VALE

Conference call and webcast presentation

4Q13 Earnings Release

February 27th, – 12:00 p.m. (RJ time) / 10:00 a.m. (NY time) / 3:00 p.m. (London time)

Operator: Good morning ladies and gentlemen, thank you for standing by and welcome to Vale's conference call to discuss 4Q13 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. As a reminder, this conference is being recorded. To access the replay, please dial (55 11) 4688-6312 – access code 5485124 hashtag. The file will also be available at the Company's website at www.vale.com, at the Investors section.

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

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

With us today are:

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

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

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

Murilo Ferreira: Good morning. Good afternoon. Thank you everyone for being with us in this conference call. Vale delivered a strong performance in 2013, with solid results across all the business. 2013 was a year in which we realized the benefits of our cost cutting efforts, Capex discipline and focus on core business. It was also a year in which we layout the foundations to deliver solid volumes and free cash flow growth.

So let's look first at our financial performance. 2013 was a strong year for both financial and operational performance. Our underlining earnings reached US$ 12.3 billion. Our adjusted EBITDA was US$ 22.7 billion, the third highest ever, increasing 18% in relation to 2012. We had record sales volumes in iron ore and pellets, with 306 million tons in 2013. Sales of copper, gold and coal were also records and nickel sales were the highest since 2008. Despite the increase in sales volumes, we had a reduction in costs and expenses across all our business with savings net of depreciation charges of 2.8 billion year on year. Cost of our products reduced US$ 972 million, SG&A went down US$ 860 million, almost 40%. R&D decreased 663 million, or 45%. Our cash generation allows us to distribute dividends of 4.5 billion in 2013. As previously announced, we are committed to a minimum dividend of 4.2 billion in 2014, which means a dividend yield of about 6% at Vale's current shares price.

2013 was equally remarkable in terms of implementing the discipline in capital allocation, which I have been conveyed to you from day one as Vale CEO. In 2013 we reduced 2 billion in Capex, year on year, making another consecutive year of Capex reduction. As we complete our project and become even more selective in approaching new projects, we shall expect for the reduction in Vale's capital expenditures. We sold non-core assets and investments for US$6 billion in 2013, reinforcing our commitment to the simplification of our asset base. We are now exploring strategic partnership, such as one in the Nacala Corredor that will create value and reduce our capital commitment. We are also open for partnership in our global coal and fertilizer segment. Now when we look at major issues we dealt with, we reduced important business uncertainties in 2013, allowing management to focus even more in our operational and strategic team.

In November 2013, we joint an income tax settlement program called Refis, for income tax and social contribution on earnings of non-Brazilian subsidiaries. Our participation in the Refis program resulted in substantial reduction in our penalties, fees and interest on the taxes; elimination of tax uncertainties while preserving potential legal challenges to the tax regime on foreign subsidiaries.

Last year we were also granted the implementation permits for S11D and associated logistics carving the way for growth in iron ore production beyond 2016. And to add to this, at the beginning of this month, we had more positive progress being granted authorizations to mine additional areas around any four mines, which supports the production target of 120 million tons in Carajás in 2014 and increases confidence in our growth program for 2015 and 2016.

I am also proud to comment on the projects we delivered in 2013. We completed a number of projects required to grow iron ore production in the years from 2014 to 2016. The Conceição Itabiritos plant started up in the fourth quarter. It is the first of our Itabiritos project, which will improve quality and extend mine life, allowing full utilization of the South and Southeastern capacities. Plant two in Carajás, known as additional 40 million tons per year, is currently ramping up and we expect to operate it up to the limit of the logistic capacity of our northern system. Also the CLN 150 project, including a new pier in Ponta da Madeira terminal, which reached 150 million tons capacity at the port and 128 million tons per year at the railway, supporting our production growth in Carajás in short run.

In addition, we are ramping up at base metal projects. Salobo is already operating close to the nominal capacity. In December, it produced over 1,800 tons, which is basically our nominal capacity on yearly basis. We are now using the lessons learned from Salobo I to improve our future operations in Salobo II. The Onça Puma plant we started-up successfully and in December, its output was 1,300 tons. This represents about 62% of its nominal capacity of 25,000 tons per year, for one single furnace. Nova Caledônia is going well and in 2013 VNC produced about 16,000 tons in nickel oxide and nickel hydroxide case. Marking the end of an investment cycle we completed important projects in base metals. Long Harbor is correctly being commissioned. The Totten mining is ramping up and expected to provide an excess of 80,000 tons per year of nickel and excess of 10,000 tons per year of copper.

So, where do you go from here? 2013 was another year of relentless focus on health and safety. Our indicators improved, despite of our effort we still had accidents. This is not acceptable and we will not relax until we achieve our goal of zero harm. In 2014, we will continue with our cost-cutting efforts to preserve our strict discipline in Capex allocations. We will concentrate on completing our ongoing projects and on delivering volume growth. We are totally committed to create value for our shareholders and we are focused on generation of free cash flows, which will manage firmly to reduce our debt levels and distribute increasing dividends to our shareholders. Now, our team will be available for question-and-answer session. Thank you.

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 the one (1) key 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. Carlos de Alba from Morgan Stanley. Excuse me, Mr. Carlos de Alba your line is open, sir.

Carlos F. de Alba – Morgan Stanley: Yes, hello. Can you hear me.

Murilo Ferreira: Yes, yes, please go ahead Carlos.

Carlos F. de Alba: Yes, sorry, thank you very much Murilo. Congratulations on the results. The first question seems to be the iron ore price, the realized price was really strong. We all see what the spot markets are used, the Platts and other indexes have done. I even saw the company managed to surprise those positively. So I wondered if you can explain what do you think the job, the better prices and if you can break it down by the different components, I would certainly appreciate it, so we can fine-tune our numbers going forward. Particularly this is something that you believe is going to be sustainable and is really going to differentiate the company from other competitors.

And then the second point, just trying to understand. In the Portuguese call it was said that iron ore prices are difficult to come down or that is difficult for iron ore prices to be down below 110 on a sustainable basis. And I just want to understand what is the logic behind that, if we assume that market goes into surplus and it doesn't, no longer needs the high-cost Chinese mines. We will lose the support that those high-cost producers bring to the market and therefore that open the possibility to have prices slightly below 110. So I just wanted to understand what is the rationale behind those comments. Thank you very much.

Murilo Ferreira: Thank you, Carlos. Martins, please.

José Carlos Martins: Okay. Carlos, as far as the iron ore prices, we have some factors that influenced the better performance. Part of it was the quarterly price proportion. We have many contracts that are based on lagged quarter. So as the price was going up and then it stabilized, we have the impact of those contracts that bring some additional increasing price. We calculate one-third of this price increase was due to this fact. Another issue that, as you know, we are working hard to increase our CFR proportion in our sales, okay. So by doing that, so we have the impact of the freight on the average price. So one-third of this increase is due to the CFR sales. And at the end we have a mix of contracts that are better in this quarter. So I wouldn't put it as things that can be kept, but in this quarter it was particularly very favorable. On top of it, as you know, we had some improvements in the price of high quality ore that can offset a bigger part of the total discounts that we needed to give for lower grade ore. So I think the scenario was very favorable in this quarter. And as far as going forward, we believe that on a comparable basis, we believe that we can perform better, although the average price in the market is now a little bit lower than what used to be in the last quarter.

Why we think that the price cannot go below US$ 110 on a sustainable basis? It is because of the high-cost of local producers, okay. We are talking about more than 350 million tons of local ore and a big part of this ore has a cost much higher than US$ 100. And so, as the price is driving now, part of this supply will be taken out of the market. Sure that if you have a very big increase in supply, the price could be driven down a little bit more, but that's not the case we assume for this year. We believe that this year the additional ore coming to the market around 100 million tons and 60% of it will be taken by the crow consumption. So the remaining 40 million tons is the one that will compete with local ore in China. So I think this is a very low quality when you compare 400 million tons of additional capacity against 350 million tons of high cost local ore. So that's the reason we keep our view that the price cannot be driven below US$ 110 in this year. So that's the way we see it.

Carlos F. De Alba – Morgan Stanley: Thank you, Martins, and then just from me a follow-up on the CFR sales that you mentioned, what is the average freight cost that Vale is seeing today, when you said on those terms?

José Carlos Martins: Our cost, average cost of freight is around US$ 22.

Carlos F. De Alba – Morgan Stanley: All right excellent. Thank you very much.

José Carlos Martins: Yes, of course.

Murilo Ferreira: Thank you, Carlos.

Carlos F. De Alba – Morgan Stanley: Thank you very much.

Operator: Our next question comes from Mr. Alex Hacking from Citi.

Alex Hacking: Good morning and thank you for taking my question. First question is on iron ore, is it okay. You've just talked about how the price probably cannot be sustained below than

US$ 110 a ton. But in a very short-term, how concerned are you that we could see some kind of a destocking event in China, similar to October 2012, given some of the negative data that we are seeing on inventory and steel demand in China. So do you have any kind of short-term concern on price. And then the second question will be on base metals. I know that you are looking for a sort of US$ 3 billion to US$ 4 billion of EBITDA from this business at today's metals prices. How far towards that gold do you think that you get in 2014, now that we have Salobo at full capacity plus partial operations in Onça Puma and VNC. Thank you.

José Carlos Martins: As part of price, when we talk about US$ 110, we do not talk anything shorter than three months okay, three months average, because nobody takes decision to shut down a mine or to shut down a blast furnace with one week price or one day price. So you only have to look to three months average, and in three months average all the points you raise about the stocking will be kind of absorbed. I think Chinese iron ore market is very dynamic. We never had in the history of the ore anything so dynamic as the iron ore market in China. So all those effects happen constantly. One year in China you can see very big movements. You can see price are going down, up to US$ 90 and three months later to be US$ 150. Look to the number. So I think to talk about the short-term average price in China, it's quite difficult. We always look a bigger period, and we look before and we look after and we do not see why the price can be below US$ 110. So that's our basic assumption, and I have been telling you about this not from today, and if you look the track records, I think you have to believe a little bit more on what I am saying. In the short-term today in China what we see is really a monetary constraint, which is affecting the civil construction mainly, and it is affecting steel, and indirectly affecting the steel production and iron ore consumption. At the same time you have a big increase in Australian production. But even with this situation, price in dispute never went below US$ 117. Today increase a little bit again. So, I think there is a very strong resistance in price in the range of the local Chinese iron ore cost. So it's not driven by supply and demand, but is driven mainly for cost structure. So that has nothing to do with the short-term movements, that we are continuous to see in China. Now we have this pollution issue, we have the momentary constraints, but when you talk with the customers in China they are willing to buy my ore, they are willing to increase their production, they are willing to modernize their facilities. And even the main institute in China, which is CISA, Steel Association in China, they delivered a very decent forecast for this year, 3% growing in steel production and near 7% grow in iron ore import. And I think they are very qualified to make this projections because they work with whole steel industries, they have close connections with the planning areas of the Chinese government, they are aware about the pollution issues. So that's the fact that we are looking for. We put our assumptions based on facts, based on reality that we can see and things that we can really capture in the Chinese market, in the Chinese environment. So I believe that this year, considering the big increase in supply, it will not be as good as last year in terms of price, but the price will continue to be very favorable and very profitable for Vale.

Murilo Ferreira: Please, Peter Poppinga about the base metal.

Peter Poppinga: Okay, thank you Alex for your question. I would try to answer your question looking in 2015 and then we dug out 2014. If you take the 2013 realities into account, with 2013 prices, and then you add ramp up's, you can add roughly US$ 1 billion from Salobo, in terms of EBITDA, I'm talking now 2015. You can add US$ 400 million to US$ 500 million depending on the mix from VNC. All the North Atlantic optimization, we are doing with the increased productivity and mine plants and also tote incoming on stream and Long Harbor, you can add around US$ 500 million. If you go on to Onça Puma, we are talking at least US$ 200 million. And of course you have to deduct the pre operating expenses, which will decrease drastically if not disappear. And then you reach already US$ 3 billion of EBITDA. This under very similar price scenarios, now you add this to US$ 1.6 billion EBITDA we had this year it becomes 4.5 or higher, and now you, at least, consider US$ 20,000 in the nickel price this add to another US$ 1.5 billion in EBITDA which leads us to our US$ 6 billion, which is very conservative because we think prices can be much higher than that, because of the export plan of Indonesia, you are well aware. Now if you go to 2014, I guess the reality would be in between what we have today and what I've just said, so it's something around US$ 4 billion to US$ 4.5 billion.

Murilo Ferreira: Thank you very much Alex.

Operator: Our next question comes from Mr. Thiago Lofiego from Bank of America.

Thiago Lofiego: Hi, I have two questions. First one, if you could give us an update on your Malaysian distribution center project. Do you expect any benefits on your realized iron ore prices, once it's fully ramped up? And when do you expect to be fully ramped up there. And the second question is regarding your Valemax vessels, if you could give us an update on the situation there? How the authorizations for you to berth in China are now and what's the outlook there?

Murilo Ferreira: Thiago, thank you very much, Galib Chaim for the first question and Martins for the second.

Galib Chaim: Well about the Malaysian distribution center, we expect to receive the first vessel in next month to starting the unloading system. And the construction is going very well, when do we expect start the first loading in the exportation berth in the second half of this year. I believe that Malaysia is our best project and everything is being done in the best way, under - below the budget and we don't have any concern up to now.

Murilo Ferreira: Martins, please.

José Carlos Martins: Well, as far as Malaysia impact on the result we believe that will be felt in the next year, because we are starting sending ore to Malaysia during March, and we only be able to export from there after July. So then we have a period that we are building some inventories and then blending ore, and then in the second half we can deliver what we call the green Brazilian blend, which is a kind of ore that we expect to blend with different ores from Brazil, and that can be used to generate less carbon emission, okay. We are defining a kind of blends that can reduce carbon emission in the blast furnace in China. So, this ore, we don't have how the market will feel the prices for this ore, but we really believe that the acceptance will be very good. Also, Malaysia will allow us to use our Vale Max fleet completely and much more efficiently, even if you not able to berth in China or our 35 vessels that we have, owned or contracted, can be used in their maximal efficiency through Malaysia, through Oman, and through our float station, also with the port that now are accepting Vale Max. Today we can berth Vale Max in three ports in Japan, two ports In Korea, and another port in Philippines. So, we are less dependent on China acceptance to use our fleet. So that will bring cost reduction, so Malaysia distribution center will be very important for us to increase not only the efficiency of our blending, of material, but also our fleets.

As far as entering China, China recently established a new regulation and we believe the regulation was a big improvement from the last regulations they had. First, because they are transferring to the ports the decision to accept ships bigger than the port capacity. Second, because they are allowing the ports to have an increase of up 10% of their capacity. And third, because they say in the regulation that will trend to use the big vessels is a reality and that the Chinese ports have to be adapted to receive those vessels. So, I believe that the law, the regulation itself, is a big incentive for the Chinese ports to prepare themselves to receive larger vessels like Vale Max and others.

So I cannot put when it will be possible, but I believe that as time goes by the chances for China to accept the Vale Max is increasing. But, as we always said, China is a sovereign country, they have their regulations, they have their constraints, and our issue is just adapt ourselves to what they establish. We already did it, we made the ship to go to China and it was not possible and we found a way to keep it operating in a high performance level, and now in Malaysia we are completely free from this dependence.

Murilo Ferreira: Thank you, Thiago.

Thiago Lofiego: Thank you. That's very clear. Thank you guys.

Operator: Our next question comes from Mr. Rodolfo Angele from JPMorgan.

Rodolfo de Angele: Hi, everyone again, I wanted to make two questions. I'm going to ask you to answer again a question I did earlier because it's a recurring theme with investors, and the question is really on the case issue, is that past us, what is the mean for volumes that were guided in the Vale Day for this year, and how do you see your volumes getting back, continuing to increase into the coming years, in regards to the case issues that you discussed so much in the last year. So, that's my first question. And the second question is also, try to address a recurring theme that I get from investors, especially the global ones that are looking at your peers in Australia. Investors are more and more looking for capital discipline and dividends have been particular importance for them, when looking at the different mining companies. We understand that Vale is in a different moment of…, it's towards and investing in such a big and important project. But, if there is a liquidity event in the year, would it be a spike in iron ore price or an agreement on Nacala that need to avoid Capex. How should we expect Vale's management proposal to the Board in regard to dividends? That's it for me, thanks.

Murilo Ferreira: Vânia Somavilla.

Vânia Somavilla: Good afternoon. Regarding the first question about the case, as I mentioned before, all the regulatory uncertainties are over now. We have overcame the phase, there were some uncertainties about how we would do our study. Now we have completely understood, together with the environmental agency, what are the necessary studies: biological, hydrological and speleological studies. So, we have discussed the methodology, now as soon as we need deliberations we are presenting the studies, they analyze and it's completely in phase with our strategic planning assuring us that we are going to get the necessary production for 2014 and for 2015. For the next years on, it depends on what we call EIA Global, that is over on the study and the deliberation for this. It is completely on schedule, as I mentioned before also. We already had some people from Ibama going there, in the Carajás region, just to verify the case, and so it is on the schedule, it depends much more now on our planning and the studies that we are conducting because the methodology is already clear.

Murilo Ferreira: About the second one, in case of having a cash flow in the most positive way, for sure we can reduce debt, we can increase dividends or even to buy back shares as we did in 2011. What we can assure you that we will stay with discipline in our leverage, which is extremely important, because as you know we intend to finalize the first stage of our Moatize project, which means for next year 11 million tons of coal, and we intend to see this first wagon of Nacala Corridor until the end of the year, and the port facility in the first quarter of next year, the first ship from the Nacala port facility. Then I believe that we had many, many things to complete, mainly in Mozambique and in Brazil with the S11D and Itabiritos projects. But, regardless of this, we will always pay attention in case of having further cash in our position, and for sure, we will bring the value to our shareholders. Thank you very much Rodolfo.

Operator: Our next question comes from Mr. Wilfredo Ortiz from Deutsche Bank.

Wilfredo Ortiz – Deutsche Bank: Guys, good morning. A couple of questions. On the cost cutting front, do you have an overall U.S. dollar amount target for 2014 in addition to that US$ 2.8 billion achieved in 2013? I believe you mentioned of a 10% reduction in SG&A and that you would be cutting in half your pre-operating and stoppage expenses of 2013. So I get to about US$ 1.1 billion just on those two effects. Are you targeting a higher amount or is this something along the lines that you're expecting this year? And my second question is regarding the new iron ore production capacity being brought on stream by the Brazilian steel producers. As more of the Brazilian steel producers become more self-sufficient, how could this impact Vale's iron ore sales to the domestic market going forward?

Murilo Ferreira: Luciano Siani, the first one please.

Luciano Siani: Thank you for your question. You just mentioned, we produced the guidance that we gave at Vale Day on the SG&A and on pre-operating expenditures, and they are maintained. So we are very confident that we are going to deliver on both. I would say that we started the year very well in terms of SG&A and on pre-operating and stoppage. If you just take two numbers, we spent US$ 120 million last year just with Onça Puma, which is now producing very well, so no pre-operating expenditures from this moment on anymore, and Rio Colorado we also spent US$ 384 million on that. So just these two we are talking about US$ 500 million. So your calculations are correct for these two items. On cost of goods sold, we are not giving guidance, but we believe that the initiatives that we started in 2013 are starting to bear fruit in

2014. We believe that we have more opportunities to increase workforce productivity. We believe that the comprehensive review of contracts and the procurement approaches are starting to bear fruit more at a speed which is higher than what we had last year, and we are looking forward to the dilution of fixed costs that we are going to have as we ramp up production in all of our projects, especially in the iron ore projects. We have been saying that once we are able to ramp up, the marginal cost of producing, the marginal ton of iron ore, it will be much lower than the existing one. So this is in effect that as soon as we ramp up production should come into the cost figures as well.

Murilo Ferreira: Martins.

José Carlos Martins: As far as the second question, our participation in the domestic market is decreasing, as you probably know, because big parts of the steel producers in Brazil are developing their own mines. So as time goes by possibly our sales in domestic market will be lower and we probably will send more ore to export. We have some exceptions to this, one is CSA, which we have a long-term contract to supply up to 8 million tons per year. And also in the feature CSP, which will consume 6 million tons of ore. But for the other companies, it will depend very much on their strategies, because all of them are developing a strong verticalization strategy. So our main target is the export market, okay, seaborne market for our ore. And we believe that seaborne market has conditions to absorb everything that we are able to produce and ship.

Murilo Ferreira: Thank you very much.

Operator: Our next question comes from Mr. Marcelo Aguiar, from Goldman Sachs.

Marcelo Aguiar: Hi, gentlemen. Thank you for the opportunity. Question will be regarding the Refis, I mean you guys explained currently how you arrive at a lower impact on your balance sheet, but I would like to cover more on the tax payment going forward looking to 2014 and 2015. Are you able to use the credits like close to R$ 8 billion to reduce the tax to be paid in 2014 and 2015? Can we assume this full amount deductible for the tax to be calculated? The other question will be regarding the mining law in Mozambique. I mean, can you elaborate a little bit of what's happening there, how secure are you guys in terms of royalties, the whole legislation? And also update in the, on the cash cost we should expect. In terms of the met coal at the port, when Nacala will be fully operational and also the cash cost for the thermal coal as well. Those will be my questions. Thank you.

Murilo Ferreira: Please Clovis Torres, our Legal Counsel and Luciano Siani and later on Roger Downey.

Clovis Torres: Good morning to everybody. The Refis, as you know, it was provided by law and we have now what we call a provisional measure. The provisional measure is regarding the future tax for the CFC legislation. And, as such, it has amended in a couple of articles the existing Refis legislation. One of these amendments actually provided for an exemption, on the potential tax that would arise on you taking advantage of the expenses that you had on the litigation. For example, if we had the R$ 40 billion, at that time US$ 22 billion, that you could take advantage in your balance sheet, if the Refis would reduce it because of the cuts it gives on interest and penalties, it would be able to take advantage only of those that you actually put in your balance sheet, not really the full amount. Otherwise, you would be taxed on the difference, on the reduction of your debt. So as such, this MP 627 amended law to say that the gain that you have on the difference of the full amount of your debt and the one that you actually enter your Refis would not be taxable, it's exempt. Therefore you could take advantage of the full amount and not actually have any tax on your future gains. So that's really the basis for the way that we have accounted for the Refis in our balance sheet.

Luciano Siani: Marcelo, this is Luciano. You are correct. So, we will have minimal cash out flows for tax payments in 2014 because of those credits. It will be a significant impact on our cash out flows.

Murilo Ferreira: Roger, please.

Roger Downey: Hi, Marcelo. Answering your questions on Mozambique, regarding the new proposed mining code, so far there hasn't been any developments. Obviously Mozambique is gearing up for its annual elections and there hasn't been any development upfront. In our discussions with the Minister of Mines in Mozambique, she has basically told us that this is probably something that's going to go further down the road, and if it does, we would be affected, because existing contracts will be on it, which is a relief for us and we see it very positively. Obviously things are changing in Mozambique. It's a different environment today than it was a few years ago. Ours is the most advanced project and the only project that is realistically advancing, and I think this has changed a bit the attitude towards mining. Regarding our business there, we produce met coal and thermal coal basically at the same cost, right. It is the same process essentially. So we cost them in the same level. Once Nacala is fully operational, and we've ramped up both Moatize I and then Moatize II to 11 million tons and 22 million tons per annum run rates, respectively, we should be definitely working at an FOB cost within the first quarter. We have to remember that Moatize is an open cut mine. Once we have a large scale and a very efficient railway and port running in Nacala, along the Nacala railway and the Nacala port, we will have world class operations from mine to ship. And, obviously, this is going to take us down to where we should be really with that sort of thing.

Murilo Ferreira: Thank you very much Marcelo.

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

Ivano Westin: Hi, thanks for the question. I have just two points. So, the first one is on your debt level. Just wanted to get a sense on how much room do you expect to reduce your debt, I mean, what is your comfortable level. And the second question on cash cost for iron ore. While you are ramping up your production in 2014 and 2015, what sort of cash cost change can we expect, if any? Thank you so much.

Luciano Siani: The current debt level, when compared to EBITDA, is very comfortable, right, and when compared to our future projections, is comfortable. I would say the bias would be to use excess cash more to pay dividends than to pay down debt, although some reductions would be desirable given that we should sum up the Refis liabilities. And to reassure, as you know, we have a negative outlook from SAP since the application for Refis. So, I would say, that from that perspective it would be advisable to have a downward trend debt in order to reassure the current credit ratings. But I would say the bias would be to use our excess cash more towards dividends.

In terms of cash costs in iron ore, we are very close to US$ 21 per ton on cost of goods sold per ton of iron ore FOB, right. So that's, you'll get to the debt number when you exclude the freight expenditures and not considering also the expenses. So I'm referring to the segment, business segment information on the financial statements. I would say, without giving you guidance for this year, because it will all depend on the pace of the ramp-up, there is some adjustments and expenditures that we will have to incur in order to, one off expenditures, in order to ensure a good ramp-up, perhaps putting some part of our fleet, ideal fleet, in working conditions and so on. So you should see more of the effects of the dilution for this particular reason on 2015. And today we have a split of around 50/50 in terms of fixed cost and marginal and variable costs, so the way to think about it going forward is that the additional production is more, cost more the marginal production, more variable costs than fixed costs. So I believe with that we can give some of the math for 2015.

Ivano Westin – Credit Suisse: Thank you Luciano.

Operator: Our next question comes from Andreas Bokkenheuser from UBS.

Andreas Bokkenheuser: Yes, thank you very much and thank you for taking my question. Just following-up on the debt question, looking at your balance sheet and your cash flow statement it looks like your total debt was unchanged in the fourth quarter relative to third quarter, but your long-term debt went down about US$ 6 billion, US$ 7 billion, about 13%, and there was no change in your short-term debt. So can you sort of clarify how that was possible? And secondly, it also looks like you've been in the market lately raising debt or looking to raise debt in the first quarter. In view of your declining iron ore prices, from where I'm sitting it sort of looks like that you're financing your dividend payments by debt around an internal cash flow. Can you confirm that being the case? Thank you very much.

Luciano Siani: Okay. The total debt was stable when compared to 2012, the gross debt. The net debt, as you pointed out, increased from the third to the fourth quarter. Had we received the proceeds from VLI from the sales in this service, this wouldn't have happened. So we believe to return to the levels of net debt of the third quarter after we received those proceeds. The reason why the short term debt decreased and the long term debt increased is because we had amortizations in the fourth quarter, which are part of our short term debt, and we refinanced this with long term debt. The reason why we went to the market, to the Brazilian market, the bonds that we issued internally they had tax breaks for individuals. So we were able to fund ourselves at a rate which when swapped with the U.S. dollar was between a 100 – 150 basis points, below the current yield cut that we had. And the strategy was to use that to anticipate our funding needs for this year, which are minimal. So you shouldn't see Vale go into the market again. And that was not a big transaction, it was R$ 1 billion, so we're talking about US$ 400 million. So basically we have all of our refinancing needs for the year already provided. So going forward, so we have not paid dividends last year from debt and we do not look going forward to paying dividends out of debt. There are few items that can provide us good surprising cash flow for this year, one was already pointed out, prices of iron ore. We had the VLI proceeds, the divestitures which can/will be used to off low part of the Capex which was budget for 40 years, some of the tax credits already mentioned on the conversation. So we are very confident that we got to be able to do both, to pay good dividends and keep our debt on a downward trend.

Operator: Our next question comes from Mr. Leonardo Correa from HSBC.

Leonardo Correa: Hi good morning and good afternoon everyone. Thank you for taking the question. The first one is back to Martins. Sorry Martin, to insist on the quality premium side. I think it's probably one of the most important issues and themes to discuss on Vale going forward. But just to confirm and understanding that most of the Carajás shipments are being sold on a CFR basis. And also if you can indicate what type of premium levels for that type of material you've been reaching. We have seen from spot transactions at close to US$ 10 premiums, so just wanted to confirm that. And second bringing back Roger into discussion, I think you've been very clear on the coking coal side of the business on Moatize, it's non-recurrent to continue this type of running sustainable. There is a pricing issue, but you also have a logistic issue which is the gain on profitability. So, I think that upside source is cleaner, I just wanted to understand on the fertilizers side. There also have been some issues on pricing, on market structures, so that clearly has had an impact on your overall profitability. Is there anything else from a cost perspective Roger, we can see going forward to turn around those operations that have been profitable a couple of years back. So just wanted to get your views on what can be done and what steps you're taking on the fertilizer side? Thank you very much.

Murilo Ferreira: Martins, please.

José Carlos Martins: Let's start with the premium okay. Sure that we have been selling Carajás with premium up to US$ 10, it's true. You apply the formula price for the 62% plus the additional content that we have in Carajás ore. And then, on top of it you put up to US$ 10, okay. But this is very dynamic, depending up on the situation, up the market. So I cannot, we don't believe we can keep it, but depending up on the quarter, if the situation in the market as better. Going forward I believe that the premium can be increased on Vale average price realization. As long as we put in operation our projects in the Southern System, because, as you know, we have some discounts that we need to give to high silica ore that we are now producing. So this high silica ore discount almost offsets the gains we have with premium with Carajás. But as long as we bring all those projects that you know, the Itabiritos project that we have, so we have many projects in the Southeastern System, designed to increase quality to the former levels, so we are going to get rid of those discounts, and then our average price realization tends to increase. But I think that we will be more, we will feel this more from 2015 on.

Murilo Ferreira: Roger.

Roger Downey: Leo, you're absolutely right in terms of your use on Mozambique. Well, obviously things will be transformational once we have world class operations and we fully dilute our capacity with production, and that we are being today penalized by the fact that we can't move the coal to the markets. Regarding fertilizer, yes, it is a very tough year in 2013. We saw big disruptions in demand, the rupee made it, the devaluation of the rupee made it very difficult for the Indian market to retain and remain a big importer of fertilizers throughout the year. And also they had some inventory. So we saw one of the biggest players in the market exiting. At the same time, that's a big phosphate mine entering the market, I am talking about Maaden in Saudi Arabia. So, we had an increased supply, matched immediately with a sharp decline in demand. What happened is that we saw lots of those tons loose in the market and they all came to Brazil. Brazil is still presenting a lot of growth, Brazil is being eyed by every fertilizer producer in the world as "the" growth market. So it's natural that whenever you have changes in the environment like that, that Brazil is going to be hit hard. So, what we saw is very aggressive pricing, especially on behalf of Asian suppliers. And we saw SSP, superphosphate prices as lower as US$ 130, US$ 120, US$ 130 per tons in Brazil. So that's, we were talking about very, very low prices indeed. Having said that, in terms of discontinuity and our operations in themselves, two things will certainly see in 2014 related to 2013. First of all, in 2013, we put in a new plant in Uberaba, a new SSP plant and new phosphate by calcium plant, and they started ramping up at the end of last year. So, we will have at least a new plant, so they will have lower running costs, lower costs and that will average down our cost in Brazil. Also in Bayóvar, we are ramping up and we are reaching, we have reached, pretty much nominal capacity there and obviously diluting costs as well. And we are using more Bayóvar rock in Brazil from mid last year, and that again is, makes us more cost competitive on the coast of Brazil in Cubatão. So, what we will see is certainly some improvements in our cost competitiveness. We should also see further improvement in markets, things are looking little better. We've already seen the MAP prices, the mono ammonium phosphate products, which normally are leading indicators as to where phosphate prices are going, we've already seen an improvement there, which means it's, we can be optimist about where the fertilizer industry is going this year. And with regards to potash, yes we have seen the big disruptions in the way and in the market structure. If you look back over the past decade, it only went back to where it was before a market is divided by, between four or five place. Even though BPC is still a bit of a question mark there, we also have indications that these, that things are back to normal. So, the pressure on prices has been lower than anticipated, I think. And that just tested the appetite for potash in markets in general. And again, our business plan is focused on Brazil. Brazil can't get enough potash and, as a result, so we still find Brazil a very promising market for our fertilizer business. Thank you.

Leonardo Correa – HSBC: Thank you.

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

Renato Antunes: Good afternoon. Thank you for taking the follow up. And the question is on the S11D project. You mentioned in the presentation why, it is a 30 year mine life. I just wanted to confirm that this already takes into account the impacts from the whole preservation of caves' story. The first one, the second one just to clarify, if you could out of your volume growth over the next five years, you mentioned the 453 million tons, I think, production target. How much of that comes from your South system? If you could just give us a sense on how is much coming from the South system, it would be great. Thanks.

Murilo Ferreira: Vânia, please.

Vânia Somavilla: Good afternoon, Renato. Regarding the license for S11D, we got the license in July 2013 and all this case studies are already concluded in the license process. So, we have already got to preserve 137 caves. And these are also included in this 30 years that you have mentioned. So we consider that the caves issues in the S11D is overcome.

Murilo Ferreira: Martins, the last one.

José Carlos Martins: To ask again, in which period do asking the increase in the production of the Southern area, against the Northern area? Which period you are considering?

Renato Antunes: Long-term target, you guys provided, I think it is 453, if I'm not mistaken. I think it's a 5 year on target. Not referring to the short-term. I think it's 2018.

José Carlos Martins: If you look for, Vale will increase the production until 2018, to 436 million tons, okay. That will be our target production for 2018. From this, big part of it will come from the North system because in the southern area, a big part of the capacity increase, the projects, will be to replace depletion and also to increase quality and to expand in mining life. So, the increasing production in this southeast area and southern area will be marginal. If you look at long-term the total increase will be around 10 million tons only, because the bigger part of the increase will come from the north. In the southern system and the southeast system, because the ore producing in this reason is also high cost, it has a higher cost than in the North. Our idea is to keep using the logistic system that we have. So we want to keep it optimizing our logistic assets, which is very big in this area. So the big increase is our production will come from the north area.

Murilo Ferreira: Thank you very much for being with us in this conference call. Before going to the end, I would just like to say thank you for your comments. Your comments bring us more motivation. For sure we are very focused in the discipline in capital allocation and in to bring return to our shareholders. Thank you very much.

Operator: Thank you. That does conclude Vale's fourth quarter 2013 results conference call for today. Thank you very much for your participation and have a good afternoon.