



**International Conference Call
Vale 2010 Results
February 25, 2011**

Operator: Good morning ladies and gentlemen, thank you for standing by and welcome to Vale's conference call to discuss 2010 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 key followed by zero (*0). As a reminder this conference is being recorded. To access the replay please dial (55 11) 4688-6312, access code: 5250430. 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. Roger Agnelli, President and Chief Executive Officer; Mr. Guilherme Cavalcanti, Chief Financial Officer; Mr. Eduardo Bartolomeo, Executive Officer of Integrated Operations; Mr. Eduardo Jorge Ledsham, Executive Officer of Exploration, Energy and Projects; Mr. José Carlos Martins, Executive Officer of Marketing, Sales and Strategy; Mr. Mario Alves Barbosa, Executive Officer of Fertilizers and Mr. Tito Martins, Executive Officer of Base Metals Operations.

First Mr. Roger Agnelli 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. Roger. Sir, you may now begin.

Mr. Roger Agnelli: Ladies and gentlemen it is really a pleasure to be here with you today and comment our results of 2010 that I believe it was good, it was really good. We had a lot of challenges during 2010 to recover production; to keep our costs under control; to face a new price system in the market and I think we overcame all the situation.

I would like to say to my colleagues in São Paulo and Tito in Canada that I think we can be proud of the results that we finally are presenting to the market today.

I would like to ask Guilherme to make the comments about the results and later on I will make my statement, but 2010 is past. I think it was good but it is the past. I think we have to be focused in 2011 that seems to be a very good year, will be a very good year for us. At least in January, February everything is going very well and the trend is positive. It depends on the situation, the conflicts we are seeing in Libya, in the Middle East and how this kind of event can really jeopardize the year for everybody.



But I am still very optimistic and we are working to make a better year in 2011. Guilherme, if you can please, go ahead.

Mr. Guilherme Cavalcanti: Thank you Roger. In fact 2010 we had an extraordinary performance. On the operational side we had an all-time high production in iron ore of 380 million tons, 29% above last year; 49 million tons of pellets, more than double of last year; 6.9 million tons of coal, 27% higher; 14 million tons of bauxite, 15% higher.

Carajás surpassed the 100 million tons threshold for the first time producing 101.1 million tons in 2010.

Also we had a strong recovery in the nickel output since the end of the period of strike, being 58% higher in 2H10.

On the financial side we also have all-time high figures: we had record revenues of US\$ 45 billion, 21% higher than the last highest figure of 2008.

We had also records earnings before interest and taxes of US\$ 21.7 billion, 38% higher than 2008 and a 47.9% Ebit margin, which was the highest in 2010 among our peers.

Our Ebitda was US\$ 26 billion, also a record, and our net earnings were 17.3 billion dollars, the highest ever in the mining industry.

Before going ahead I would like to say that Vale has developed several initiatives during the last year to reduce fixed costs; therefore we managed to keep our costs under control even with the current environment of pressures arising from the strong demand of labor equipment, spare parts and services.

4Q cost increase was due to effects of movement to gain exposure to the cycles and one-off effects such as resumption of the Canadian assets; increase in purchases of iron ore and nickel products from third parties; sales increases; consolidation in the acquired fertilizer assets; the startup of projects coming on stream and personnel presented an one-off effect coming from the bonus payment in November due to a two-year agreement with workers made in 2009. Therefore it is important to mention that we managed to implement a reduction in personnel and material costs in 2010 against 2009 when we excluded the volume and exchange rate effects and therefore we diluted our fixed costs.

On page 7 we see our financial performance in 2H10: Vale is the number one among our peers. We had the highest earnings before interest and taxes of US\$ 15 billion; we had the highest earnings before interest, taxes, depreciation and amortization of US\$ 17.7 billion; we have the highest Ebit margin of 51.7% and the highest net earnings of US\$ 12 billion. Our peers include BHP, Rio Tinto, Xstrata and Anglo American.

On page 8 we see that after interest and taxes we generated US\$ 20 billion of operational cash flow. We increased our net debt in US\$ 3.6 billion; we made divestitures of US\$ 700 million and that resource of cash was used on US\$ 12.7 billion in Capex expenditures; US\$ 6.7 billion in acquisitions and US\$ 5 billion was returned to shareholders being US\$ 3 billion in dividends and US\$ 2 billion in the repurchase of shares.



Therefore we continue to build our growth platform guided by a long-term view of minerals and metals fundamentals. Our investment in 2010 was, as mentioned, US\$ 19.4 billion being US\$ 12.7 billion in Capex and US\$ 6.7 billion in acquisitions, figures significantly higher than the previous years.

In 2010 we delivered six new projects: Carajás additional 20; Oman pelletizing plant; Onça Puma nickel plant; Tres Valles copper mine; Bayóvar mine in Peru of phosphate rock and our steel plant TKCSA in Rio de Janeiro.

Projects recently approved by the Board of Directors include Carajás S11D of 90 million tons; Carajás Additional 40 million tons; Simandou phase 1 of 15 million tons and our distribution center in Malaysia, Teluk Rubiah, of 30 million tons.

On page 12 we see that from 2011 to 2015 we will deliver 33 major projects that will contribute to a significant value creation for our shareholders and that will double the size of the Company.

Looking backwards Vale was number one in shareholder value creation among large mining companies. If we look at the last 10 years we delivered a total shareholder return of 38.2%/year and look at the last five years 29.5%/year, higher than our peers.

Our strong cash flow generation allowed us to invest the US\$ 19 billion that I mentioned and also deliver US\$ 5 billion return to the shareholders and also to deleverage our balance sheet. Our average debt period grew from 9.1 to 9.6 months and our average cost of debt decreased from 5.5% to 4.9%.

As I mentioned our gross debt/Ebitda ratio came from 2.5x at the end of 2009 to 1x at the end of 2010 and also it was mentioned that we had at the end of the year almost US\$ 10 billion in cash. It is also worth mentioning that more or less 60% of this cash position are allocated in reais, that besides being a hedge for our costs in reais it also earns current Brazilian CDI rate at 11%/year.

On page 15 we start our outlook that looks very promising for the next years. Industrial production, global industrial production revamped at the end of the year and on page 17 we see leading indicators for industrial production also increasing: the purchase manufacturing index reaching 57% and the New orders/Inventories ratio reaching 1.18%.

We think that global growth continues to be supported by strong fundamentals: monetary policy will continue to be accommodative; fast-growing consumption expenditures of emerging economies and the US; we will have recovery of corporate investment now that companies are deleveraged, had strong balance sheet again and are capable to pursue the strong Capex; we have also developed economies recovering and emerging markets growth sustainability.

Inflation we would like to say that we think that the effect in inflation will be temporary because it is mainly because of energy and food, so we do not think that the current inflation means a trend looking ahead.

On the short term we expect the global economy will continue to grow above its long-term trend and on page 21 we see that the global carbon steel output has regained momentum following the growth path of global industrial production and global steel output it already surpassed the previous peak.



This is also led mainly by China, which we can see that also surpassed the previous peak in January 2011.

This increase in steel output was reflected in iron ore prices, so the strong steel production growth and a tight supply of iron ore underpin the price increase as we can see on page 22.

In face of a tight supply of iron ore China has been accessing an increasing number of small-scale suppliers, showing that the tightness of the market will probably continue in the next 3 to 4 years.

Because no major projects are coming on stream capacity must increase to meet the depletion. Chinese production failed to accelerate and the Indian exports are losing steam. So as you can see on the chart on page 24 India's exports are losing ground coming from 25% in 2005 to more or less 15% in 2010.

The increase in the relative scarcity of iron units is driving the upward long-term trend for the iron ore prices as you can see on page 25.

Turning to nickel, the global stainless steel production reached 7.8 million tons in 4Q10, implying a 23.4% growth in 2010, its highest-ever record annual expansion.

This reflected, on page 27, on the behavior of the nickel price due to the strong demand stemming from the stainless steel applications and also non-stainless steel applications.

Different from steel and copper, nickel intensity of emerging markets is still converging to the level of advanced economies indicating a high growth potential for the future as you can see on page 28.

On page 29 we see copper prices reaching all-time highs against the backdrop of strong demand and structural supply constraints for this raw material.

Moving to fertilizers on page 30, the surge in grain prices has raised farming profitability stimulating the recovery in fertilizer demand. So corn on the very high levels and also soybeans as other agribusiness prices.

So on page 31 we see the recovery in potash publish prices rallying from the lows in mid-2010.

So before the question and answer session I would like to hand over to our CEO Mr. Roger Agnelli. Please.

Mr. Agnelli: Thank you Guilherme. Well, as you saw the year of 2010 was not a bad year; I should say that it was a good year, a very good year for the Company. Today operationally speaking we are doing very well. I think the Company is in the best moment of its history, everything is going well.

We are improving all kinds of operations and standards and incorporations. The Company is gaining in terms of speed. We are right now implementing big projects around the world that we are proud that we have people and we have expertise to implement these projects in a very good way.



But one thing that I am really very proud is that besides or behind the numbers you are seeing we are doing a terrific, a fantastic job with communities, here in Brazil, in Africa, in Indonesia. Of course we have a lot to improve, still we have a lot to be improved, but we are doing very well.

I think there is no other company in the mining industry doing what we are doing in terms of communities. Nobody in the industry is reducing CO2 emissions; re-vegetating; reforestating and even reducing the usage of water as Vale is doing. So I am very proud that we are every year, every single month we are improving a lot in terms of sustainability.

The Company is very well seen by the communities, by the society. We are supporting the development of local people; we are giving them alternative to make income; is improving the standard of living of these communities.

So I think Vale is in a very good track. I think we are really operationally speaking in a very good moment.

For 2011 also we are going to see an increase in iron ore output; in copper; in met-coal; in potash; in phosphate; in nickel. So in all our operations, in all our segments we are going to see increase in production.

If the price remains in the same level that it is today I think 2011 will be a very, very good year for Vale and for our shareholders. I am very confident that, of course, we are going to see a lot of challenges, a lot of problems, and I am very confident that we are going to overcome all these challenges.

Again I am very happy that the Company is committed to do everything that we have been doing plus we are concerned about the sustainability of the Company and again, I do not see anybody in the same level as we are today in terms of sustainability. I am very proud, I think Vale is recognized today as a friend Company in all countries that we are operating and we are promising a lot of things but we are delivering everything; every single promise that we are making we are delivering results and the results are really amazing, are very good.

If you go to Mozambique today the country is a completely different country; even if you go to North of Brazil you are going to see the communities working with us, supporting us; if you go to Indonesia I think we have a lot to improve there in Indonesia but we are going to improve a lot there in Indonesia.

Even there in Canada I met the Governor of the Central Bank of Canada yesterday and he said that Vale is very well known, very well received by the society, by the community. Even though we had a long, long strike there in the Sudbury operations - and Tito is doing a very good job there to overcome and to keep our people motivated in Canada.

So what I can say is that this is it: numbers are numbers. We delivered reasonable results. 2011 we are keeping working hard to improve wherever we have space or room to improve, and I think we have a Company that is committed to make every day a better day and bring the Company in the position that the Company deserves to be.



I think in terms of operations we are one of the best - if not the best - and in the end of 2011 I would like to celebrate that we are going to be the best mining company in the world and to be the largest one I think we are in the right track. This is it, thank you very much.

Q&A 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 the one key (*1) on your touch-tone phone. 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 from Bank of America.

Mr. Felipe Hirai: Hi, good morning, good afternoon everyone, congratulations on the results. 2011 I think is going to be much stronger, so I am looking forward to seeing your results for this year.

I have two questions, the first one is related to the growth in iron ore volumes for the year. I did understand that you expect to see an increase in iron ore production or volumes of 5% to 6%; where do you think that you are going to sell this iron ore if all of this is going to China and if that is the case do you think that there could be any kind of downward pressure in the spot market because of these higher volumes that you are selling to China? That is my first question.

The second question is related to cost pressures. We are seeing across the board that commodity prices are leading to a higher inflation and we already saw that in your results, your numbers showed some cost inflation in your operations. So I just wanted to know what you are looking in terms of cost inflation for this year, taking into account that you have one of the most aggressive pipelines in the industry. Thank you.

Mr. José Carlos Martins: Good afternoon Felipe, Martins speaking. We believe that this additional production could be sold worldwide. If you look at what is going on in the iron ore market today all the main markets are improving: the Euro zone is improving - not talking only about Germany - but other countries are improving. We have many customers that had their blast furnaces idle deciding to come up in production again.

The Japanese market is also doing well; the Korean market is doing well; even Brazil is improving and China is China, ok? We see every year China's steel production growing. For this year what they talk about is a 5% growth and 5% growth only China will demand more than 50 million tons of iron ore. So I do not believe that there will be any problem in marketing this additional ore that we are going to have this year available.

And also we do not believe in a big pressure on prices. I think iron ore price in China we have some overshooting now and then, but in general the fundamentals are very strong. So I do not see too many changes in iron ore prices; maybe some accommodation because of the overshooting we had in the last two or three weeks, but fundamentally speaking India is not delivering enough ore, they are consuming more internally. Even local ore is becoming... the quality and the iron content is becoming lower. Even if they mine more ore the ore has less iron content.



So when I look at everything together I do not see big changes in the fundamentals. For sure more iron ore will come in production but only from Vale but from other producers; but not to an extent that could change fundamentally the market situation.

Mr. Cavalcanti: Hi Felipe, here is Guilherme. About your cost question you are right that there has been in the market cost pressures, but first of all I would like to say that on our procurement side we purchased a lot of materials in the past in advance and if you look closely to our results and exclude the FX of exchange rate volumes and things related to acquisitions of minerals from third parties for example, you will see that we diluted costs and reduced costs with personnel and materials for example.

Maybe some confusion will be done because this quarter we introduced all the fertilizer costs on our base, so this is misleading the analysis. So I would like to ask you to contact our investor relations so they can split up the effect that the introduction of the fertilizer business in 2010 that did not exist in 2009 are distorting the numbers, ok?

Mr. Hirai: Ok, thank you Guilherme, thank you Martins for your answers.

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

Mr. Rodrigo Barros: First of all congratulations to all the management for the results and most of all I think to all employees of Vale, this was really outstanding. I have two questions, the first one is on the differentiation of iron ore products. I wonder if you could tell us how many years of lump does Vale still have excluding Corumbá, as I do understand that probably we are going to talk about just a few years left.

And in terms of new iron ore supply we can see that approximately 70% of Vale's new supply is going to be sinter feed and worldwide speaking it is a kind of the opposite: roughly more than 60% of supply will come from pellet feed.

My second question is if Vale believes that that premium that sinter feed used to have over pellet feed may once again exist due to eventually sinter feed becoming the new lump. Thank you very much.

Mr. Martins: Well, as far as lump production Vale was never a big producer of lump; historically speaking Vale was the king of sinter feed and lately we started developing more and more pellet feed as we started processing iron ore to produce sinter feed and then we started generating a lot of pellet feed.

Our ratio of lump was always below 10%, and for sure we do not have too many years ahead to produce lump ore besides Corumbá. We have huge resources there, but the main issue is logistics. So as far as we are developing better logistics we could increase a little bit lump production based on Corumbá mine. But even with this additional lump Vale will never have a big percentage of lump in our portfolio.

As far as pellet feed it is increasing not only in Vale but mainly in Brazil. This is very interesting to point out. Pellet feed is a main Brazilian product, is mainly produced in Brazil and all of those mines that are now developing in Brazil by third parties will be mainly producers of pellet feed.



Pellet feed could be priced at the same level as sinter feed, although the sizing is not the best for steelmakers; but the quality for pellet feed is really good. So the chemical quality will in such extent compensate by the lower size and quality.

But as time goes by steelmakers will need to use more and more pellet feed because of this trend and in this case they have a chance to use pellet feed as part of their sinter feed up to 10%, 15% of the sinter machine they can use pellet feed and the remaining will have to be pelletized. So we believe that as time goes by more pelletizing plants will be built in order to cope with this additional pellet feed that will be delivered.

I believe that in the long-term pellet feed will be one of the most important materials for steel making, being used as pellet feed itself or being used as a feed for pellets. But this is a very important point that I think steelmakers will have to adapt themselves to use a different burden going forward.

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

Mr. Marcos Assumpção: Hi, good morning everyone, congratulations on the strong results. The first question is regarding the iron ore sales volumes that you did under the CFR model. What is the maximum level of sales that you can do under this type of contract and if this was the main reason behind the positive price performance that you had as iron ore fine prices dropped only 5% quarter on quarter, well below the Platts average, which declined more than 10%.

Mr. Martins: Well, we are selling on C&F basis, but we are also selling freight to our customers, ok? Sometimes we sell C&F, sometimes we sell FOB; but we sell the freight together. So this is a different composition and we try to manage it on a daily basis in order to get the best net price, the best net FOB price for us.

I prefer not to tell how much we are selling on this condition, but the point raised is ok. We have a better pricing than expected for two reasons: one was CFR sales and the other one is the improvement in quality in our ore in this quarter. So the combination of both improved our price and our price decreased less than the Platts index as you say.

Mr. Assumpção: Ok. Just a second question regarding India, if you have any insight on the issue regarding the export bans in the country and as you already touched on the point, if you believe that India continues to be a sustainable long-term supplier of iron ore to China.

Mr. Martins: Steel production in India is growing very fast now; so as time goes by a big part of their iron ore will be used locally and what we see is in the last two years they kept their sales in the same level and there is a clear indication that this year they are going to reduce a little bit their shipments worldwide, including China.

So I do not believe unless there was a big change in Indian legislation as far as iron ore exports are concerned and also in the mining rights and logistics, I do not believe that India could have a big role in the iron ore market from now on. I think they got their most high level in 2009 and from that point on they started reducing their presence in the seaborne market.

So I think this answer is very difficult to assure, but in our view the way we are looking the market we see their presence in the international market lower and lower in the years to come.



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

Mr. Carlos de Alba: Good morning, good afternoon, thank you very much, good results in 4Q. Just a couple of questions, one is given the very strong results that you had in 4Q and the very promising outlook for 2011 do you see, Roger, any room for additional return of capital to shareholders? It was proposed about a month ago a dividend, minimum dividend, but some of your peers had a more aggressive capital return to shareholders and your results are much better, so if you can comment on that I would appreciate it.

And the second question is a lot has been said about how much the Government in Brazil is trying to get involved in the mining industry and with the mining companies, so if you can give us what you are perceiving that would be also appreciated. Thank you.

Mr. Agnelli: if I may answer this question, in terms of return to our shareholders of course this is a very big concern; but we are right now facing a US\$ 24 billion investment and of course we have to be very, very disciplined in capital allocation. We would like to finish the expansions of our operations, we would like to start up new mines around the world, so we have to be very careful with that.

I do not know exactly how is going to be the market or the financial market in the end of the year, if we are going to see or not shortage of capital. I do not know, so we have to wait a little bit more to see and to decide if we are going to increase the dividends to our shareholders. If we have room to do that we are going to do it, no doubt about that.

In terms of cash, in terms of ability to face this US\$ 24 billion we are ok. We do not need to raise any money, but let us wait a little bit to see the performance of the first semester and let us see the financial market in the end of the year. I think we have to be very careful with this currency fluctuation. We have to be very careful with the inflation in the world, maybe some big economies will need to raise interest rates that will, as a consequence, we will see a little bit more scarce capital or funding for new investments. So we have to be very careful with that.

Again, if we have room to increase the return to our shareholders we are going to do it, but I do not want to promise or I do not want to anticipate any movement about that.

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

Mr. Leonardo Correa: Good afternoon everyone, thank you for the call. My first question is regarding the Simandou Project, if you can update us on the political environment and the understanding that you have been reaching with the local Government and also what are the next achievements that we should be looking forward regarding this project? We saw headlines that logistics started to be built, the railway was under way; so if you can give us an update on Simandou that will be great.

My second question is for Tito Martins on the nickel side. Reading the press release it was clear that Vale is a bit more cautious now on H-power projects especially given its projects in Goro and New Caledonia; so just to get a sense of how feasible these H-power projects are including



the laterite ore in the industry and if you guys see big chances of disappointments with these projects going forward. Those are my questions please.

Mr. Agnelli: The first question I just arrived from Guinea and we celebrated the break ground ceremony there in Guinea. But this railway will not be used by Vale; this railway is a revamp of the existing trans-Guinea that goes from Conakry to Cancan. This road will be used by Guinea for transportation of people, banana, etc., etc., general cargo.

What we are doing we are developing a new railway, new railroad from Simandou to Liberia Port. The political situation there in Guinea and around Guinea I should say that it is not really an easy place to be, but our position is to contribute with democracy there.

We would like to have our social projects implemented there in Guinea. We believe that we have a lot of good things to bring to Guinea and I had a meeting with Mr. President, Mr. Alpha Conde and the meeting was very good. Of course he is a little bit conservative in terms of approach, in terms of action, and I think that we need to wait a little bit to see how fast we can move in terms of the implementation of the project.

We are ready, we want to contribute with Guinea people. We would like to contribute with democracy there implementing this project that is very important for Guinea, but they are facing a lot of problems there: they have a problem with external debt; they have a problem with power supply; they have a problem with food; it is a poor country and an investment like we want to do there in Guinea will be very, very important for the community, for the society, for the development of the country.

I have no doubt that the future of Guinea is very good. It is a rich country in terms of natural resources (oil, gas, iron ore, bauxite) and they have a very good hydropower generation in hydro also, but they are consuming right now only diesel power plants.

So we are working hard, we are working hard to be a very good citizen and to be a company that Guinea's people will be proud to have there in that country.

Tito, go ahead with the second question.

Mr. Tito Martins: Ok, good morning everybody. In terms of the laterite let me explain what is going on in the New Caledonia right now: we have already commissioned all the plants, the H-pows they are working very well, the refinery is working very well. We still have one problem which is the columns that they left, we are building them right now.

In terms of the results that we are having, the outcome we are having from the plant we are very optimistic about them. Why is that? Because the technology that we are implementing has proven to work well, and I said some time ago that the future for the laterite is primarily related to the success of the H-pows and we still believe on that.

If you ask me are we actually expecting to see any fall back in the near future? Of course, we are dealing with a new technology; but so far everything has proven to be very efficient.

We are moving on with be rebuild of the columns; we are already shipping what we call intermediary products (NHC or Nickel Hydrate Cake). We are selling this some tonnage to Australia and we are confident that along the year we will be able actually to deliver the metal.



And as I also said before all the industry is looking at us and expecting to see our success because this is the future for the nickel industry.

Mr. Agnelli: If I may say that, if I had to bet in the success of New Caledonia project or the technology I should bet in a positive way, I should bet that it is going to be a success.

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

Mr. Rodolfo Angele: Hi good morning. I have two questions, the first on iron ore. Martins, if you could give us an update on your views on what is the marginal producer looking like in China in terms of cost, in terms of iron ore grade; just an update have you seen the cost curve in China moving where you see it right now?

And I also would like to hear from the management an update on the coal project in Moatize. That is it, thanks.

Mr. Martins: Ok. As far as the cost of the marginal producers worldwide (mainly in China) it is clear that all the additional production that is coming on stream has a higher cost of production. So in China specifically today it is around (on average, considering the most expensive producers) around US\$ 80 per ton.

But this cost is increasing because first, the quality of ore is deteriorating, so less iron ore content, more costs to produce per unit of iron ore; and also China is facing internally... wages are increasing, currency is revaluating a little bit; so I believe that the situation of these marginal producers in China their cost is going up and will continue to go up.

And even outside China all the new producers will have much bigger costs. On this aspect I think Vale is very well-positioned because the new mines we are bringing in production is even with a lower cost than the former one. So the new projects that we are developing in Carajás they are introducing a lot of new technologies, a lot of new approaches that will drive our cost down.

So as time goes by I believe that the competitiveness of our ore will increase relating to China and to the other marginal producers even in Brazil.

Mr. Eduardo Bartolomeo: Ok, this is Eduardo Bartolomeo. For the second question about the coal projects, the main project that we have is the Moatize project coming on stream on July in the second semester due to the project date. It is on time, on budget, very well taken care of.

The threat that we have is about logistics, we are taking care of that also. We have been with the Government of Mozambique and that the concessionaire. The solution for the railway really we believe that we will be able to service around July, we are taking care of the rolling stocks and the wagons and all the issues there.

And about the Beira port it is a provisional solution for the exporting of the coal from Beira. It is already fixed with the Government, so we think that we will be able to ramp up the production faster than we even thought at the beginning, for the second semester of the year and for the year 2011 we are very optimistic too. That is the main project that I think we have in coal.



And the operations in Colombia and Australia are going well, besides Australia was very infected by the rain as everybody else in that region.

Mr. Agnelli: If I may I would like to ask Mario Barbosa to make some comments about fertilizers. Fertilizers is going to be, or is very important for us. It is going to be year by year more important for us and if I may I would like to ask Mario Barbosa to go ahead with some comments about that.

Mr. Mario Barbosa: Thank you. First of we incorporated Vale Fertilizantes and Vale Fosfatados last February 1st, so now we are one Company in phosphate and we have many projects to build, important in phosphate.

We are analyzing all of these projects, total investments too in fertilizers will be something around US\$ 12 billion in the next four years and at the moment I think fertilizers is in a good position because the price of the commodities are increasing like corn, like soybean, like coffee, sugarcane in all the world.

The world needs food and as the world needs more and more food, they are using more and more fertilizers because the only way to increase the production is to increase the productivity and fertilizers is very important to do this.

Studies of FAO indicate that 50% of the production of food came from the use of fertilizers, so we are investing a lot, we are building a new company and we are very optimistic about this new company and during the year we will have some news about fertilizers in Vale.

Mr. Agnelli: And if I may would like to ask Eduardo Ledsham to talk a little bit about energy and you owe me, yes, this year, Eduardo.

Mr. Eduardo Jorge Ledsham: Thank you Roger. Well, regarding energy especially in gas we just finished an agreement in Peru and we are very confident to have good results in terms to have a gas supply and it could be one of the best alternatives for us to go downstream in the Bayóvar Project and I believe that we could add value in the fertilizers business.

In Brazil we are confident to have good results during 2011 especially in the area of Espírito Santo and it could be one of the alternatives to supply gas for the iron ore operations in Espírito Santo.

We are looking for opportunities in Argentina. Two months ago we had a test, results with one of the areas that we have a JV and a farm in agreement. There is gas to supply our Rio Colorado Project for the next 50 years, so there is a huge deposit, it is a JV with YPF.

And we are looking for opportunities in Africa as well especially in Mozambique, because Mozambique we have a project in the late stage going to finish the feasibility studies, it is a EVAT Project, and it is possible to go downstream as well if we have gas available.

Mr. Agnelli: Biodiesel in the North of Brazil?

Mr. Ledsham: In the North of Brazil we are starting the implementation of a pilot Plant in the Pará State and we are starting a small production in the end of November and we just finished the acquisition of more 21% of Biopalma (nowadays Vale has 70% of Biopalma) and we are



starting the second phase to start to the production in the middle of this year and to achieve the full scale in 2014.

Mr. Agnelli: Ok. To finish this very nice conversation I would like to say that we are committed to be disciplined in terms of capital allocation.

We are looking for new reserves in copper. I think copper is an area that we have to increase our presence and we are speeding up all the implementation of new mines here in Brazil as Salobo, as Cristalino, as other projects in Carajás. In Zambia also we are pushing the investment there. We are looking for new opportunities in Congo, also in Zambia, and I believe that the target to produce 1 million tons of copper by 2015 is still alive and I think we will be able to deliver this promise to the market.

Met-coal as Eduardo said the project there in Mozambique is going very, very well.

In nickel Onça Puma is ready to start the production, New Caledonia also. The improvement in Voisey's Bay in Sudbury is going very, very well.

Fertilizers I think Mario gave you a good update of our projects there.

Logistics is another area that we can grow a lot in the next coming years.

So I am very, very optimistic that Vale is well-positioned in terms of the current results and very well-positioned for future results. Nobody else in the industry has the same or the size of our investment pipeline. We are very well-positioned in the logistics for iron ore in Malaysia's distribution center; in Oman also we are very well positioned.

Big vessels will start to arrive next month and that will give us more flexibility to deal with prices, to deal with our clients, to be a reliable supplier independent from this very volatile freight market.

Financially speaking the Company is able to face the projects or the size or the amount of projects that we have right now to implement for 2011 and for 2012. We do not depend on anything, but of course permits, environmental permits; the ability of suppliers to supply with equipment; with labor force, etc., so everybody in the industry are facing the same problem. There is no doubt we have to be creative to overcome this lack of resources to implement big projects as we are implementing right now.

So I am very happy that we have a lot of problems, a lot of issues to be solved. I am very happy that the Company is well-prepared to face all these challenges and I am very happy that we are delivering very good and sound and sustainable results for our shareholders.

This is it. Vale is a company that, I can tell you, ahead of our competitors, ahead of the main big companies in the world in terms of sustainability. I would like stress this thing, because this is strategic for us. It is not sustainable to be in any country in the mining business if you are not going well with the stakeholders, with the communities in the areas that we are operating.

So I think we are in a very good position. I do not face, I do not see any major problem for 2011. Of course we have to be aware that a lot of changes are happening in the world today. We need to update ourselves every single day in every single region that we are present.



But this is a challenge for everybody, so if it is for everybody it is not a problem, it is the day-by-day business. So we do not have any exception in terms of issues or problems. I think we are in the same environment that everybody is today. So we are confident that we have our duties, but we are able to overcome these issues. Thank you very much.

Operator: Thank you. That does conclude our Vale's 4th Quarter 2010 Results conference call for today. Thank you very much for your participation and have a good afternoon.
