment that Martins just made, which is very important. We're not planning to, and we will not cut production. We're not in the fourth quartile of the industry, so we'll continue producing, as we always have. Trying to optimize our production. And this is a message that I would like to make clear to those who may want to compare today with the crisis of 2008.

Operator: Excuse me, our next question comes from Mr Renato Antunes of Flow Corretora.

Renato Antunes: Good morning everyone, thanks for taking my question. The first one has to do with iron ore costs, we saw a small increase in the quarter in costs per tonne of fines. If you could talk a little bit more about this issue it would be interesting. You mentioned in the release the issue of cost of personnel, wage agreements, etc. It is reasonable to expect that this will still impact the coming quarters, partially offsetting the weakening of the real against the dollar. If you could tell us something about your expectations in terms of costs, it would be interesting. And the second question is in relation to the issue of mine depletion that you addressed in the comments on the results. You mentioned a number there of 80 million tonnes of lost capacity on a global scale. And how much of the investments in new capacity, will be basically to replace this quantity. If you could talk a little more about this, it would be interesting, and also talk a little more specifically on system Vale in the South and Southeast systems. How do you see that over the next few years and what type of initiative could the company could make to mitigate this effect a bit. Thank you.

Eduardo Bartolomeo: Well, Renato, this is Eduardo Bartolomeo speaking. I will first answer your second question, about the mine depletion it makes perfect sense of course when we talk about the South and Southeast systems, about



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the mines connected to the lower quadrangle through MRS. and the other which is close to Itabira/Mariana. The solution that we are finding for this are the hard itabirite projects. We have three huge projects, two already happening and one already approved and being licensed, which is Itabirito Conceição and Itabirito Vargem Grande. This is the way we are correcting and recovering the depletion of the mines. It is a business reality for us, it's in the number you saw, but it's always been like that, so it's part of our daily reality.

Our big project is Apollo, which recovers and also injects new volumes into the system. And we're making every effort to bring it to ramp up, for implementation of Project Apollo. But independent of the Apollo project you have three very large concentration of hard itabirite. This is basically responsible for the recovery of our South and Southeast system. And in the North system you do not have this problem because, Carajás has another reality, as you know this is the S11D expansion, with normal operation issues. Guilherme will talk a bit about costs from an accounting standpoint.

Guilherme Cavalvanti: Thank you, as you know the increase of our production record, is accompanied also with increased costs exactly because of the increased volume. Just for you to understand, of the 9% increase of our COGS, 70% is due to the increase in volume. So basically the production increase was responsible for the increased cost. The remaining 30% of this was basically was in power, gas and material. So we basically see that cost related to our increased production. And with expenditures, as was mentioned, we have to consider that we have several projects that are ramping up, which are beginning production, so their costs and expenses are up in relation to the revenue generated. Also we have the ramp up of Oman, Onça Puma, Moatize, so this also has an impact on our expenses.

Operator: Excuse me, our next question comes from Mr Leonardo Correa of Barclays Capital.

Leonardo Correa: Good day to all, thanks for the call. The first question has already been discussed, with respect to sales in the spot market, it is logical that with the discrepancies between spot prices and contracts, many Chinese customers are migrating. Martins, if you could just help us to understand how big those customers are, a one-off niche, small Chinese producers that are migrating? Just for us to try to quantify the proportion of CIF sales that Vale will have in the next quarter. To try to understand the impact, that must be a negative impact for the fourth quarter. So if you could just help us understand



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the magnitude of that migration from contract to spot in the next quarter, it would help.

And the question now for Murilo, I mean, with respect to the regulatory environment everybody is expecting Congress to receive the new framework, but anyway, a lot of discussion about what will be the future of regulation in Brazil. There is a clear divergence between the Government and the mining companies; if you could just expand on this theme and also say, perhaps, give a perspective of how fast this might be resolved in the coming months? These are the two questions please.

José Carlos Martins: Good; well with regards with the question of price we're here in the first month of the quarter, for the time being we're billing all ore under the contractual conditions, and at the same time we are in a negotiation process with clients to adjust the conditions of the deal to what is needed, based on the principle that once the conditions have changed, that is what is valid from now on. There is no going back, no return ticket, it's one-way only. This is varying from customer to customer. Some customers prefer a real quarterly average. Other clients prefer to work with the monthly average. So it's hard to tell you how this trend will end.

The fact is that in China, mainly, we see most customers more willing to go for more spot pricing. In other markets this is not yet very clear, European, Japanese. Apparently the Japanese prefer to keep the pricing as it is, because they like to have predictability. And they know that the average will always have an effect up ahead. So in the end the bill will be the same. The relationship between Vale and its customers, is a long-term relationship. The price of a month doesn't have much meaning. If the customer is buying that amount monthly, a five, ten year contract, the average price will be what it has to be. Now, as I mentioned before, if clients are concerned about the temporary cash situation, and want to take advantage of price drop. Well, everyone is willing to give way, on the understanding that when the price goes up, the bill goes up the same way.

I would say the following to you, there is a strong trend of migration to the average price of the index, in the quarter. You invoice a provisional price and at the end of the quarter you adjust the price to reality, this is a strong trend. Now, I couldn't give you the exact proportion. Because we're in the process of discussion with customers and with the markets. And, in addition, there are certain conditions, we're keeping this condition to the extent that the volumes of



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contracts are kept. We are not interested in simply giving a discount. The buyer reduces quantities, and still wants a lower price. There are a series of negotiations that are still in progress.

Now in general, I would tell you that while this volatility is present in the iron ore market, the trend for more spot pricing is almost irresistible. I don't see how we could return to a system of long term pricing, one year as benchmark, it is virtually out of the question. Not virtually, it is totally out of the question. And our effort is to maintain the quarterly system that we believe is interesting for both sides, and something bearable for the two sides. But, we are looking at the reality of the market, we're seeing our competitors behaving, let's say, fairly aggressively in this matter.

And we are also seeing, especially in the Chinese market, a wide acceptance of this pricing model but over the short term. And as we are guided by the market, our tendency is to do what the market does. As Murilo mentioned, one thing we're not willing to do, is to reduce production. We are a low cost producer, not only in terms of mines, but even in terms of transport, with our initiatives in the shipping area. And we're willing to use all our competitiveness that we built to maintain our market share in the ore market.

Murilo Ferreira: Leonardo, good day. On the new regulatory framework, initially I would like to mention that this is happening in many places. It is not only in Brazil, some places more comprehensively, others less. We have already been aware for some time of a big discussion in Australia, in African countries such as Guinea and Zambia. So it is a discussion that we see spreading throughout the world. Maybe it's the by-product of the decade that the miners have lived through, with demand so heated as has been the case mainly in Asian countries.

I believe that the Government will move ahead with its project, probably at the end of the month of November. And we need, we have addressed at various levels, especially through IBRAM, some issues. For example, the subject of royalties. It is essential that we have greater clarity about the regulations. This lack of clarity has led to many legal disputes. That is absolutely exhausting for all parties. So, this is undoubtedly very important.

The other refers to, a lot of people talk about gross billing, how can you have gross billing if you have the issue of freight. Some are further away, others are closer, the burden is different. And I understand that the royalty is as like



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compensation for mineral production and has nothing to do with freight. This is a point that I would like to make. So the debate that causes me greatest confusion is about the special tax, comparing oil with iron ore for example. For example, we know that there are at least three tax incentives, "Repetro", and two others for the oil and gas area and for mining there is none.

We also know that you can have tax substitution for oil, but not in our case. So much so that the white goods line, steel, automobiles are all taxed in its productive chain. We know, for example, that in the case of oil there is a captive market here in Brazil. With respect to us, we are competing internationally. So, there are many points that need to be brought to the table in relation to that differentiation of oil and mineral production, so that we can analyze the situation in its totality. But I'm sure that President Dilma wants to maintain the competitiveness of the minerals industry in Brazil. And she will take care of this in a very important way.

Now, what definitely worries the Government, is that there has been a great deal of speculation with licenses for exploration in recent years from the heated market, they want to see these turned into projects. So they are debating this regulatory package as a whole. Starting from exploration, then mining rights, and periods of validity. And the next renewal process, how will this work, would it be automatic and what the assumptions would be adopted. But, I am confident that incentives for the Brazilian mining industry will prevail. Thanks for your question Leonardo

Operator: Excuse me. Ladies and gentlemen, this concludes today's question and answer session. Mr. Murilo, at this time you may proceed with his closing statements Sir.

Murilo Ferreira: First I would like to thank the support received from our shareholders. Regardless of the high market volatility, we know that our share is one of the shares with greatest liquidity in the market. Therefore, in moments of uncertainty like recently, it also tends to suffer heavily. But as you can see, we broke records in our production, iron ore, copper. We believe that we will have in the coming weeks the project ramp-up of New Caledonia. So I think we have a future of growth, and a whole team committed to this. Thank you all.

Operator: The Vale teleconference has finished. We appreciate you all participating and wish you a good day, thank you.