

Vale S.A.  
Form 6-K  
October 26, 2011  
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**United States  
Securities and Exchange Commission**

Washington, D.C. 20549

**FORM 6-K**

**Report of Foreign Private Issuer  
Pursuant to Rule 13a-16 or 15d-16  
of the  
Securities Exchange Act of 1934**

**For the month of**

**October 2011**

**Vale S.A.**

**Avenida Graça Aranha, No. 26  
20030-900 Rio de Janeiro, RJ, Brazil**

(Address of principal executive office)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

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(Check One) Form 20-F  Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1)

(Check One) Yes  No

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7)

(Check One) Yes  No

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

(Check One) Yes  No

If  Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b). 82- .

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**Financial Statements - September 30, 2011**

**BR GAAP/IFRS**

Filed at CVM, SEC and HKEx on 26/10/2011

**Gerência Geral de Controladoria - GECOL**

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**Report on Review of Interim Financial Information**

To the Board of Directors and Stockholders

Vale S.A.

**Introduction**

We have reviewed the accompanying parent company and consolidated interim accounting information of Vale S.A. (the Company), comprising the balance sheet at September 30, 2011 and the statements of income, comprehensive income and cash flows for the quarter and nine-month period then ended, and the statements of changes in equity, for the nine-month period then ended, and a summary of significant accounting policies and other explanatory information.

Management is responsible for the preparation of the parent company interim accounting information in accordance with the accounting standard CPC 21, Interim Financial Reporting, of the Brazilian Accounting Pronouncements Committee (CPC), and of the consolidated interim accounting information in accordance with accounting standard CPC 21 and International Accounting Standard (IAS) 34 - Interim Financial Reporting issued by the International Accounting Standards Board (IASB). Our responsibility is to express a conclusion on this interim accounting information based on our review.

**Scope of review**

We conducted our review in accordance with Brazilian and International Standards on Reviews of Interim Financial Information (NBC TR 2410 - Revisão de Informações Intermediárias Executada pelo Auditor da Entidade and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Brazilian and International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion on the parent company interim information**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying parent company interim accounting information referred to above is not prepared, in all material respects, in accordance with CPC 21 applicable to the preparation of the interim financial information.

PricewaterhouseCoopers, Av. José Silva de Azevedo Neto 200, 1º e 2º, Torre Evolution IV, Barra da Tijuca, Rio de Janeiro, RJ, Brasil 22775-056

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**Conclusion on the consolidated interim information**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim accounting information referred to above has not been prepared, in all material respects, in accordance with CPC 21 and IAS 34 applicable to the preparation of the interim financial information.

**Other matters Interim statements of value added**

We have also reviewed the parent company and consolidated interim statements of value added for the quarter and nine-month period ended September 30, 2011, which are required to be presented in accordance with standards issued by the Brazilian Securities Commission (CVM) and are considered supplementary information under IFRS, which does not require the presentation of the statement of value added. These statements have been submitted to the same review procedures described above and, based on our review, nothing has come to our attention that causes us to believe that they are not properly prepared, in all material respects, in relation to the interim accounting information taken as a whole.

Rio de Janeiro, October 26, 2011

PricewaterhouseCoopers  
Auditores Independentes  
CRC 2SP000160/O-5 F RJ

Marcos Donizete Panassol  
Contador CRC 1SP155975/O-8 S RJ

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**Balance Sheet****In thousands of reais**

|   | Notes | Consolidated<br>September 30, 2011<br>(unaudited) | December 31, 2010 | Parent Company<br>September 30, 2011<br>(unaudited) | December 31, 2010 |
|---|-------|---|-------------------|---|-------------------|
| <b>Assets</b>                               |       |   |                   |   |                   |
| <b>Current assets</b>                       |       |   |                   |   |                   |
| Cash and cash equivalents                   | 7     | 14,674,488  | 13,468,958        | 4,180,831   | 4,823,377         |
| Short-term investments                      | 8     |   | 2,987,497         |   |                   |
| Derivatives at fair value                   | 23    | 1,556,520   | 87,270            | 853,722   | 36,701            |
| Financial assets available for sale         |       | 13,545  | 20,897            |   |                   |
| Accounts receivable                         | 9     | 16,577,820  | 13,962,306        | 18,287,322  | 18,378,124        |
| Related parties                             | 27    | 67,250  | 90,166            | 2,730,547   | 1,123,183         |
| Inventories                                 | 10    | 9,983,148   | 7,592,024         | 2,949,377   | 2,316,971         |
| Recoverable taxes                           | 12    | 3,999,775   | 2,869,340         | 2,253,134   | 1,960,606         |
| Advances to suppliers                       |       | 1,155,015   | 410,426           | 264,768   | 273,414           |
| Others                                      |       | 2,281,059   | 903,916           | 423,478   | 178,655           |
|   |       | <b>50,308,620</b>                                 | <b>42,392,800</b> | <b>31,943,179</b>                                   | <b>29,091,031</b> |
| Assets held for sale                        |       | 113,448   | 11,875,931        |   |                   |
|   |       | <b>50,422,068</b>                                 | <b>54,268,731</b> | <b>31,943,179</b>                                   | <b>29,091,031</b> |
| <b>Non-current assets</b>                   |       |   |                   |   |                   |
| Related parties                             | 27    | 15,711  | 8,032             | 451,038   | 1,936,328         |
| Loans and financing agreements to receive   |       | 534,796   | 274,464           | 155,345   | 163,775           |
| Prepaid expenses                            |       | 278,409   | 254,366           | 16,643  |                   |
| Judicial deposits                           | 17    | 3,177,704   | 3,062,337         | 2,361,105   | 2,312,465         |
| Deferred income tax and social contribution | 18    | 3,815,613   | 2,439,984         | 2,491,683   | 1,788,980         |
| Recoverable taxes                           | 12    | 949,426   | 612,384           | 160,436   | 124,834           |
| Derivatives at fair value                   | 23    | 103,793   | 501,722           |   | 284,127           |
| Reinvestment tax incentive                  |       | 540,240   | 239,269           | 540,240   | 239,269           |
| Others                                      |       | 1,595,907   | 695,638           | 262,037   | 283,180           |



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|                                    |    | <b>11,011,599</b>  | <b>8,088,196</b>   | <b>6,438,527</b>   | <b>7,132,958</b>   |
|------------------------------------|----|--------------------|--------------------|--------------------|--------------------|
| Investments                        | 13 | 10,810,285         | 3,944,565          | 108,611,359        | 92,111,361         |
| Intangible assets                  | 14 | 18,754,629         | 18,273,788         | 13,820,641         | 13,563,108         |
| Property, plant and equipment, net | 15 | 148,098,749        | 130,086,834        | 51,937,678         | 44,461,771         |
|                                    |    | <b>188,675,262</b> | <b>160,393,383</b> | <b>180,808,205</b> | <b>157,269,198</b> |
| <b>Total assets</b>                |    | <b>239,097,330</b> | <b>214,662,114</b> | <b>212,751,384</b> | <b>186,360,229</b> |

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**Balance Sheet****In thousands of reais, except number of shares****(Continued)**

|  | Notes | Consolidated<br>September 30, 2011<br>(unaudited) | December 31,<br>2010 | Parent Company<br>September 30, 2011<br>(unaudited) | December 31, 2010 |
|--|-------|---|----------------------|---|-------------------|
| <b>Liabilities and stockholders equity</b>                       |       |   |                      |   |                   |
| <b>Current liabilities</b>                                       |       |   |                      |   |                   |
| Suppliers and contractors  |       | 8,732,002   | 5,803,709            | 3,599,334   | 2,863,317         |
| Payroll and related charges                                      |       | 2,098,625   | 1,965,833            | 1,305,226   | 1,270,360         |
| Derivatives at fair value  | 23    | 10,318  | 92,182               |   |                   |
| Current portion of long-term debt                                | 16    | 3,333,911   | 4,866,399            | 828,851   | 616,153           |
| Short-term debt  | 16    | 753,790   | 1,144,470            |   |                   |
| Related parties  | 27    | 34,031  | 24,251               | 4,864,492   | 5,325,746         |
| Taxes payable and royalties                                      |       | 357,413   | 441,609              | 84,456  | 203,723           |
| Provision for income taxes                                       |       | 2,129,322   | 1,309,630            | 1,106,299   | 413,985           |
| Employee postretirement benefits obligations                     |       | 357,321   | 311,093              | 215,376   | 175,564           |
| Provision for asset retirement obligations                       | 17    | 98,357  | 128,281              | 45,122  | 44,427            |
| Dividends and interest on capital                                |       | 3,292,734   | 8,104,037            | 3,292,734   | 8,104,037         |
| Others   |       | 2,219,179   | 1,852,688            | 827,561   | 705,227           |
|  |       | <b>23,417,003</b>                                 | <b>26,044,182</b>    | <b>16,169,451</b>                                   | <b>19,722,539</b> |
| <b>Liabilities directly associated with assets held for sale</b> |       |   |                      |   |                   |
|  |       | 56,444  | 5,339,989            |   |                   |
|  |       | <b>23,473,447</b>                                 | <b>31,384,171</b>    | <b>16,169,451</b>                                   | <b>19,722,539</b> |
| <b>non-current liabilities</b>                                   |       |   |                      |   |                   |
| Derivatives at fair value  | 23    | 1,013,805   | 102,680              | 778,879   |                   |
| Long-term debt   | 16    | 41,831,690  | 37,779,484           | 17,881,744  | 15,907,762        |
| Related parties  | 27    |   | 3,362                | 28,985,546  | 27,597,237        |
| Employee post retirement benefits obligations                    |       | 2,700,401   | 3,224,893            | 331,877   | 503,639           |

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|  |           |                    |                    |                    |                    |
|--|-----------|--------------------|--------------------|--------------------|--------------------|
| Provisions for contingencies   | 17        | 3,814,727          | 3,712,341          | 2,298,666          | 2,107,773          |
| Deferred income tax and social contribution  | 18        | 10,703,256         | 12,947,141         |                    | 3,574,271          |
| Provision for asset retirement obligations   | 17        | 2,543,547          | 2,463,154          | 839,251            | 760,838            |
| Stockholders Debentures  |           | 2,366,965          | 2,139,923          | 2,366,965          | 2,139,923          |
| Redeemable non-controlling interest  |           | 1,031,046          | 1,186,334          |                    |                    |
| Others   |           | 3,931,800          | 3,391,768          | 2,038,827          | 1,928,244          |
|  |           | <b>69,937,237</b>  | <b>66,951,080</b>  | <b>55,521,755</b>  | <b>54,519,687</b>  |
| <b>Stockholders equity</b>   | <b>22</b> |                    |                    |                    |                    |
| Preferred class A stock - 7,200,000,000 no-par-value shares authorized and 2,108,579,618 (2010 - 2,108,579,618) issued |           | 29,475,211         | 19,650,141         | 29,475,211         | 19,650,141         |
| Common stock - 3,600,000,000 no-par-value shares authorized and 3,256,724,482 (2010 - 3,256,724,482) issued            |           | 45,524,789         | 30,349,859         | 45,524,789         | 30,349,859         |
| Mandatorily convertible votes - common shares  |           | 412,379            | 445,095            | 412,379            | 445,095            |
| Mandatorily convertible votes - preferred shares   |           | 913,301            | 996,481            | 913,301            | 996,481            |
| Treasury stock - 99,649,562 (2010 - 99,646,571) preferred and 47,375,394 (2010 - 47,375,394) common shares             |           | (8,146,252)        | (4,826,127)        | (8,146,252)        | (4,826,127)        |
| Results from operations with non-controlling stockholders  |           | 685,035            | 685,035            | 685,035            | 685,035            |
| Results in the translation/issuance of shares  |           |                    | 1,867,210          |                    | 1,867,210          |
| Valuation adjustment   |           | 470,306            | (25,383)           | 470,306            | (25,383)           |
| Cumulative translation adjustments   |           | (2,234,096)        | (9,512,225)        | (2,234,096)        | (9,512,225)        |
| Retained earnings  |           | 73,959,505         | 72,487,917         | 73,959,505         | 72,487,917         |
| <b>Total company stockholders equity</b>   |           | <b>141,060,178</b> | <b>112,118,003</b> | <b>141,060,178</b> | <b>112,118,003</b> |
| <b>non-controlling interests</b>   |           | <b>4,626,468</b>   | <b>4,208,860</b>   |                    |                    |
| <b>Total stockholders equity</b>   |           | <b>145,686,646</b> | <b>116,326,863</b> | <b>141,060,178</b> | <b>112,118,003</b> |
| <b>Total liabilities and stockholders equity</b>   |           | <b>239,097,330</b> | <b>214,662,114</b> | <b>212,751,384</b> | <b>186,360,229</b> |

The accompanying notes are an integral part of these financial statements.

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**Statement of Income Consolidated****(unaudited)****In thousands of reais, except as otherwise stated**

|  | Notes | Three-month period ended |                    |                    | Nine-month period ended |                    |
|--|-------|--------------------------|--------------------|--------------------|-------------------------|--------------------|
|  |       | September 30, 2011       | June 30, 2011      | September 30, 2010 | September 30, 2011      | September 30, 2010 |
| Net operating revenue  |       | 28,009,193               | 25,063,251         | 25,678,324         | 76,057,727              | 56,731,761         |
| Cost of goods solds and services rendered  | 25    | (10,443,229)             | (9,396,840)        | (9,003,915)        | (29,353,840)            | (23,371,489)       |
| <b>Gross profit</b>  |       | <b>17,565,964</b>        | <b>15,666,411</b>  | <b>16,674,409</b>  | <b>46,703,887</b>       | <b>33,360,272</b>  |
| <b>Operating (expenses) income</b>   |       |                          |                    |                    |                         |                    |
| Selling and administrative expenses  | 25    | (1,139,328)              | (744,168)          | (780,217)          | (2,639,550)             | (2,009,557)        |
| Research and development expenses  | 25    | (728,098)                | (585,726)          | (387,064)          | (1,887,361)             | (1,059,635)        |
| Other operating expenses, net  | 25    | (1,254,316)              | (1,171,529)        | (891,994)          | (3,141,677)             | (2,643,524)        |
| Realized gain on assets available for sales (Equity results on the parent company) |       |                          |                    |                    | 2,492,175               |                    |
|  |       | <b>(3,121,742)</b>       | <b>(2,501,423)</b> | <b>(2,059,275)</b> | <b>(5,176,413)</b>      | <b>(5,712,716)</b> |
| <b>Operating profit</b>  |       | <b>14,444,222</b>        | <b>13,164,988</b>  | <b>14,615,134</b>  | <b>41,527,474</b>       | <b>27,647,556</b>  |
| Financial income   | 25    | 1,006,170                | 2,211,077          | 2,966,362          | 2,993,556               | 3,339,775          |
| Financial expenses   | 25    | (7,135,293)              | (1,286,166)        | (2,901,637)        | (8,465,651)             | (5,627,547)        |
| <b>Equity results from associates</b>  | 13    | 28,414                   | 81,176             | (56,183)           | 127,264                 | (12,015)           |
| <b>Income before income tax and social contribution</b>                            |       | <b>8,343,513</b>         | <b>14,171,075</b>  | <b>14,623,676</b>  | <b>36,182,643</b>       | <b>25,347,769</b>  |
| Current  |       | (1,990,713)              | (2,852,317)        | (4,724,053)        | (7,599,604)             | (6,458,621)        |
| Deferred   |       | 1,497,244                | (1,138,707)        | 753,800            | 647,943                 | 1,543,473          |
| <b>Income tax and social contribution</b>  | 18    | <b>(493,469)</b>         | <b>(3,991,024)</b> | <b>(3,970,253)</b> | <b>(6,951,661)</b>      | <b>(4,915,148)</b> |
| <b>Income from continuing operations</b>   |       | <b>7,850,044</b>         | <b>10,180,051</b>  | <b>10,653,423</b>  | <b>29,230,982</b>       | <b>20,432,621</b>  |
| <b>Results on discontinued operations</b>  |       |                          |                    | 14,610             |                         | (221,708)          |

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|  |    |                  |                   |                   |                   |                   |
|--|----|------------------|-------------------|-------------------|-------------------|-------------------|
| <b>Net income of the period</b>                                    |    | <b>7,850,044</b> | <b>10,180,051</b> | <b>10,668,033</b> | <b>29,230,982</b> | <b>20,210,913</b> |
| <b>Net income (loss) attributable to non-controlling interests</b> |    | <b>(42,892)</b>  | <b>(95,308)</b>   | 114,345           | <b>(228,296)</b>  | 143,098           |
| <b>Net income attributable to the Company's stockholders</b>       |    | <b>7,892,936</b> | <b>10,275,359</b> | <b>10,553,688</b> | <b>29,459,278</b> | <b>20,067,815</b> |
| <b>Basic earnings per share:</b>                                   |    |                  |                   |                   |                   |                   |
| <b>Continuing operations</b>                                       |    |                  |                   |                   |                   |                   |
| Preferred share  | 22 | 1.49             | 1.94              | 1.97              | 5.56              | 3.82              |
| Common share   | 22 | 1.49             | 1.94              | 1.97              | 5.56              | 3.82              |
| <b>Discontinued operations</b>                                     |    |                  |                   |                   |                   |                   |
| Preferred share  | 22 |                  |                   |                   |                   | (0.04)            |
| Common share   | 22 |                  |                   |                   |                   | (0.04)            |
| <b>Diluted earnings per share:</b>                                 |    |                  |                   |                   |                   |                   |
| <b>Continuing operations</b>                                       |    |                  |                   |                   |                   |                   |
| Preferred share  | 22 | 2.49             | 2.45              | 1.97              | 7.32              | 3.84              |
| Common share   | 22 | 2.53             | 2.43              | 1.97              | 7.34              | 3.84              |
| <b>Discontinued operations</b>                                     |    |                  |                   |                   |                   |                   |
| Preferred share  | 22 |                  |                   |                   |                   | (0.04)            |
| Common share   | 22 |                  |                   |                   |                   | (0.04)            |

The accompanying notes are an integral part of these financial statements.

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**Statement of Income Parent Company  
(unaudited)****In thousands of reais, except as otherwise stated**

|   |       | Three-month period ended |                    | September 30,      | Nine-month period ended |                    |
|---|-------|--------------------------|--------------------|--------------------|-------------------------|--------------------|
|   | Notes | September 30, 2011       | June 30, 2011      | 2010               | September 30, 2011      | September 30, 2010 |
| Net operating revenue   |       | 18,521,131               | 16,497,509         | 17,298,907         | 48,561,618              | 36,071,847         |
| Cost of goods solds and services rendered   | 25    | (5,360,402)              | (5,030,782)        | (4,801,862)        | (15,069,148)            | (12,784,049)       |
| <b>Gross profit</b>   |       | <b>13,160,729</b>        | <b>11,466,727</b>  | <b>12,497,045</b>  | <b>33,492,470</b>       | <b>23,287,798</b>  |
| <b>Operating (expenses) income</b>  |       |                          |                    |                    |                         |                    |
| Selling and administrative expenses   | 25    | (525,722)                | (433,573)          | (418,096)          | (1,328,649)             | (1,066,646)        |
| Research and development expenses   | 25    | (358,314)                | (341,029)          | (270,531)          | (978,218)               | (774,338)          |
| Other operating expenses, net   | 25    | (420,289)                | (485,315)          | (254,152)          | (1,061,783)             | (678,078)          |
| Equity results from subsidiaries  | 13    | 1,205,595                | 2,043,259          | 1,445,544          | 6,120,224               | 5,456,332          |
| Realized gain on assets available for sales<br>(Equity results on the parent company) |       |                          |                    |                    | 2,492,175               |                    |
|   |       | <b>(98,730)</b>          | <b>783,342</b>     | <b>502,765</b>     | <b>5,243,749</b>        | <b>2,937,270</b>   |
| <b>Operating profit</b>   |       | <b>13,061,999</b>        | <b>12,250,069</b>  | <b>12,999,810</b>  | <b>38,736,219</b>       | <b>26,225,068</b>  |
| Financial income  | 25    | 543,785                  | 1,737,590          | 2,127,547          | 1,949,115               | 2,673,845          |
| Financial expenses  | 25    | (5,788,313)              | (620,869)          | (971,690)          | (6,715,022)             | (3,995,210)        |
| <b>Equity results from associates</b>   | 13    | 28,414                   | 81,176             | (56,183)           | 127,264                 | (12,015)           |
| <b>Income before income tax and social contribution</b>                               |       | <b>7,845,885</b>         | <b>13,447,966</b>  | <b>14,099,484</b>  | <b>34,097,576</b>       | <b>24,891,688</b>  |
| Current   |       | (1,265,834)              | (2,348,035)        | (3,779,713)        | (5,329,343)             | (5,165,830)        |
| Deferred  |       | 1,312,885                | (824,572)          | 219,307            | 691,045                 | 563,665            |
| <b>Income tax and social contribution</b>   | 18    | <b>47,051</b>            | <b>(3,172,607)</b> | <b>(3,560,406)</b> | <b>(4,638,298)</b>      | <b>(4,602,165)</b> |

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|   |    |                  |                   |                   |                   |                   |
|---|----|------------------|-------------------|-------------------|-------------------|-------------------|
| <b>Income from continuing operations</b>  |    | <b>7,892,936</b> | <b>10,275,359</b> | <b>10,539,078</b> | <b>29,459,278</b> | <b>20,289,523</b> |
| <b>Results on discontinued operations</b> |    |                  |                   | 14,610            |                   | (221,708)         |
| <b>Net income of the period</b>           |    | <b>7,892,936</b> | <b>10,275,359</b> | <b>10,553,688</b> | <b>29,459,278</b> | <b>20,067,815</b> |
| <b>Basic earnings per share:</b>          |    |                  |                   |                   |                   |                   |
| <b>Continuing operations</b>              |    |                  |                   |                   |                   |                   |
| Preferred share                           | 22 | 1.49             | 1.94              | 1.97              | 5.56              | 3.82              |
| Common share                              | 22 | 1.49             | 1.94              | 1.97              | 5.56              | 3.82              |
| <b>Discontinued operations</b>            |    |                  |                   |                   |                   |                   |
| Preferred share                           | 22 |                  |                   |                   |                   | (0.04)            |
| Common share                              | 22 |                  |                   |                   |                   | (0.04)            |
| <b>Diluted earnings per share:</b>        |    |                  |                   |                   |                   |                   |
| <b>Continuing operations</b>              |    |                  |                   |                   |                   |                   |
| Preferred share                           | 22 | 2.49             | 2.45              | 1.97              | 7.32              | 3.84              |
| Common share                              | 22 | 2.53             | 2.43              | 1.97              | 7.34              | 3.84              |
| <b>Discontinued operations</b>            |    |                  |                   |                   |                   |                   |
| Preferred share                           | 22 |                  |                   |                   |                   | (0.04)            |
| Common share                              | 22 |                  |                   |                   |                   | (0.04)            |

The accompanying notes are an integral part of these financial statements.

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**Statement of Comprehensive Income**

(unaudited)

In thousands of reais

| NOTES   | CONSOLIDATED          |                   |                       | NINE-MONTH PERIOD ENDED |                       |
|---|-----------------------|-------------------|-----------------------|-------------------------|-----------------------|
|   | SEPTEMBER 30,<br>2011 | JUNE 30, 2011     | SEPTEMBER 30,<br>2010 | SEPTEMBER 30,<br>2011   | SEPTEMBER 30,<br>2010 |
| <b>NET INCOME OF THE PERIOD</b>                                 | <b>7,850,044</b>      | <b>10,180,051</b> | <b>10,668,033</b>     | <b>29,230,982</b>       | <b>20,210,913</b>     |
| <b>OTHER COMPREHENSIVE INCOME</b>                               |                       |                   |                       |                         |                       |
| CUMULATIVE TRANSLATION ADJUSTMENTS                              | 11,211,534            | (2,832,004)       | (1,094,649)           | 7,543,695               | (945,571)             |
| <b>UNREALIZED GAIN (LOSS) ON AVAILABLE-FOR-SALE INVESTMENTS</b> |                       |                   |                       |                         |                       |
| GROSS BALANCE AS OF THE PERIOD/YEAR END                         | (299)                 | 5,397             | (72,625)              | 4,285                   | (66,756)              |
| TAX (EXPENSE) BENEFIT   |                       |                   |                       |                         | (6,327)               |
|   | <b>(299)</b>          | <b>5,397</b>      | <b>(72,625)</b>       | <b>4,285</b>            | <b>(73,083)</b>       |
| <b>CASH FLOW HEDGE</b>  |                       |                   |                       |                         |                       |
| GROSS BALANCE AS OF THE PERIOD/YEAR END                         | 214,528               | 241,177           | 7,201                 | 480,946                 | 376,699               |
| TAX (EXPENSE) BENEFIT   | 43,659                | (18,602)          | (50,289)              | 11,658                  | (119,355)             |
|   | <b>258,187</b>        | <b>222,575</b>    | <b>(43,088)</b>       | <b>492,604</b>          | <b>257,344</b>        |
| <b>TOTAL COMPREHENSIVE INCOME OF THE PERIOD</b>                 | <b>23 19,319,466</b>  | <b>7,576,019</b>  | <b>9,457,671</b>      | <b>37,271,566</b>       | <b>19,449,603</b>     |
| <b>NET INCOME ATTRIBUTABLE TO NON-CONTROLLING INTERESTS</b>     | <b>460,225</b>        | <b>(201,638)</b>  | <b>42,043</b>         | <b>38,470</b>           | <b>127,183</b>        |
| <b>NET INCOME ATTRIBUTABLE TO THE COMPANY'S STOCKHOLDERS</b>    | <b>18,859,241</b>     | <b>7,777,657</b>  | <b>9,415,628</b>      | <b>37,233,096</b>       | <b>19,322,420</b>     |
|   | <b>19,319,466</b>     | <b>7,576,019</b>  | <b>9,457,671</b>      | <b>37,271,566</b>       | <b>19,449,603</b>     |
| NOTES   | PARENT COMPANY        |                   |                       | NINE-MONTH PERIOD ENDED |                       |
|   | SEPTEMBER 30,<br>2011 | JUNE 30, 2011     | SEPTEMBER 30,<br>2010 | SEPTEMBER 30,<br>2011   | SEPTEMBER 30,<br>2010 |
| <b>NET INCOME OF THE PERIOD</b>                                 | <b>7,892,936</b>      | <b>10,275,359</b> | <b>10,553,688</b>     | <b>29,459,278</b>       | <b>20,067,815</b>     |



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**OTHER COMPREHENSIVE  
INCOME**

|                                       |            |             |             |           |           |
|---------------------------------------|------------|-------------|-------------|-----------|-----------|
| CUMULATIVE TRANSLATION<br>ADJUSTMENTS | 10,708,417 | (2,725,674) | (1,022,347) | 7,278,129 | (866,623) |
|---------------------------------------|------------|-------------|-------------|-----------|-----------|

**UNREALIZED GAIN (LOSS)  
ON AVAILABLE-FOR-SALE  
SECURITIES**

|  |              |              |                 |              |                 |
|--|--------------|--------------|-----------------|--------------|-----------------|
| GROSS BALANCE AS OF THE<br>PERIOD/YEAR END | (299)        | 5,397        | (72,625)        | 4,285        | (66,756)        |
| TAX (EXPENSE) BENEFIT                      |              |              |                 |              | (6,327)         |
|  | <b>(299)</b> | <b>5,397</b> | <b>(72,625)</b> | <b>4,285</b> | <b>(73,083)</b> |

**CASH FLOW HEDGE**

|  |                |                |                 |                |                |
|--|----------------|----------------|-----------------|----------------|----------------|
| GROSS BALANCE AS OF THE<br>PERIOD/YEAR END | 214,528        | 241,177        | 7,201           | 479,746        | 313,666        |
| TAX (EXPENSE) BENEFIT                      | 43,659         | (18,602)       | (50,289)        | 11,658         | (119,355)      |
|  | <b>258,187</b> | <b>222,575</b> | <b>(43,088)</b> | <b>491,404</b> | <b>194,311</b> |

**TOTAL COMPREHENSIVE  
INCOME OF THE PERIOD**

|    |                   |                  |                  |                   |                   |
|----|-------------------|------------------|------------------|-------------------|-------------------|
| 23 | <b>18,859,241</b> | <b>7,777,657</b> | <b>9,415,628</b> | <b>37,233,096</b> | <b>19,322,420</b> |
|----|-------------------|------------------|------------------|-------------------|-------------------|

The accompanying notes are an integral part of these financial statements.

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(A free translation from the original in Portuguese)

**Statement of Changes in Stockholders Equity****In thousands of reais**

|  | NOTES | CAPITAL           | RESULTS IN THE<br>TRANSLATION/<br>ISSUANCE OF<br>SHARES | MANDATORILY<br>CONVERTIBLE<br>NOTES | REVENUE<br>RESERVES | TREASURY<br>STOCK  | VALUATION<br>ADJUSTMENT | NINE-MONTH PERIOD ENDED<br>INCOME FROM<br>OPERATIONS<br>WITH NON-<br>CONTROLLING<br>STOCKHOLDERS | CUMULATIVE<br>TRANSLATION<br>ADJUSTMENTS |
|--|-------|-------------------|---|-------------------------------------|---------------------|--------------------|-------------------------|--|--|
| <b>JANUARY 01, 2010</b>  |       | <b>47,434,193</b> | <b>(160,771)</b>  | <b>4,587,011</b>                    | <b>49,272,210</b>   | <b>(2,470,698)</b> | <b>(20,665)</b>         |  | <b>(8,000,000)</b>                       |
| <b>NET INCOME OF<br/>THE PERIOD</b>                                  |       |                   |   |                                     |                     |                    |                         |  |  |
| CAPITALIZATION OF<br>RESERVES  |       | 2,565,807         |   |                                     | (2,565,807)         |                    |                         |  |  |
| GAIN ON<br>CONVERSION OF<br>SHARES                                   |       |                   | 2,027,981   | (3,063,833)                         |                     | 1,035,852          |                         |  |  |
| REPURCHASE OF<br>STOCK   |       |                   |   |                                     |                     | (1,486,812)        |                         |  |  |
| ADDITIONAL<br>REMUNERATION TO<br>MANDATORILY<br>CONVERTIBLE<br>NOTES |       |                   |   | (52,731)                            |                     |                    |                         |  |  |
| CASH FLOW HEDGE,<br>NET OF TAXES                                     | 23    |                   |   |                                     |                     |                    | 194,311                 |  |  |
| UNREALIZED<br>RESULTS ON<br>VALUATION AT<br>MARKET                   |       |                   |   |                                     |                     |                    | (73,083)                |  |  |
| TRANSLATION<br>ADJUSTMENTS FOR<br>THE PERIOD                         |       |                   |   |                                     |                     |                    |                         |  |  |
| DIVIDENDS TO<br>NON-CONTROLLING<br>STOCKHOLDERS                      |       |                   |   |                                     |                     |                    |                         |  |  |
| ASSETS AND<br>LIABILITIES HELD<br>FOR SALE                           |       |                   |   |                                     |                     |                    |                         |  |  |
| ACQUISITIONS AND<br>DISPOSAL OF<br>NON-CONTROLLING<br>INTEREST       |       |                   |   |                                     |                     |                    |                         |  | 685,035                                  |

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|  |                   |                  |                  |                   |                    |                 |                |            |
|--|-------------------|------------------|------------------|-------------------|--------------------|-----------------|----------------|------------|
| <b>SEPTEMBER 30, 2010</b>  | <b>50,000,000</b> | <b>1,867,210</b> | <b>1,470,447</b> | <b>46,706,403</b> | <b>(2,921,658)</b> | <b>100,563</b>  | <b>685,035</b> | <b>(9,</b> |
| <b>JANUARY 01, 2011</b>  | <b>50,000,000</b> | <b>1,867,210</b> | <b>1,441,576</b> | <b>72,487,917</b> | <b>(4,826,127)</b> | <b>(25,383)</b> | <b>685,035</b> | <b>(9,</b> |
| NET INCOME OF THE PERIOD   |                   |                  |                  |                   |                    |                 |                |            |
| CAPITALIZATION OF RESERVES                                       | 25,000,000        | (1,867,210)      |                  | (23,132,790)      |                    |                 |                |            |
| CAPITALIZATION OF NON-CONTROLLING STOCKHOLDERS ADVANCES          |                   |                  |                  |                   |                    |                 |                |            |
| REPURCHASE OF SHARES   |                   |                  |                  |                   | (3,320,125)        |                 |                |            |
| ADDITIONAL REMUNERATION TO MANDATORILY CONVERTIBLE NOTES         |                   |                  |                  |                   |                    |                 |                |            |
|  |                   |                  | (115,896)        |                   |                    |                 |                |            |
| CASH FLOW HEDGE, NET OF TAX                                      | 23                |                  |                  |                   |                    | 491,404         |                |            |
| UNREALIZED RESULTS ON VALUATION AT MARKET                        |                   |                  |                  |                   |                    |                 |                |            |
|  |                   |                  |                  |                   |                    | 4,285           |                |            |
| TRANSLATION ADJUSTMENTS FOR THE PERIOD                           |                   |                  |                  |                   |                    |                 |                |            |
|  |                   |                  |                  |                   |                    |                 |                | 7,         |
| DIVIDENDS TO NON-CONTROLLING STOCKHOLDERS                        |                   |                  |                  |                   |                    |                 |                |            |
| INTERMEDIARY DIVIDENDS   |                   |                  |                  |                   |                    |                 |                |            |
| TRANSFER TO ASSETS HELD FOR SALE OF NON-CONTROLLING STOCKHOLDERS |                   |                  |                  |                   |                    |                 |                |            |
| ACQUISITIONS AND DISPOSAL OF NON-CONTROLLING INTEREST            |                   |                  |                  |                   |                    |                 |                |            |
| <b>SEPTEMBER 30, 2011</b>  | <b>75,000,000</b> |                  | <b>1,325,680</b> | <b>49,355,127</b> | <b>(8,146,252)</b> | <b>470,306</b>  | <b>685,035</b> | <b>(2,</b> |

The accompanying notes are an integral part of these financial statements.

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(A free translation from the original in Portuguese)

**Statement of Cash Flow Consolidated**

Period ended in (unaudited)

In thousands of reais

| NOTES  | THREE-MONTH PERIOD ENDED |               |                       | NINE-MONTH PERIOD ENDED |                       |
|--|--------------------------|---------------|-----------------------|-------------------------|-----------------------|
|  | SEPTEMBER 30,<br>2011    | JUNE 30, 2011 | SEPTEMBER 30,<br>2010 | SEPTEMBER 30,<br>2011   | SEPTEMBER 30,<br>2010 |
| <b>CASH FLOW FROM OPERATING ACTIVITIES:</b>                        |                          |               |                       |                         |                       |
| NET INCOME OF THE PERIOD   | 7,850,044                | 10,180,051    | 10,668,033            | 29,230,982              | 20,210,913            |
| <b>ADJUSTMENTS TO RECONCILE NET INCOME TO CASH FROM OPERATIONS</b> |                          |               |                       |                         |                       |
| RESULTS OF EQUITY INVESTMENTS                                      | (28,414)                 | (81,176)      | 56,183                | (127,264)               | 12,015                |
| REALIZED GAIN ON ASSETS HELD FOR SALE                              |                          |               | (14,610)              | (2,492,175)             |                       |
| RESULTS FROM DISCONTINUED OPERATIONS                               |                          |               |                       |                         | 221,708               |
| DEPRECIATION, AMORTIZATION AND DEPLETION                           | 1,666,180                | 1,553,128     | 1,230,753             | 4,818,346               | 3,946,919             |
| DEFERRED INCOME TAX AND SOCIAL CONTRIBUTION                        | (1,497,244)              | 1,138,707     | (753,800)             | (647,943)               | (1,543,473)           |
| MONETARY AND EXCHANGE RATE CHANGES, NET                            | 3,494,664                | (349,856)     | 1,343,867             | 3,638,994               | 821,615               |
| LOSS ON DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT                  | 64,812                   | 74,077        | 417,505               | 440,409                 | 704,871               |
| NET UNREALIZED LOSSES (GAINS) ON DERIVATIVES                       | 23                       | 1,094,454     | (368,678)             | (687,030)               | 372,224               |
| OTHERS   | 110,846                  | (197,208)     | 363,932               | (134,798)               | 548,127               |
| <b>DECREASE (INCREASE) IN ASSETS:</b>                              |                          |               |                       |                         |                       |
| ACCOUNTS RECEIVABLE FROM   | (1,370,973)              | (955,191)     | (3,322,076)           | (2,037,229)             | (7,365,036)           |

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|   |                    |                    |                    |                     |                     |
|---|--------------------|--------------------|--------------------|---------------------|---------------------|
| <b>CUSTOMERS</b>  |                    |                    |                    |                     |                     |
| INVENTORIES   | (538,101)          | (181,222)          | (768,261)          | (2,009,442)         | (1,565,057)         |
| RECOVERABLE TAXES   | (230,525)          | (183,484)          | 321,143            | (542,756)           | 209,495             |
| OTHERS  | (231,279)          | (629,657)          | (438,698)          | (408,969)           | 6,144               |
| <b>INCREASE (DECREASE)</b>                                    |                    |                    |                    |                     |                     |
| <b>IN LIABILITIES:</b>  |                    |                    |                    |                     |                     |
| SUPPLIERS AND CONTRACTORS                                     | 1,313,866          | 548,093            | 1,273,946          | 2,200,202           | 2,205,528           |
| PAYROLL AND RELATED CHARGES                                   | 435,831            | 328,896            | 294,603            | 140,726             | 10,061              |
| TAXES AND CONTRIBUTIONS                                       | (4,393,045)        | (49,202)           | 2,035,469          | (3,914,873)         | 2,495,232           |
| OTHERS  | (708,723)          | (559,478)          | 465,850            | (372,281)           | 611,094             |
| <b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>              |                    |                    |                    |                     |                     |
|   | <b>7,032,393</b>   | <b>10,267,800</b>  | <b>12,486,809</b>  | <b>28,154,153</b>   | <b>21,645,488</b>   |
| <b>CASH FLOW FROM INVESTING ACTIVITIES:</b>                   |                    |                    |                    |                     |                     |
| SHORT-TERM INVESTMENTS  |                    | 869,017            |                    | 2,987,497           | 6,524,906           |
| LOANS AND ADVANCES RECEIVABLE                                 | 395,239            | (52,577)           | (140,924)          | 53,462              | (96,474)            |
| GUARANTEES AND DEPOSITS                                       | (280,238)          | (268,821)          | (184,220)          | (598,609)           | (354,910)           |
| ADDITIONS TO INVESTMENTS                                      | (30,539)           |                    | (6,781)            | (133,950)           | (105,150)           |
| ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT                    | (5,830,008)        | (5,888,218)        | (6,842,069)        | (16,610,429)        | (14,349,844)        |
| DIVIDENDS/INTEREST ON CAPITAL RECEIVED                        | 13                 | 84,079             | 76,483             | 84,079              | 146,938             |
| PROCEEDS FROM DISPOSAL OF INVESTMENTS HELD FOR SALE           |                    |                    |                    | 1,794,985           |                     |
| ACQUISITIONS/SALES OF SUBSIDIARIES                            |                    |                    | (1,740,164)        |                     | (11,377,793)        |
| <b>NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>    |                    |                    |                    |                     |                     |
|   | <b>(5,745,546)</b> | <b>(5,256,520)</b> | <b>(8,837,675)</b> | <b>(12,422,965)</b> | <b>(19,612,327)</b> |
| <b>CASH FLOW FROM FINANCING ACTIVITIES:</b>                   |                    |                    |                    |                     |                     |
| <b>SHORT-TERM DEBT</b>  |                    |                    |                    |                     |                     |
| ADDITIONS   | 44,563             | 368,694            | 502,961            | 1,977,559           | 4,040,104           |
| REPAYMENTS  | (324,574)          | (316,392)          | (468,197)          | (2,281,244)         | (3,992,613)         |
| <b>LONG-TERM DEBT</b>   |                    |                    |                    |                     |                     |
| ADDITIONS   | 1,350,662          | 558,412            | 3,331,619          | 2,868,145           | 6,408,147           |
| REPAYMENTS  | (1,240,830)        | (82,589)           | (2,358,823)        | (4,249,464)         | (2,951,102)         |
| <b>FINANCIAL INSTITUTIONS</b>                                 |                    |                    |                    |                     |                     |
| <b>DIVIDENDS AND INTEREST ON CAPITAL PAID TO STOCKHOLDERS</b> |                    |                    |                    |                     |                     |
|   | (4,854,900)        | (3,174,000)        |                    | (9,699,000)         | (2,303,638)         |
| <b>DIVIDENDS AND INTEREST STOCKHOLDERS'</b>                   |                    |                    |                    |                     |                     |
|   |                    | (93,476)           |                    | (93,476)            |                     |

|  |                     |                    |                   |                     |                   |
|--|---------------------|--------------------|-------------------|---------------------|-------------------|
| EQUITY ATTRIBUTED TO NON-CONTROLLING INTEREST                        |                     |                    |                   |                     |                   |
| TRANSACTIONS WITH NON-CONTROLLING STOCKHOLDERS                       |                     |                    | 1,118,172         |                     | 1,118,172         |
| TREASURY STOCK   | (3,320,125)         |                    | (585,313)         | (3,320,125)         | (585,313)         |
| <b>NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES</b>           | <b>(8,345,204)</b>  | <b>(2,739,351)</b> | <b>1,540,419</b>  | <b>(14,797,605)</b> | <b>1,733,757</b>  |
| INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS                     | (7,058,357)         | 2,271,929          | 5,189,554         | 933,583             | 3,766,918         |
| CASH AND CASH EQUIVALENTS OF CASH, BEGINNING OF THE PERIOD           | 21,323,361          | 19,138,882         | 11,847,271        | 13,468,958          | 13,220,599        |
| EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS         | 409,484             | (87,450)           | (87,349)          | 271,947             | (38,041)          |
| <b>CASH AND CASH EQUIVALENTS, END OF THE PERIOD</b>                  | <b>7 14,674,488</b> | <b>21,323,361</b>  | <b>16,949,476</b> | <b>14,674,488</b>   | <b>16,949,476</b> |
| <b>CASH PAID DURING THE PERIOD FOR:</b>                              |                     |                    |                   |                     |                   |
| SHORT-TERM INTEREST  | (5,587)             | (9,954)            | (8,978)           | (21,675)            | (28,704)          |
| LONG-TERM INTEREST   | (389,903)           | (617,826)          | (439,822)         | (1,588,984)         | (1,436,031)       |
| INCOME TAX AND SOCIAL CONTRIBUTION                                   | (6,496,055)         | (1,933,124)        | (1,312,390)       | (10,126,443)        | (1,685,322)       |
| <b>INFLOWS DURING THE PERIOD:</b>                                    |                     |                    |                   |                     |                   |
| <b>NON-CASH TRANSACTIONS:</b>  |                     |                    |                   |                     |                   |
| ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT - INTEREST CAPITALIZATION | (89,576)            | (100,621)          | (75,506)          | (253,695)           | (462,253)         |

The accompanying notes are an integral part of these financial statements.

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(A free translation from the original in Portuguese)

**Statement of Cash Flow Parent Company**

Period ended in (unaudited)

In thousands of reais

|  | NOTES | NINE-MONTH PERIOD ENDED |                    |
|--|-------|-------------------------|--------------------|
|  |       | SEPTEMBER 30, 2011      | SEPTEMBER 30, 2010 |
| <b>CASH FLOW FROM OPERATING ACTIVITIES:</b>                        |       |                         |                    |
| NET INCOME OF THE PERIOD   |       | 29,459,278              | 20,067,815         |
| <b>ADJUSTMENTS TO RECONCILE NET INCOME TO CASH FROM OPERATIONS</b> |       |                         |                    |
| RESULTS OF EQUITY INVESTMENTS                                      |       | (6,247,488)             | (5,444,317)        |
| REALIZED GAIN ON ASSETS HELD FOR SALE                              |       | (2,492,175)             |                    |
| RESULTS FROM DISCONTINUED OPERATIONS                               |       |                         | 221,708            |
| DEPRECIATION, AMORTIZATION AND DEPLETION                           |       | 1,433,620               | 1,497,304          |
| DEFERRED INCOME TAX AND SOCIAL CONTRIBUTION                        |       | (691,045)               | (563,665)          |
| MONETARY AND EXCHANGE RATE CHANGES, NET                            |       | 6,629,779               | (348,728)          |
| LOSS ON DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT                  |       | 290,142                 | 2,344,905          |
| NET UNREALIZED LOSSES (GAINS) ON DERIVATIVES                       | 23    | 211,696                 | (97,025)           |
| DIVIDENDS / INTEREST ON CAPITAL RECEIVED                           | 13    | 1,538,190               | 783,033            |
| OTHERS   |       | 218,858                 | 618,094            |
| <b>DECREASE (INCREASE) IN ASSETS:</b>                              |       |                         |                    |
| ACCOUNTS RECEIVABLE FROM CUSTOMERS                                 |       | 90,803                  | (14,346,295)       |
| INVENTORIES  |       | (450,263)               | (56,553)           |
| RECOVERABLE TAXES  |       | (328,130)               | 235,298            |
| OTHERS   |       | 45,715                  | (444,070)          |
| <b>INCREASE (DECREASE) IN LIABILITIES:</b>                         |       |                         |                    |
| SUPPLIERS AND CONTRACTORS  |       | 736,017                 | 1,298,118          |
| PAYROLL AND RELATED CHARGES  |       | 34,866                  | 41,585             |
| TAXES AND CONTRIBUTIONS  |       | (5,428,372)             | 1,599,406          |
| OTHERS   |       | 31,131                  | 669,502            |
| <b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>                   |       | <b>25,082,622</b>       | <b>8,076,115</b>   |
| <b>CASH FLOW FROM INVESTING ACTIVITIES:</b>                        |       |                         |                    |
| LOANS AND ADVANCES RECEIVABLE                                      |       | 204,681                 | 3,125,108          |
| GUARANTEES AND DEPOSITS  |       | 55,293                  | (287,506)          |
| ADDITIONS TO INVESTMENTS   |       | (2,329,209)             | (1,621,069)        |
| ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT                         |       | (9,615,362)             | (6,262,726)        |
| PROCEEDS FROM DISPOSAL OF INVESTMENTS HELD FOR SALE                |       |                         | 4,432,517          |
| <b>NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>         |       | <b>(11,684,597)</b>     | <b>(613,676)</b>   |

**CASH FLOW FROM FINANCING ACTIVITIES:****SHORT-TERM DEBT**

|            |             |             |
|------------|-------------|-------------|
| ADDITIONS  | 1,054,457   | 3,938,815   |
| REPAYMENTS | (4,682,177) | (7,890,936) |

**LONG-TERM DEBT**

|  |                     |                    |
|--|---------------------|--------------------|
| ADDITIONS  | 3,375,976           | 3,032,339          |
| FINANCIAL INSTITUTIONS                                     | (769,702)           | (380,639)          |
| DIVIDENDS AND INTEREST ON CAPITAL PAID TO STOCKHOLDERS     | (9,699,000)         | (2,198,000)        |
| TREASURY STOCK   | (3,320,125)         | (585,313)          |
| <b>NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES</b> | <b>(14,040,571)</b> | <b>(4,083,734)</b> |

|  |           |                  |
|--|-----------|------------------|
| INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS           | (642,546) | 3,378,706        |
| CASH AND CASH EQUIVALENTS OF CASH, BEGINNING OF THE PERIOD | 4,823,377 | 1,249,980        |
| <b>CASH AND CASH EQUIVALENTS, END OF THE PERIOD</b>        | <b>7</b>  | <b>4,180,831</b> |

**CASH PAID DURING THE PERIOD FOR:**

|                                    |             |             |
|------------------------------------|-------------|-------------|
| SHORT-TERM INTEREST                | (1,173)     | (63,345)    |
| LONG-TERM INTEREST                 | (1,517,800) | (1,193,866) |
| INCOME TAX AND SOCIAL CONTRIBUTION | (8,443,748) | (1,559,906) |

**NON-CASH TRANSACTIONS:**

|  |          |          |
|--|----------|----------|
| ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT - INTEREST CAPITALIZATION | (63,029) | (70,605) |
|--|----------|----------|

The accompanying notes are an integral part of these financial statements.



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**Statement of Added Value**

Period ended in (unaudited)

In thousands of reais

|   | Consolidated          |   |                       |  |                       |
|---|-----------------------|---|-----------------------|--|-----------------------|
|   | September 30,<br>2011 | Three-month period ended<br>June 30, 2011 | September 30,<br>2010 | Nine-month period ended<br>September 30,<br>2011 | September 30,<br>2010 |
| <b>Generation of added value</b>                    |                       |   |                       |  |                       |
| <b>Gross revenue</b>                                |                       |   |                       |  |                       |
| Revenue from products and services                  | 28,516,595            | 25,613,887                                | 26,376,233            | 77,703,788                                       | 58,386,558            |
| Gain on realization of assets<br>available for sale |                       |   |                       | 2,492,175  |                       |
| Other revenue                                       | 11,254                |   |                       | 11,254   |                       |
| Revenue from the construction of<br>own assets      | 10,038,908            | 5,898,396                                 | 5,731,098             | 20,025,863                                       | 13,353,753            |
| Allowance for doubtful accounts                     | (18,640)              | (9,569)                                   | (11,836)              | (16,316)   | (18,433)              |
| Less:   |                       |   |                       |  |                       |
| Acquisition of products                             | (862,832)             | (695,207)                                 | (464,960)             | (2,115,421)                                      | (1,319,220)           |
| Outsourced services                                 | (5,130,085)           | (3,589,771)                               | (3,221,413)           | (11,577,432)                                     | (7,761,990)           |
| Materials   | (9,301,409)           | (5,968,970)                               | (4,353,335)           | (20,014,059)                                     | (13,776,301)          |
| Fuel oil and gas                                    | (988,982)             | (866,930)                                 | (1,031,685)           | (2,837,277)                                      | (2,717,325)           |
| Energy  | (412,833)             | (378,298)                                 | (606,666)             | (1,301,405)                                      | (1,589,920)           |
| Other costs (expenses)                              | (2,931,095)           | (2,534,102)                               | (2,820,894)           | (7,713,190)                                      | (6,786,420)           |
| <b>Gross added value</b>                            | <b>18,920,881</b>     | <b>17,469,436</b>                         | <b>19,596,542</b>     | <b>54,657,980</b>                                | <b>37,770,702</b>     |
| Depreciation, amortization and<br>depletion         | (1,666,180)           | (1,553,128)                               | (1,230,753)           | (4,818,346)                                      | (3,946,919)           |
| <b>Net added value</b>                              | <b>17,254,701</b>     | <b>15,916,308</b>                         | <b>18,365,789</b>     | <b>49,839,634</b>                                | <b>33,823,783</b>     |
| Financial income                                    | 705,466               | 1,032,995                                 | 1,176,623             | 1,381,765  | 918,866               |
| Equity results                                      | 28,414                | 81,176                                    | (56,183)              | 127,264  | (12,015)              |
| <b>Total added value to be<br/>distributed</b>      | <b>17,988,581</b>     | <b>17,030,479</b>                         | <b>19,408,716</b>     | <b>51,348,663</b>                                | <b>35,461,641</b>     |
| Personnel   | 1,765,420             | 1,791,336                                 | 1,392,476             | 5,255,441  | 3,776,264             |
| Taxes, rates and contribution                       | 1,045,059             | 959,984                                   | 2,343,569             | 3,056,719  | 2,621,671             |
| Current income tax                                  | 1,990,713             | 2,852,317                                 | 4,724,053             | 7,599,604  | 6,458,621             |
| Deferred income tax                                 | (1,497,244)           | 1,138,707                                 | (753,800)             | (647,943)  | (1,543,473)           |
| Remuneration of debt capital                        | 2,763,842             | 955,377                                   | 1,427,173             | 3,682,316  | 3,409,704             |
| Monetary and exchange changes, net                  | 4,070,747             | (847,293)                                 | (315,275)             | 3,171,544  | (203,066)             |

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|  |                   |                   |                   |                   |                   |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|
| Net income attributable to the company's stockholders      | 7,892,936         | 10,275,359        | 10,553,688        | 29,459,278        | 20,067,815        |
| Net income (loss) attributable to non-controlling interest | (42,892)          | (95,308)          | 114,345           | (228,296)         | 143,098           |
| <b>Distribution of added value</b>                         | <b>17,988,581</b> | <b>17,030,479</b> | <b>19,408,716</b> | <b>51,348,663</b> | <b>35,461,641</b> |

|  | Parent company<br>Nine-month period ended |                    |
|--|---|--------------------|
|  | September 30, 2011                        | September 30, 2010 |
| <b>Generation of added value</b>                           |   |                    |
| <b>Gross revenue</b>                                       |   |                    |
| Revenue from products and services                         | 49,724,402                                | 37,228,333         |
| Gain on realization of assets available for sale           | 2,492,175                                 |                    |
| Revenue from the construction of own assets                | 9,770,160                                 | 6,285,530          |
| Allowance for doubtful accounts                            | (3,465)                                   | (11,972)           |
| Less:  |   |                    |
| Acquisition of products                                    | (1,655,293)                               | (924,213)          |
| Outsourced services  | (6,418,130)                               | (4,774,368)        |
| Materials  | (9,303,777)                               | (6,701,128)        |
| Fuel oil and gas   | (1,461,639)                               | (1,203,320)        |
| Energy   | (602,904)                                 | (835,136)          |
| Other costs (expenses)                                     | (3,350,269)                               | (2,930,159)        |
| <b>Gross added value</b>                                   | <b>39,191,260</b>                         | <b>26,133,567</b>  |
| Depreciation, amortization and depletion                   | (1,433,620)                               | (1,497,304)        |
| <b>Net added value</b>                                     | <b>37,757,640</b>                         | <b>24,636,263</b>  |
| Financial income   | 889,790                                   | 1,056,843          |
| Equity results   | 6,247,488                                 | 5,444,317          |
| <b>Total added value to be distributed</b>                 | <b>44,894,918</b>                         | <b>31,137,423</b>  |
| Personnel  | 2,790,348                                 | 2,188,928          |
| Taxes, rates and contribution                              | 2,351,297                                 | 1,900,307          |
| Current income tax   | 5,329,343                                 | 5,165,830          |
| Deferred income tax  | (691,045)                                 | (563,665)          |
| Remuneration of debt capital                               | 2,762,037                                 | 2,648,825          |
| Monetary and exchange changes, net                         | 2,893,660                                 | (270,617)          |
| Net income attributable to the company's stockholders      | 29,459,278                                | 20,067,815         |
| Net income (loss) attributable to non-controlling interest |   |                    |
| <b>Distribution of added value</b>                         | <b>44,894,918</b>                         | <b>31,137,423</b>  |

The accompanying notes are an integral part of these financial statements.

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**Notes to the Interim Financial Statements****In thousands of real, unless otherwise stated.****1- Operational Context**

Vale S.A. ( Vale or Company ) is a Public Limited Liability Company with its headquarters in the city of Rio de Janeiro, Brazil. The initial public offering was in October 1943 on the Rio de Janeiro Stock Exchange and now has its securities traded on the stock exchanges in Sao Paulo ( BM&F and BOVESPA ), New York (NYSE), Paris (NYSE Euronext) and Hong Kong (HKEx).

The Company and its direct and indirect subsidiaries ( Group ) is principally engaged in the research, production and marketing of iron ore and pellets, nickel, fertilizer, copper, coal, manganese, iron alloys, cobalt, metals platinum group metals and precious metals. In addition, it operates in the segments of energy, logistics and steel.

In September 30, 2011, the main consolidated operating subsidiaries and jointly-controlled entities proportionately consolidated are:

| Entities                              | % participation | % voting capital | Head office location | Main activity        |
|---------------------------------------|-----------------|------------------|----------------------|----------------------|
| <b>Subsidiaries</b>                   |                 |                  |                      |                      |
| Compañia Minera Miski Mayo S.A.C      | 40.00           | 51.00            | Peru                 | Fertilizers          |
| Ferrovía Centro-Atlântica S. A.       | 99.99           | 99.99            | Brazil               | Logistic             |
| Ferrovía Norte Sul S.A.               | 100.00          | 100.00           | Brazil               | Logistic             |
| Mineração Corumbaense Reunida S.A.    | 100.00          | 100.00           | Brazil               | Iron ore             |
| PT International Nickel Indonesia Tbk | 59.14           | 59.14            | Indonesia            | Nickel               |
| Vale Australia Pty Ltd.               | 90.00           | 90.00            | Chile                | Chile                |
| Vale Coal Colombia Ltd.               | 100.00          | 100.00           | Austria              | Coal                 |
| Vale Fertilizantes S.A                | 100.00          | 100.00           | Austria              | Holding and Research |
| Vale Canada Limited                   | 100.00          | 100.00           | Canada               | Nickel               |
| Vale International S.A                | 100.00          | 100.00           | Colombia             | Coal                 |
| Vale Oman Pelletizing                 | 84.27           | 99.90            | Brazil               | Fertilizers          |
| Vale Manganês S.A.                    | 100.00          | 100.00           | Switzerland          | Trading              |

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|   |        |        |               |                           |
|---|--------|--------|---------------|---------------------------|
| Vale Moçambique, Limitada               | 100.00 | 100.00 | Brazil        | Manganese and Ferroalloys |
| Vale Nouvelle-Calédonie SAS             | 100.00 | 100.00 | Mozambique    | Coal                      |
| Vale Shipping Holding                   | 74.00  | 74.00  | New Caledonia | Nickel                    |
| Sociedad Contractual Minera Tres Valles | 100.00 | 100.00 | Oman          | Pellet                    |
| Vale Austria Holdings GMBH              | 100.00 | 100.00 | Singapore     | Logistic                  |
| <b>Jointly-controlled entities:</b>     |        |        |               |                           |
| California Steel Industries, Inc.       | 50.00  | 50.00  | United States | Steel industry            |
| MRS Logística S.A                       | 41.50  | 37.86  | Brazil        | Logistic                  |
| Samarco Mineração S.A.                  | 50.00  | 50.00  | Brazil        | Iron ore                  |

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**2 Summary of the Main Accounting Practices and Accounting Estimates**

**a) Basis of presentation**

- **Interim consolidated financial statements**

The Company's interim financial statements have been prepared and are being presented in accordance with *Comitê de Pronunciamentos Contábeis* (Accounting Pronouncements Committee) CPC 21 *Demonstrações Intermediárias* that is equivalent to International Accounting Standards (IAS 34) Interim Financial Information.

The interim financial statements have been prepared considering historical cost as the basis of value and adjusted to reflect the financial assets available for sale, and financial assets and liabilities (including derivative instruments) measured at fair value against income. The interim financial statements for the three-month periods ended September 30, 2011, June 30, 2011 and September 30, 2010 and for the nine-month periods ended September 30, 2011 and September 30, 2010 are unaudited. However, the interim financial statements follow the principles, methods and standards in relation to those adopted at the closing of last fiscal year ended December 31, 2010, and therefore should be read in together with this.

In preparing the interim financial statements, the use of estimate is required to account for certain assets, liabilities and transactions. Accordingly, the interim financial statements include certain estimates related to the useful lives of fixed assets, provisions for losses on assets, contingencies, operating provisions and other similar evaluations. Actual results of operations for the quarterly periods are not necessarily an indication of expected results for the fiscal year ending on December 31, 2011.

- **Interim financial statements of the parent company**

The interim individual financial statements of the parent company and associated companies have been prepared under accounting practices adopted in Brazil issued by the CPC. Those pronouncements are published together with interim consolidated financial statements.

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In the case of Vale SA accounting practices adopted in Brazil applicable to the interim individual financial statements differ from IFRS, applicable to the separated financial statements, only by valuation of investments in subsidiaries and associated companies by the equity method, while according IFRS would be as cost or fair value method.

- **Transactions and balances**

The operations with others currencies are translated into the functional currency of the parent company, the Real ( BRL or R\$ ), using the actual exchange rates on the transaction or valuation dates, in which the items were measured. The foreign exchange gains and losses resulting from the settlement of these transactions and from the translation by exchange rates at the end of the year, relating to monetary assets and liabilities in other currencies are recognized in the statement of income, as financial expense or financial income.

In 2011, based on the assessment of business, the subsidiary Vale International has changed its functional currency from Brazilian Real to USA dollars. This change did not cause significant effects on the financial statements presented.

### Major currencies impacting our operations:

|                            | Year-end price in Brazilian real |                   |
|----------------------------|----------------------------------|-------------------|
|                            | September 30, 2011               | December 31, 2010 |
| US dollar USD or US\$      | 1.8544                           | 1.6662            |
| US canadian dollar - CAD   | 1.7850                           | 1.6700            |
| US australian dollar - AUD | 1.8069                           | 1.6959            |
| Euro EUR or                | 2.4938                           | 2.2280            |

The exchange rate gain or loss of non-monetary financial assets, such as investments in shares classified as available for sale, is included in other comprehensive income.

The Company has assessed subsequent events through October 26, 2011, which is the date of the interim financial statements.

- b) **Principles of consolidation**

The consolidated financial statements reflects the balances of assets, liabilities and stockholder s equity at September 30, 2011

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and December 31, 2010, and reflects the operations of the three-months period ended on September 30, 2011; June 30, 2011 and September 30, 2010, as well the operations of the nine-months period ended on September 30, 2011 and September 30, 2010 of the parent company, of its direct and indirect subsidiaries and of its jointly controlled entities, in proportion to the interest maintained. For associates, entities over which the Company has significant influence but not control the investments are accounted for under the equity method.

The operations in other currencies are translated into the presentation currency of the financial statements in Brazil for the purposes of registration of equity and full or proportional consolidation. Accounting practices of subsidiaries and associated companies are set to ensure consistency with the policies adopted by the parent company. Transactions between consolidated companies, as well as balances, profits and unrealized losses on these transactions are eliminated.

The interests in hydroelectric projects are done through consortium agreements under which the Company participates in assets and liabilities of these enterprises in the proportion that holds on the consortium.

**Investments in subsidiaries, joint ventures and associated companies**

Investments registered in the consolidated financial statements include investments in related entities. Investments registered in the financial statements of the parent company include investments in subsidiaries, joint ventures and associated companies.

These investments in subsidiaries, joint ventures and associated companies are recorded in accounting by the equity method and include goodwill identified on acquisition, net of any accumulated impairment loss.

**c) Business combinations**

The company adopts the business combinations method when the company acquires control over an entity. In these operations, the acquired identifiable assets, the liabilities, and the non-controlling interests assumed are initially measured at fair values at the acquisition date. The measurement of the non-controlling shareholder interest to be recognized is determined for each acquisition made.

The excess of the consideration transferred over the fair value at the date of acquisition, inclusive of any prior equity interest in the acquired business is recorded as goodwill. When the consideration transferred is less than the fair value of net assets of the subsidiary acquired, the

difference is recognized directly in the statement of income.

The goodwill recorded as an intangible asset is not subject to amortization. Goodwill is allocated to cash-generating units (CGU) or groups of cash generating units, and the recoverability is tested (impairment test) during the fourth quarter. When it is identified that recorded goodwill would not be fully recovered, the respective portion of goodwill is written down to the income statement.

#### **Non-controlling stockholders' interests**

The Company treats transactions with non-controlling stockholders' interests as transactions with equity owners of the Company. For purchases of non-controlling stockholders' interests, the difference between any consideration paid and the portion acquired of the carrying value of net assets of the subsidiary is recorded in stockholders' equity. Gains or losses, on disposals of non-controlling stockholders' interest, are also recorded in stockholders' equity.

When the control of the Company ends, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognized in profit or loss. Furthermore, any amounts previously recognized in other comprehensive income relating to that entity are accounted for as if the Company had directly sold the related assets or liabilities. This means that the amounts previously recognized in other comprehensive income are reclassified in income.

#### **d) Cash and cash equivalents and short-term investments**

The amounts recorded as cash and cash equivalents correspond to the values available in cash, bank deposits and investments in the short-term that have immediately liquidity and maturity within three months. Other investments with maturities exceeding three months, and up to one year, are recognized at fair value in income and recorded in short-term investments.

#### **e) Financial assets**

The Company classifies its financial assets in accordance with the purpose for which they were purchased, and determine the classification and initial recognition according to the following categories:

- Measured at fair value through the statement of income - recorded in this category are held for trading financial assets acquired for the purpose of selling in the short term. Derivatives not designated as hedging instruments are recorded in this category.



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- **Loans and receivables** – non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Company's loans and receivables comprise of the accounts receivables, other receivables, and cash and cash equivalents. Loans and receivables are measured at fair value and subsequently carried at amortized cost using the effective interest rate method, less impairment. The interest income is recognized with the effective tax rate application, except for short-term credits, because the interest recognition would be immaterial.
- **Available for sale** – are non-derivative assets not classified in other categories. They are initially recorded at their acquisition value, which is the fair value of the price paid, including transaction costs. After initial recognition, they are reassessed by their fair values by reference to their market value at the date of the financial statement, without any deduction related to the transaction costs that may occur up to your sale.

Investments in equity instruments that are not listed and for which it is not possible to estimate with certainty its fair value, are held at acquisition cost less any losses not recoverable. Gains or losses from changes in fair value of investments available for sale are recorded in stockholders' equity under the caption "Equity adjustments" included in "Other comprehensive income" until the investment is sold or received or until the fair value of the investment is below its acquisition cost and this corresponds to a significant loss or prolonged, when the accumulated loss is transferred to the financial expenses.

**f) Accounts receivables**

Accounts receivables represent amounts receivable from the sale of products and services made by the Company. The receivables are initially recorded at fair value and subsequently measured at amortized cost, net of estimates of potential losses.

The estimated losses from doubtful accounts are provided in an amount considered sufficient to cover potential losses. The value of the loss estimated for doubtful debts is made based on experience of defaults occurred in the past.

**g) Inventories**

Inventories are stated at the lower value of average cost of acquisition or production and replacement or realization values. The inventories production costs are determined by fixed and variable costs, and direct and indirect costs of production, by the appropriate average cost method. The realizable net value of inventory corresponds to the estimated selling price of inventory, less all estimated costs of completion and costs necessary to make the sale. Where applicable, consists of an estimated loss of obsolete inventory or slow-moving.

Inventories of ore are recognized in the moment of yours physical extraction. And they are no longer part of the calculation of proven and probable reserves anymore, and now are part of the stock pile of ore, and therefore is not part of the calculation of depreciation, amortization and depletion per unit of production.

**h) Non-current assets held for sale**

Assets held for sale (or discontinued operations) are recorded as non-current assets, separated from other current assets in the balance sheet, when their carrying amounts are recoverable when: a) the realization of the sale is a virtual certainty; b) management is committed to a plan to sell these assets; and c) the sale takes place within a period of 12 months. Assets recorded in this group are valued by the lower of book value and fair value less costs to sell.

**i) Non-current**

The amount expected to be recovered or settled after more than 12 months of the reporting date is classified as non-current.

**j) Property, plant and equipment**

Fixed assets are carried at acquisition or production cost. The assets include financial charges, incurred during the construction period, expenses attributable to the acquisition and losses through non-recovery of the asset.

Assets are depreciated by the straight-line method based on estimated useful lives, from the date on which the assets are available for use in the intended way, except for land which is not depreciated. The depletion of reserves is calculated based on the ratio between actual production and the total amount of reserves proven and probable.

In the case of railroads, where the company holds the concession, the assets acquired, related to grant activities to provide public services (returned goods), the will be returned to the grantor termination of the concession period, without any compensation or cost to the grantor. The returned tangible fixed assets are originally recorded by the cost of acquisition or construction, during the construction period. The assets related to the concession are depreciated based on the estimated useful life of assets, since the entry into operation.

The carrying value of an asset is written down immediately to its recoverable amount in the net income, if the asset s carrying value is greater than its estimated recoverable amount.

Depreciation and depletion of assets of the Company, is represented in accordance with the following estimated useful lives:



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|                    |                           |
|--------------------|---------------------------|
| Buildings          | between 10 and 50 years   |
| Installations      | between 5 and 50 years    |
| Equipment          | between 3 and 33 years    |
| Computer Equipment | between 5 and 10 years    |
| Mineral rights     | between 2 and 33 years    |
| Locomotives        | between 12,5 and 33 years |
| Wagon              | 33 years                  |
| Railway equipment  | between 5 and 50 years    |
| Ships              | between 5 and 20 years    |
| Other              | between 2 and 50 years    |

The residual values and useful lives of assets are reviewed and adjusted, if necessary, at the end of each fiscal year.

The relevant expenditures for maintenance of industrial areas and relevant assets (as example, ships), including spare parts, assembly services, and others, are recorded in fixed assets and depreciated over the benefits of this maintenance period until the next stop.

**k) Intangible assets**

Intangible assets are valued at acquisition cost, less accumulated amortization and losses by reducing the recoverable amount where applicable. Intangible assets are recognized only if it is likely they that will generate economic benefits to the Company, are controllable under the Company's control and their respective value can be measured reliably.

Intangible assets that have finite useful lives are amortized over their effective use or a method that reflects their economic benefits, while those with indefinite useful lives are not amortized; consequently these assets are tested at least annually as to their recovery (impairment test). The estimated useful life and amortization methods are reviewed at the end of each financial year and the effect of any changes in estimates are recorded in a prospective manner.

Expenditure on development activities (or stage of development of an internal project) is recorded as intangible assets if and only if it generate future economic benefits, there is technical viability to use or sale, and capacity to measure in a confinable way these costs. Initial recognition of this asset corresponds to the sum of the expenditures incurred from when the intangible asset has passed to meet the recognition criteria. Intangible assets generated internally, are recorded at cost value less amortization and loss on the accumulated impairment.

Intangible assets acquired in a business combination and recognized separately from goodwill are recorded at fair value at the acquisition date, which is equivalent to cost. As required at a later date, these assets are recorded at cost value less amortization and loss on the impairment accumulated.

**l) Biological assets**

The biological assets are valued and recognized at fair value less cost to sell (less depreciation and accumulated impairment losses), when a market value can be determined, otherwise they are value and recognized at cost. In the absence of an active market, the valuation method used is the discounted cash flow method. Related gains and losses are recognized in the statement of income.

**m) Impairment**

**Financing assets**

The Company assess each reporting period if there are objective evidences that an asset is impaired. Case the existence of impacts on cash flow caused by asset impaired and this impact can be reliable estimated; Company recognizes in the results an impairment loss.

**Long-term non-financial assets**

The Company assesses impairment of non financial assets annually to assess whether there is evidence that the book value of a long-term non-financial asset will not be recoverable. Regardless of existing indication of non recoverability of its carrying amount, goodwill balances from business combinations and intangible assets with indefinite useful lives are tested for recovery at least once a year. When the residual value book of this non-financial asset exceeds its recoverable value, the Company recognizes a reduction in the carrying balance of its non-financial asset (impairment), and also in this moment review the non-financial assets, except goodwill, that have suffered reduction of the accounting balance for non-recovery for a possible reversal

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of these write-down values. If it is not possible to determine the recoverable amount of a nonfinancial asset individually, the recoverable value of non-financial assets grouped at the lowest levels for which there are separately identifiable cash flows of the cash-generating unit - CGU, which the asset belongs is realized.

**n) Expenditures on research**

Expenditure on ore research and development are considered operating expenses until the effective proof of the economic feasibility of commercial exploration of a given field. From this evidence, the expenditures incurred are to be capitalized as mine development costs.

During the development phase of mine before production begins, the cost of waste removal, and associated costs with removal of waste and other residual materials are recorded as part of asset in development cost of the mine. Subsequently, these costs are amortized over the useful life of the mine based on proven and probable reserves. After the start of the production phase from the mine, the ore removal expenditures are treated as production costs.

**o) Leasing**

The Company classifies its contracts as financial leasing or operational leases based on the substance of the contract, regardless of its form.

For financial leases, the lower of the fair value of the leased asset and the present value of minimum lease payments is recorded in tangible fixed assets offsetting the corresponding obligation recorded is liabilities. For operating leases, payments are recognized linearly during the term of the contract as a cost or expense in the statement of income in the year to which they belong.

**p) Accounts payable to suppliers and contractors**

Accounts payable to suppliers and contractors are obligations to pay for goods and services that were acquired in the ordinary course of business. The amounts are initially recognized at fair value and subsequently measured at amortized cost using effective interest rate method. In practice accounts payable are normally recognized by the value of the corresponding invoice or receipt.

**q) Loans and financing**

Loans are initially measured at fair value, net of transaction costs incurred and are subsequently carried at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the statement of income over the period of the loans, using the effective interest rate method. Fees paid on the establishment of the loan are recognized as transaction costs of the loan.

Compound financial instruments (which have components of a financial liability - debt - and of Stockholders' equity) issued by the Company comprise of mandatorily convertible notes into Stockholders' equity, and the number of shares to be issued does not vary with changes in its fair value.

The liability component of a compound financial instrument is initially recognized at fair value. The fair value of the liability portion of a convertible debt security is determined using discounted cash flow, considering the interest rate market for a debt instrument with similar characteristics (period, value, credit risk), but not convertible. The Stockholders' equity component is recognized initially by the difference between the total value received by the Company with the issuance of the title, and the fair value as a financial liability component recognized. The transaction costs directly attributable to the title are allocated to the components of liabilities and stockholders' equity in proportion to amounts initially recognized.

After initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest rate method. The equity component of a compound financial instrument is not remeasured after the initial recognition, except for upon conversion.

**r) Provisions**

Provisions are recognized only when there is a present obligation (legal or constructive) resulting from a past event, and it is probable that settlement of this obligation would result in an outflow of resources and the amount of the obligation could be reasonably estimated. Provisions are reviewed and adjusted to reflect the current best estimate at the end of each reporting period. Provisions are measured at the present value of the expenditure expected to be required to settle an obligation using a

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pre-tax rate, which reflects current market assessments of time value of money and the risks specific to the obligation. The increase in the obligation due to the passage of time is recognized as interest expense.

**Provision for asset retirement obligations**

The Company, at the end of each year reviews and updates the values of provisions for asset retirement obligations. This provision has the primary goal of long-term value, for financial use in the future at the closing moment of the asset. Provisions made by the Company refer basically to mine closure and the completion of mining activities and decommissioning of assets linked to mine. The provision is set up initially with the record of non-current liabilities in counterpart with a main fixed asset item. The increase in the provision due to passage of time is recognized as interest expense, using the current discount rate plus the inflation index. The asset is depreciated linearly at the rate of useful life of the main asset, and registered against the statement of income.

**Provisions for contingent liabilities**

The judicial provisions are recognized when the loss is considered probable, and would cause an outflow of resources for the settlement of the liabilities, and when the amounts are reliably measurable taking into consideration the opinion of legal counsel, the nature of actions, similarity with previous cases, complexity, and the positioning of the courts.

s) **Employee benefits**

**Current benefit - wages, vacations and related taxes**

Payments of benefits such as wages, vacation past due or accrued vacation, as well their related social security taxes over those benefits, are recognized monthly in the results.

**Current benefit - profit sharing**



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The Company has a policy of profit sharing, based on the achievement of individual performance goals, and on the area of operation and performance of the Company. The amount is formed based on the best estimates of the amount to be paid by the company based on the results, and periodic verification (measurement) of the compliance with all performance goals. The Company makes monthly provision with respect to the accrual basis and recognition of present obligation arising from past events, and believes that the estimated amount is reasonable and a future outflow of resources should occur. The counterpart of the provision is recorded as cost of sales or service rendered or operating expenses in accordance with the activity of the employee in productive or administrative activities, respectively.

### **Non-current benefit - pension cost and other post-retirement benefits**

For defined benefit plans in which the Company has the responsibility for or has some kind of risk actuarial calculations are periodically obtained of liabilities determined in accordance with the Projected Unit Credit Method in order to estimate the liability for payment of those installments. The liability recognized in the balance sheet regarding the defined benefit plan is the present value of the defined benefit obligation at the balance sheet date, less the fair value of plan assets, with adjustments for past service cost not recognized. Actuarial gains and losses are appointed and controlled by the corridor method, this method only affects the income of the period if it exceeds the limits of 10% of the fair value of plan assets and the present value of the defined benefit obligations, whichever is greater, and the amount exceeding the deferred portion by the number of active participants of the plan. Past service costs that arise with changes in plans are released immediately in income.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using an interest rates consistent with market rates, which are denominated in the currency in which benefits will be paid and which have maturities close to the respective liabilities of the pension plan obligation.

The Company has several pension plans, among them plans presenting surplus and deficit situations. For plans with a surplus position, the Company not recognize on the balance sheet, neither on the statement of income, as there was not a clear position about the use of this surplus by the Company, being only demonstrated in a note. For plans with a deficit position, the Company recognizes liabilities and results arising from the actuarial valuation and the actuarial gains and losses generated by the evaluation of these plans are recognized in income, according to the corridor method.

With respect to defined contribution plans, the Company has no further obligation after the contribution is made.

### **Current benefit - current incentive**

The Company has established a mechanism to award its eligible executives (Matching Plan and Long-Term Incentive Plan - ILP) with the goal of encouraging loyalty and sustained performance among others. The Matching plan allows eligible executives to

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acquire preferred class A stocks of the Company, through criteria activated with targets reached, and shall be entitled at the end of three years to a cash sum corresponding to the market value of the shares lot initially purchased by the executives, provided that they are under the ownership of executives throughout the entirety of the period. As well as matching, the ILP provides at the end of three years the payment in the amount equivalent to a certain number of shares based on the assessment of the executives' career and company performance factors in relation to a group of companies of similar size (per group). Liabilities are measured at each reporting date, at fair value, based on market quotations. The compensation costs incurred are recognized in income during the three-year vesting period as defined.

**t) Derivative financial instruments and hedging operations**

The Company uses derivative instruments to manage their financial risks as a way to hedge these risks, not being used derivative instruments for the purpose of negotiation. Derivative financial instruments are recognized as assets or liabilities on the balance sheet and are measured at fair value. Changes in fair value of derivatives are recorded in each year as gains or losses in the statements of income or in equity adjustments in comprehensive income in shareholders' equity when the transaction is illegible and characterized as an effective hedge, in the form of cash flow, and which has been in effect during the period listed.

The method of registration of an item that is being hedged depends on its nature. The derivatives will be designated and recognized as fair value hedges of assets and liabilities when there is a firm commitment, such as cash flow hedges when a specific risk associated with a recognized asset or liability or a highly probable forecast transaction, and to hedge a net investment in a foreign operation. The Company documents the relationship between hedging instruments and hedged items at the beginning of the operation, with the objective of risk management and strategy for carrying out hedging operations. The Company also documents its assessment, both initially and continuously, that the derivatives used in hedging transactions are highly effective in their changes in fair value or cash flows of hedged items.

The cash flow hedges the effective portion of changes in fair value of designated and qualified as hedges, in this mode, is recorded in shareholders' equity accounted for in comprehensive income. The effective amount released in shareholders' equity in comprehensive income, will only be transferred to the result of the period, in the results appropriated for the hedged item (cost, operating expense, interest expense, etc.) when the hedged item is actually performed. However, when a hedged item prescribed, sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain and loss, at the time, stay logged in shareholders' equity until the forecast transaction is finally done and finally recognized in the result.

The changes in fair value of derivative instruments designated as fair value hedges, as well as changes in fair value of the asset or liability subject to risk, are recognized in net income in the period.

The changes in fair value of derivatives designated as cash flow hedge are recorded as comprehensive income and recognized in shareholders' equity in their effective component and as a result of the period in terms of its ineffective component. The values recorded in comprehensive

income are only transferred to the result of the period, in the appropriated account (cost, operating expense, financial expense, etc.), when the hedged item is actually performed.

Related to derivative financial instruments of a net investment in a foreign operation, the respective changes in fair value are recorded as comprehensive income and recognized in shareholders' equity in its effective component. The ineffective part of those changes is recognized immediately as a result of the period. If the hedging instrument is not a derivative, their variations due to exchange rate variations are recorded as cumulative translation adjustments of currencies and recognized in shareholders' equity.

When a hedged item, recorded in shareholders' equity, prescribes, is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain and loss, at the time, stay logged in shareholders' equity until the forecast transaction is finally done and finally recognized in the result.

Derivative instruments that do not qualify for hedge accounting records, its fair value changes should be recorded immediately in statements of income, which are derivatives measured at fair value through income.

**u) Current and Deferred Income tax and social contribution**

The costs of income tax and social contribution are recognized in the statement of income, except for items recognized directly in Stockholders' equity or comprehensive income. In such cases the tax is also recognized in Stockholders' equity or comprehensive income.

The Company records a provision for current income tax based on taxable profit for the year. Taxable income differs from net income (profit presented in the statement of income), because it excludes income and expenses taxable or deductible in other years, and excludes items not permanently taxable or not deductible. The provision for income tax is calculated individually for each entity of the group based on tax rates and tax rules in force at the location of the entity. The recognition of deferred taxes

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by the Company is based on temporary differences between the book value and the tax base value of assets and liabilities on tax losses of income tax, and offsetting social contribution on profits where their achievement against future taxable results is considered likely. If the Company is unable to generate future taxable income or if there is a significant change in the time required for the deferred taxes to be deductible, management evaluates the need to record a provision for loss of those deferred taxes. The deferred income tax, assets and liabilities, are offset when there is a legally enforceable right to offset current tax assets against current liabilities, and when the deferred income tax, assets and liabilities, are related to income taxes released by the same taxation authority on the same taxable entity.

Deferred income tax asset is recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future.

v) **Revenue recognition**

Revenue comprises the fair value of the consideration received or receivable by the trading of products and services in the ordinary course of business of the Company. Revenue is presented net of taxes, repayment of rebates and discounts. The consolidated financial statements are presented net of eliminations of sales between consolidated entities.

• **Product sales**

Revenues with product sales are recognized when value can be measured reliably, it is probable that future economic benefits will flow to the Company, and when there is a transfer to the purchaser of the significant risks and benefits related to the product.

Sales revenues are dependent on negotiated commercial terms, including transportation clauses, which are most often the determining factor in a defining the transfer of risks and benefits of the products sold. The Company uses separate commercial arrangements where substantial part of the Company's revenue from sales has been recognized at the delivery time of goods to the responsible company for the transportation. In other circumstances, the commercial clauses negotiated require that the revenue is recognized only in the delivery of goods at the port of destination.

- **Sales of services**

Revenues from services rendered by the Company are related to contracts of transport services rendered and are recognized over the period that the services are performed.

- **Financial income**

Interest income is recognized with the time elapsed, using the effective interest rate applicable.

- w) **Government grants and support**

Government grants and support are recorded at fair value when the Company complies with reasonable security conditions set by the government related to grants and assistance received. The Company records via the statement of income, as reducing taxes or spending according to the nature of the item, and through the distribution of results on statement of income, earnings reserve account in stockholders equity.

- x) **Allocation of income and distribution of remuneration to stockholders**

Regarding remuneration of Stockholders, the Company may use interest on capital, among other modalities, in line with the criteria and limits set by Brazilian legislation. The tax reflection of interest on capital is recognized in income.

- y) **Capital**

The capital is represented by common and preferred shares non-redeemable, all without no par value. The preferred shares have the same rights as common shares, with the exception of voting for electing members of the Board. The Board may, regardless of statutory reform, resolve the issue of new shares (authorized capital), including by the capitalization of profits and reserves to the authorized limit.

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The Company periodically practices the repurchase of shares to remain in treasury for future sale or cancellation. These programs are approved by the Board with a term and quantities by determined type of shares.

Incremental costs directly attributable to the issuance or repurchase of new shares or options are demonstrated in Stockholders' equity as a deduction from the amount raised, net of taxes.

**z) Statements of added value**

The Company publishes its consolidated and the parent company statements of added value (DVA) in accordance with the pronouncements of CPC 09, which are submitted as part of the financial statements in accordance with Brazilian accounting practices applicable to Limited Liability companies that for IFRS are presented as additional information, without prejudice to the set of financial statements.

This statement represents one of the component elements of the Social Balance which has the main objective to present with great evidence the wealth creation by the entity and its distribution during the period reported.

**3 Critical Accounting Estimates and Assumptions**

The presentation of financial statements in accordance with the principles of recognition and measurement by the accounting standards issued by the CPC and IASB requires that management of the Company make judgments, estimates and assumptions that may affect the value of assets and liabilities presented.

These estimates are based on the best knowledge existing at any period and the planned actions, being constantly reviewed based on available information. Changes in facts and circumstances may lead to revision of estimates, so the actual future results could differ from estimates.

Significant estimates and assumptions used by Company's management in preparing these financial statements are presented as such:

**a) Mineral reserves and mine useful life**

The estimates of proved reserves and probable reserves are regularly evaluated and updated. The proved reserve and probable reserve are determined using generally accepted geological estimates. The calculation of reserves requires that the company take positions on future conditions that are highly uncertain, including future ore prices, exchange rates, inflation rates, mining technology, availability of permits and production costs. Changes in some of these assumptions could have a significant impact on proved reserves and probable reserves recorded.

The estimated volume of mineral reserves is base of the calculation of the depletion portion of their respective mines, and its estimated useful life is a major factor to quantity the provision of environmental rehabilitation of mines when it is written off. Any change in the estimates of the volume of mine reserves, and the useful life of assets linked to them may have significant impact on charges for depreciation, depletion and amortization recognized in the financial statements as cost of goods sold. Changes in estimated useful life of the mines could cause significant impact on the estimates of environmental spending provision through the write-down of fixed assets and the impairment analysis.

**b) Environmental costs of reclamation**

The Company recognizes an obligation under the fair value for disposal of assets during the period in which they are incurred in accordance with Note 2(r). Vale considers the accounting estimates related to reclamation and closure costs of a mine as a critical accounting policy and to involve significant values for the provision and it is estimated using several assumptions, such as interest rate, inflation, useful life of the asset considering the current state of depletion and the projected date of depletion of each mine. Although the estimates are revised each year, this provision requires that we project cash flows applicable to the operations.

**c) Income tax and social contribution**

The company recognizes the effects of the deferred tax of tax loss and temporary differences both in the consolidated financial statements and in the parent's financial statements. It is made an asset valuation allowance when we believe it is more likely that tax assets will not be fully recoverable in the future. The determination of the provision for income taxes or deferred income tax, assets and liabilities, and any valuation allowance on tax credits requires estimates of the Company, based in various jurisdictions where we conduct our business. For each future credit tax, the company assesses the probability that part or total

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tax assets will not be recovered. The valuation allowance made with respect to accumulated tax losses depends on the assessment of the Company's Administration of the probability of generating future taxable profits in the deferred income tax asset recognized based on production and sales planning, commodity prices, operational costs, restructuring plans, reclamation costs and planned capital costs.

**d) Contingencies**

Contingent liabilities are recorded and/or disclosed, unless the possibility of loss is considered remote by our legal advisors. Contingencies, net of escrow deposits, are arranged in notes to the financial statements Note 2 (r) and 17.

The contingencies of a given liability on the date of the financial statements are recorded when the amount of loss can be reasonably estimated. By their nature, contingencies will be resolved when one or more future event occurs or fails to occur. Typically, the occurrence of such events depends not on our performance, which complicates the realization of precise estimates about the date on which such events are recorded. Assessing such liabilities, particularly in the uncertain Brazilian legal environment, and other jurisdictions involves the exercise of significant estimates and judgments of management regarding the results of future events.

**e) Post-retirement benefits for employees**

The Company sponsors various plans for post-retirement benefits to their employees in Brazil and abroad, the parent company and group entities, as Note 2 (s).

The values reported in this section depend on a number of factors that are determined based on actuarial calculations using several assumptions in order to determine costs, liabilities, among others. One of the assumptions used in determining the amounts to be recorded in accounting is the discount rate. Any changes in these assumptions will affect the accounting records made.

The Company, together with external actuaries, reviews at the end of each exercise, which assumptions should be used for the following year. These premises are used for upgrades and discounts to fair value of assets and liabilities, costs and expenses and determination of future values of estimated cash outflows, which are needed to settle the pension plans obligations.



**f) Reduction in recoverable value of assets**

The Company annually tests the recoverability of its tangible and intangible assets, with indefinite useful lives that are mostly of the portion of goodwill for expected future earnings arising from processes of the business combination. The accounting policy is presented in Note 2 (m).

Recoverability of assets based on the criterion of discounted cash flow depends on several estimates, which are influenced by market conditions prevailing at the time that such impairment is tested and thus the administration believes it is not possible to determine whether new impairment losses occur in the future.

**g) Fair value of the derivatives and others financial instruments**

Fair value of the not traded financial instruments in active market is determined by using valuation techniques. The Company uses its own judgment to choose the various methods and assumptions set which are based on market conditions, at the end of the year.

The analysis of the impacts if actual results were different from management's estimate is presented in note 23 on the topic of sensitivity analysis.

**4 Accounting pronouncements**

There was no issuance of new pronouncements affecting the statements of the period. The pronouncements mentioned in the financial statements ending December 31, 2010 were adopted with no significant impact on financial statements.

The Company made an option for not early adopt in its financial statements the recently pronouncements issued by IASB, and not yet implemented in Brazil by the CPC that will be in force after the year ended December 31, 2012. The Company is evaluating the possible effects that can arise with the adoption of this pronouncement.

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**5 Risk Management**

Vale considers that an effective risk management is a key objective to support its growth plan, strategic planning and financial flexibility. Therefore, Vale has developed its risk management strategy in order to provide an integrated approach of the risks the company is exposed to. To do that, Vale evaluates not only the impact in the results of the business caused by variables traded in financial markets (market risk), but also the risk from counterparties obligations (credit risk), those relating to inadequate or failed internal processes, people, systems or external events (operational risk), those arising from liquidity risk, among others.

**a) Risk management policy**

The Board of Directors established a risk management policy in order to support the company's growth plan, strategic planning and business continuity, to improve its capital structure and assets management, to ensure flexibility and strength in financial management and to strengthen its corporate governance practices.

The corporate risk management policy determines that Vale should measure and monitor regularly its corporate risk on a consolidated approach in order to guarantee that the overall risk level of the Company remains aligned with the guidelines defined by the Board of Directors and the Executive Board.

The Executive Risk Management Committee, created by the Board of Directors, is responsible for supporting the Executive Board in the risk assessments and for issuing opinion regarding the Company's risk management. It is also responsible for the supervision and revision of the principles and instruments of corporate risk management.

The Executive Board is responsible for the approval of the policy decomposition into norms, rules and responsibilities and for reporting to the Board of Directors about such procedures.

The risk management norms and instructions complement the corporate risk management policy and define practices, processes, controls, roles and responsibilities in the Company regarding risk management.

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The Company might, whenever considered necessary, allocate limits for specific risks regarding management activities, including - but not limited to - market risk limits, corporate and sovereign credit, in accordance with the acceptable level of corporate risk.

### b) **Liquidity risk management**

The liquidity risk arises from the possibility that Vale might not perform its obligations on due dates, as well as face difficulties to meet its cash requirements due to market liquidity constraints.

To mitigate such risk, Vale has a revolving credit facility to increase short term liquidity and to enable more efficiency in cash management, being consistent with the strategic focus on cost of capital reduction. The revolving credit facility was acquired from a syndicate of several global commercial banks, according to Note 23.

### c) **Credit risk management**

Vale's credit risk arises from potential negative impacts in its cash flows due to uncertainty in the ability of counterparties to meet their contractual obligations. To manage that risk, Vale has procedures and processes, such as the controlling of credit limits, the obligation of exposure diversification through several counterparties and the monitoring of the portfolio's credit risk.

Vale's counterparties can be divided into three main categories: the customers, responsible by obligations regarding receivables from payment term sales; financial institutions with whom Vale keeps its cash investments or negotiates derivatives transactions; and suppliers of equipment, products and services in the case of payments in advance.

#### • **Commercial Credit Risk Management**

For the commercial credit exposure, which arises from sales to final customers, the risk management department, in accordance with the current delegation level, approves or request the approval of credit risk limits for each counterparty. Besides that, the Executive Board sets annually global credit risk limits and working capital limits, both monitored on a monthly basis.

Vale attributes an internal credit risk rating for each counterparty using its own quantitative methodology for credit risk analysis, based on three main sources of information: i) Expected Default Frequency (EDF) provided by KMV (Moody's); ii) credit ratings from the main international credit agencies; iii) customer financial statements from which financial ratios are built.

Whenever considered necessary, the quantitative credit risk analysis is complemented by a qualitative analysis which takes into consideration the payment history of that counterparty, its commercial relationship with Vale and the customer's strategic position in its economic sector, among others variables.



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Based on the counterparty's credit risk or based on Vale's consolidated credit risk profile, risk mitigation strategies are used to minimize the Company's credit risk in order to meet the acceptable level of risk approved by the Executive Board. The main credit risk mitigation strategies used by the Company are credit insurance, mortgage, letter of credit and corporate guarantees, among others.

Vale has a well-diversified accounts receivable portfolio from a geographical standpoint, being China, Europe, Brazil and Japan the regions with more significant exposures. According to each region, different guarantees can be used to enhance the credit quality of the receivables.

Vale controls its account receivables portfolio through Credit and Cash Collection committees, in which representatives from risk management, cash collection and commercial departments monitor periodically each counterparty's position. Finally, Vale has an automatic control that blocks additional sales to customers in delinquency.

- **Treasury Credit Risk Management**

To manage the exposure arising from cash investments and derivatives instruments, the Executive Board approves annually credit limits by counterparty. Furthermore, the risk management department controls the portfolio diversification, the exposure due to counterparties' spread variations and the treasury portfolio overall credit risk. There is also a daily monitoring of all positions and monthly reporting to the Executive Risk Management Committee and to the Executive Board.

To calculate the exposure to a counterparty that has several derivative transactions with Vale, it's considered the sum of exposures of each derivative acquired with this counterparty. The exposure for each derivative is defined as the potential future value calculated within the life of the derivative, considering a joint distribution of the market risk factors that affect the value of the derivative instrument.

Vale also assess the creditworthiness of its counterparties in treasury operations following an internal methodology similar to commercial credit risk management that aims to define a default probability for each counterparty.

Depending on the counterparty's nature (banks, insurance companies, countries or corporations), different inputs will be considered: i) expected default probability given by KMV; ii) CDS (Credit Default Swaps) and bond market spreads; iii) credit ratings defined by the main international rating agencies; iv) financial statements data and indicators analysis; v) country's debt ratios, fiscal and monetary policies and other useful measures for country's risk assessment.

**d) Market risk management**

Vale is exposed to the behavior of several market risk factors that might impact its cash flow. The evaluation of this potential impact, given the volatility of these factors and their correlations, is performed periodically to support the decision making process and the Company's growth strategy, to ensure its financial flexibility and to monitor volatility on future cash flows.

Thus, whenever considered necessary, market risk mitigation strategies are evaluated and implemented to meet these objectives. Some of those strategies are implemented using financial instruments, including derivatives. The financial instruments portfolios are monthly monitored in a consolidated view in order to allow the financial results follow-up and the impact on cash flows, as well as to ensure the strategies adherence with the established goals.

Considering the nature of Vale's business and operations, the main market risk factors in which the Company is exposed are:

- Interest rates;
  
- Foreign exchange;
  
- Products prices and input and other costs;

**Foreign exchange and interest rate risk**

The company's cash flow is subjected to volatility of several currencies, once its product prices are predominantly indexed to US dollar, while most of the costs, disbursements and investments are indexed to other currencies, mainly Brazilian real and Canadian dollar.

In order to reduce the potential impact that arises from this currency mismatch, derivatives instruments can be used as a risk mitigation strategy.

In the case of cash flow foreign exchange protection regarding revenues, costs, disbursements and investments, the main risk mitigation strategies used are forwards and swaps.

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The foreign exchange swaps used to mitigate risks considering debt instruments have similar or, in some cases, shorter settlement dates than the final maturity of the debt. Their amounts are similar to the principal and interest payments, subject to liquidity market conditions.

The swaps with shorter settlement dates considering the debt's final maturity are renegotiated through time so that their final maturity matches or become closer to the debt's final maturity. Therefore, at each settlement date, the swap results will partially offset the impact of the foreign exchange rate in Vale's obligations, contributing to reduce volatility of the cash flow.

In the case of debt instruments denominated in Brazilian real, in the event of an appreciation (or depreciation) of the Brazilian Real against the US Dollar, the negative (or positive) impact on Vale's debt service (interest and/or principal payment) measured in US dollars will be partially offset by the positive (or negative) effect from the swaps, regardless of the US dollar / Brazilian Real exchange rate on the payment date. The same rationale is applicable to debts denominated in other currencies and their respective swaps.

Vale has also exposure to interest rates risks over loans and financings. The US Dollar floating rate debt in the portfolio consists mainly of loans including export pre-payments, commercial banks and multilateral organizations loans. In general, such debt instrument is mainly subject to changes in the Libor. Considering the impact of interest rate volatility on the cash flow, Vale observes the potential natural hedges effects between US Dollar floating rates and commodities prices in the decision process of acquiring financial instruments.

**Products prices and input and other costs**

Vale is also exposed to market risks regarding commodities prices and input volatilities. In accordance with risk management policy, risk mitigation strategies involving commodities can be used to adjust the cash flow risk profile and minimize Vale's cash flow volatility. For this kind of risk mitigation strategy, Vale uses predominantly forwards, futures or zero-cost collars.

**e) Operational risk**

The operational risk management is the structured approach that Vale uses to manage uncertainty related to possible inadequate or failure in internal processes, people, systems and external events.

Thus, the operational risk mitigation is performed by creating new controls and improving the existing ones, by establishing financial provisions as well as the risk transferring through insurance. Therefore, the Company seeks to have a clear view of its major risks, of the best cost-benefit mitigation plans and of the controls in place, monitoring the potential impact of operational risk and allocating capital efficiently.

**f) Insurance**

Vale hires several types of insurance, such as operational risks insurance, civil responsibility, engineering risks insurance (projects), life insurance policy for their employees, among others. The coverage of these policies is similar to the ones used in general by the mining industry and is contracted in line with the objectives defined by the Company, in accordance with the corporate risk management policy.

Insurance management is performed with the support of existing insurance committees in the various operational areas of the Company. Among the management instruments, Vale uses a captive reinsurance company that allows to contract insurances on a competitive basis as well as direct access to key international markets of insurance and reinsurance.

**6 Acquisitions**

**a) Fertilizers Acquisitions**

In 2010, Vale acquired 78.92% of total capital and 99.83% of voting capital of Vale Fertilizantes and 100% of the total capital of Vale Fosfatados. In 2011, after the incorporation of Vale Fosfatados by Vale Fertilizantes, Vale increased the stake on Vale Fertilizantes to 84.27%.



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The information concerning to the allocation of the purchase price based on the fair value of identifiable assets and assumption liabilities were based in studies realized by the company with the assistance of specialist.

|   |                  |
|---|------------------|
| Purchase Price  | 10,696,105       |
| Portion attributed to non-controlling interest                | 1,416,208        |
| Book value of property, plant and equipment and mining assets | (3,664,933)      |
| Book value of the assets and assumption liabilities, net      | (729,613)        |
| Adjustment to fair value of property, plant and equipment     | (9,499,360)      |
| Adjustment to fair value of inventory                         | (180,762)        |
| Deferred income taxes on above adjustments                    | 3,291,241        |
| <b>Goodwill</b>   | <b>1,328,886</b> |

The goodwill balance arises primarily due to the synergies between the acquired assets and the potash operations in Taquari-Vassouras, Carnalita, Rio Colorado and Neuquém and phosphates in Bayóvar I and II, in Peru, and Evate, in Mozambique. The future development of our projects combined with the acquisition of the portfolio of fertilizer assets will allow Vale to be one of the top players in the world's fertilizer business.

In addition to this acquisition in June 2011, the Board of Directors approved the proposed offering of public acquisitions of shares (OPA) which includes the total disbursement by Vale up to 2,2 billion, of acquisition by its parent Company Mineração Naque S.A. up to 100% of the outstanding shares of its subsidiary Vale Fertilizantes in the market, intending later to close the capital, the outstanding shares of Vale Fertilizantes in the market represents 15.66% of its total capital. The OPA is a move consistent with the strategy of the Vale in becoming a global leader in the fertilizer business.

**b) Others acquisitions**

In July 2011, we acquired 9% of Norte Energia S.A. (NESA) from Gaia Energia e Participações S.A. (Gaia). NESA was established with the sole purpose of implementing, operating and exploring of the Belo Monte hydroelectric plant, which is still in the early development stage. Vale estimated an investment of R\$ 2.59 billion (equivalent to US\$ 1.4 billion on September 30, 2011) to repay Gaia by capital contributions made in NESA and commitments of future capital contributions arising from the acquired stake. As of September 30, 2011, the total amount of the investments was R\$ 109.5 million (equivalent to US\$ 70,1 million)

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|                        | Consolidated                      |                   | Parent Company                    |                   |
|------------------------|-----------------------------------|-------------------|-----------------------------------|-------------------|
|                        | September 30, 2011<br>(unaudited) | December 31, 2010 | September 30, 2011<br>(unaudited) | December 31, 2010 |
| Cash and bank accounts | 2,111,374                         | 1,211,748         | 50,989                            | 59,159            |
| Short-term investments | 12,563,114                        | 12,257,210        | 4,129,842                         | 4,764,218         |
|                        | <b>14,674,488</b>                 | <b>13,468,958</b> | <b>4,180,831</b>                  | <b>4,823,377</b>  |

Cash and cash equivalents includes cash values, demand deposits, and investment in financial investments with insignificant risk of changes in value, being part reais indexed to CDI and part in US dollars in Time deposits with maturity less than three months, classified as financial asset.

**8 Short-term investments**

|               | Consolidated                      |                   |
|---------------|-----------------------------------|-------------------|
|               | September 30, 2011<br>(unaudited) | December 31, 2010 |
| Time deposits |                                   | 2,987,497         |

This includes the financial investments in low risk investments with a maturity of between 91 and 360 days, classified as a financial asset.

Table of Contents**9 Accounts Receivables**

|   | Consolidated                      |                   | Parent Company                    |                   |
|---|-----------------------------------|-------------------|-----------------------------------|-------------------|
|   | September 30, 2011<br>(unaudited) | December 31, 2010 | September 30, 2011<br>(unaudited) | December 31, 2010 |
| Denominated in brazilian reals                    | 2,127,025                         | 1,861,137         | 2,341,303                         | 1,595,149         |
| Denominated in other currencies, mainly US dollar | 14,660,501                        | 12,297,553        | 16,070,175                        | 16,903,668        |
|   | <b>16,787,526</b>                 | <b>14,158,690</b> | <b>18,411,478</b>                 | <b>18,498,817</b> |
| Allowance for doubtful accounts                   | (209,706)                         | (196,384)         | (124,156)                         | (120,693)         |
|   | <b>16,577,820</b>                 | <b>13,962,306</b> | <b>18,287,322</b>                 | <b>18,378,124</b> |

**10 Inventories**

|                   | Consolidated                      |                   | Parent Company                    |                   |
|-------------------|-----------------------------------|-------------------|-----------------------------------|-------------------|
|                   | September 30, 2011<br>(unaudited) | December 31, 2010 | September 30, 2011<br>(unaudited) | December 31, 2010 |
| Finished products | 4,680,261                         | 3,100,890         | 1,939,776                         | 1,534,837         |
| Process           | 2,811,798                         | 1,657,976         |                                   |                   |
| Expenditure       | 2,491,089                         | 2,833,158         | 1,009,601                         | 782,134           |
| <b>Total</b>      | <b>9,983,148</b>                  | <b>7,592,024</b>  | <b>2,949,377</b>                  | <b>2,316,971</b>  |

In September 30, 2011, inventories include provision for adjustment to market value regarding nickel and steel industry products in the amount of R\$ 236,538 and R\$ 0 (as of December 31, 2010 R\$ 0 and R\$ 4,550), respectively.

The cost of inventories recognized in results of the period in relation to the continued operations of the Company in the three-months period ended September 30, 2011, June 30, 2011 and September 30, 2010, in the amount of R\$ 9,584,643, R\$ 8,628,604 and R\$ 8,360,738, respectively in the consolidated. For the nine-month period ended September 30, 2011 and September 30, 2010, in the amount of R\$ 26,981,789 e R\$ 21,651,445, respectively in the Consolidated, and for the nine-month period ended September 30, 2011 and September 30, 2010, in the amount of R\$ 13,305,498 and R\$ 11,356,893, respectively in the Parent Company.

**11 Assets and Liabilities Non Current Held for Sale**

- Aluminum

In February 2011, Vale concluded the transaction announced in May 2010 with Norsk Hydro ASA (Hydro), to transfer all of yours interest in Albras-Alumínio Brasileiro S.A. (Albras), Alunorte - Alumina do Norte do Brasil S.A. (Alunorte) and Companhia de Alumina do Pará (CAP), along with their respective off-take rights, outstanding commercial contracts, 60% of Mineração Paragominas S.A., and all of yours other Brazilian bauxite mineral rights.

For this transactions, Vale received R\$ 1,081,225 in cash, and 22% (equivalent to 447,834,465 shares) of Hydro s outstanding common shares (approximately R\$ 5,866,105, in accordance with the Hydro s quotation of closing price on the date of the transaction). Vale will also receive two equal tranches in 3 e 5 years after the closing of the operations of US\$ 200 million in cash, in three and five years after completion of the transaction, related to the remaining payment of 40% of the Mineração Paragominas S.A. After transaction date, Hydro s investment is being evaluated by equity method.

The gain on this transaction, in the amount of R\$ 2,492,175, was recorded in results as realized gain on assets available for sales.

- Kaolin

As part of the portfolio of assets management, Vale is in talks aimed at the sale of liquid assets linked to activity of kaolin. In 2010, Vale sold part of its kaolin s assets and measured the remaining assets at fair value less cost to sell. The effect of realized and unrealized losses is recognized in income of discontinued operations in 2010. The balances of assets and liabilities classified as held for sale refers mainly to fixed assets balances.

Table of Contents**12 Recoverable Taxes**

Recoverable taxes are stated at net value of any realized loss and are represented as follows:

|                        | Consolidated                      |                   | Parent Company                    |                   |
|------------------------|-----------------------------------|-------------------|-----------------------------------|-------------------|
|                        | September 30, 2011<br>(unaudited) | December 31, 2010 | September 30, 2011<br>(unaudited) | December 31, 2010 |
| Income taxes           | 976,150                           | 781,656           | 118,486                           | 137,097           |
| Value-added tax - ICMS | 1,896,249                         | 944,857           | 646,543                           | 479,439           |
| PIS and COFINS         | 1,924,928                         | 1,655,119         | 1,567,660                         | 1,393,703         |
| Others                 | 151,874                           | 100,092           | 80,881                            | 75,201            |
| <b>Total</b>           | <b>4,949,201</b>                  | <b>3,481,724</b>  | <b>2,413,570</b>                  | <b>2,085,440</b>  |
| Current                | 3,999,775                         | 2,869,340         | 2,253,134                         | 1,960,606         |
| Non-current            | 949,426                           | 612,384           | 160,436                           | 124,834           |
|                        | <b>4,949,201</b>                  | <b>3,481,724</b>  | <b>2,413,570</b>                  | <b>2,085,440</b>  |

**13 Investments**

| Changes in investments (unaudited)      | Consolidated      | Parenty Company    |
|---|-------------------|--------------------|
| <b>Balance as of December 31, 2010</b>  | <b>3,944,565</b>  | <b>92,111,361</b>  |
| Acquisitions                            | 6,382,786         | 2,629,226          |
| Disposals                               | (93,651)          | (566,946)          |
| Dividends                               | (98,902)          | (1,756,955)        |
| Cumulated translation adjustment        | 550,040           | 6,870,836          |
| Equity result                           | 127,264           | 8,739,663          |
| Valuation adjustments                   | (1,817)           | 584,174            |
| <b>Balance as of September 30, 2011</b> | <b>10,810,285</b> | <b>108,611,359</b> |
| <b>Balance as of December 31, 2009</b>  | <b>4,562,088</b>  | <b>87,894,653</b>  |
| Acquisitions                            | 109,193           | 1,621,068          |
| Disposals                               |                   | (4,215,426)        |
| Dividends                               | (76,234)          | (1,103,665)        |
| Cumulated translation adjustment        | (248,543)         | (1,036,158)        |
| Equity result                           | (12,015)          | 5,444,317          |
| Incorporation                           |                   | (352,619)          |
| Valuation adjustments                   | 365,400           | 660,574            |
| <b>Balance as of September 30, 2010</b> | <b>4,699,889</b>  | <b>88,912,744</b>  |



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|   | Investments                          |                         | Equity results (unaudited) |               |                         |                       |                       | Received div             |               |
|---|--------------------------------------|-------------------------|----------------------------|---------------|-------------------------|-----------------------|-----------------------|--------------------------|---------------|
|   | Nine-month period ended              |                         | Three-month period ended   |               | Nine-month period ended |                       |                       | Three-month period ended |               |
|   | September 30,<br>2011<br>(unaudited) | December<br>31,<br>2010 | September 30,<br>2011      | June 30, 2011 | September 30,<br>2010   | September 30,<br>2011 | September 30,<br>2010 | September 30,<br>2011    | June 30, 2011 |
| <b>Major subsidiaries and affiliated companies</b>        |                                      |                         |                            |               |                         |                       |                       |                          |               |
| <b><u>Direct and indirect subsidiaries</u></b>            |                                      |                         |                            |               |                         |                       |                       |                          |               |
| Aços Laminados do Pará                                    | 203,441                              | 84,516                  | (9,740)                    | (19,260)      | (10,341)                | (35,712)              | (16,758)              |                          |               |
| ALBRAS - Alumínio Brasileiro S.A. (a)                     |                                      | 1,087,500               |                            |               | 3,533                   |                       | (40,007)              |                          |               |
| ALUNORTE - Alumina do Norte do Brasil S.A. (a)            |                                      | 2,731,679               |                            |               | 60,938                  |                       | 116,867               |                          |               |
| Balderton Trading Corp                                    | 352,729                              | 312,838                 | (6,111)                    | (307)         |                         | (12,195)              | 442                   |                          |               |
| Biopalma da Amazonia SPA                                  | 477,374                              |                         | (1,674)                    |               |                         | (1,674)               |                       |                          |               |
| BSG Resources S.À R.L                                     | 833,771                              | 832,859                 | (38,170)                   | (32,460)      |                         | (82,034)              |                       |                          |               |
| Companhia Coreano-Brasileira de Pelotização - KOBRASCO    | 191,462                              | 207,813                 | 9,056                      | 12,319        | 44,150                  | 37,649                | 60,611                | 27,000                   | 27,000        |
| Companhia Hispano-Brasileira de Pelotização - HISPANOBRÁS | 168,698                              | 212,446                 | (24,289)                   | 7,633         | 774                     | (11,953)              | 8,202                 |                          | 31,795        |
| Companhia Ítalo-Brasileira de Pelotização - ITABRASCO     | 143,798                              | 143,496                 | 24,838                     | 23,898        | 1,142                   | 64,945                | 6,534                 |                          |               |
| Companhia Nipo-Brasileira de Pelotização - NIBRASCO       | 360,726                              | 333,380                 | 26,311                     | 23,922        | 52,981                  | 63,774                | 63,953                |                          | 36,428        |
| Companhia Portuária da Baía de Sepetiba - CPBS            | 322,553                              | 346,525                 | 50,680                     | 44,632        | 44,784                  | 125,040               | 108,668               |                          |               |
| Ferrovia Centro Atlantica (b)                             | 1,966,809                            | 1,916,286               | (29,439)                   | (33,288)      | 6,629                   | (124,047)             | (11,475)              |                          |               |
| Ferrovia Norte Sul S.A.                                   | 1,747,468                            | 1,743,480               | 544                        | 12,490        | 6,332                   | 3,984                 | 12,879                |                          |               |
| Minas da Serra Geral S.A. - MSG                           | 52,170                               | 57,972                  | 2,194                      | 823           | 1,089                   | 4,304                 | 2,607                 |                          | 1,011         |

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|   |                   |                   |                  |                  |                  |                  |                  |                |                |
|---|-------------------|-------------------|------------------|------------------|------------------|------------------|------------------|----------------|----------------|
| Mineração<br>Corumbá Reunidas<br>S.A.                   | 1,027,924         | 912,533           | 186,265          | 16,571           | 47,459           | 212,623          | 21,603           |                |                |
| Mineração<br>Paragominas                                |                   | 1,812,936         |                  |                  |                  | (45,810)         |                  |                |                |
| Minerações<br>Brasileiras<br>Reunidas S.A. -<br>MBR (c) | 3,408,390         | 3,291,156         | (28,079)         | (115,233)        | (156,311)        | (214,779)        | (168,665)        |                |                |
| Compañia Minera<br>Miski Mayo S.A.C                     | 396,929           | 355,525           | 23,335           | (7,366)          | (4,417)          | 2,388            | (4,417)          |                |                |
| MRS Logística<br>S.A.                                   | 949,264           | 851,202           | 51,523           | 55,790           | 45,850           | 167,805          | 108,129          |                | 10,892         |
| Salobo Metais S.A.<br>(b)                               | 4,241,414         | 3,270,948         | (13,021)         | 48,826           | (25,470)         | 30,966           | (41,601)         |                |                |
| Samarco<br>Mineração S.A.                               | 620,644           | 676,146           | 330,052          | 443,959          | 430,253          | 1,120,730        | 955,859          | 407,925        | 356,220        |
| Sociedad<br>Contractual Minera<br>Tres Valles (b)       | 392,396           | 394,076           | (26,923)         | (9,120)          |                  | (36,814)         |                  |                |                |
| Urucum Mineração<br>S.A. (e)                            |                   | 120,006           | (22,572)         | 42,323           | 7,946            | 29,577           | 32,499           |                |                |
| Vale Australia Pty<br>Ltd.                              | 1,209,475         | 1,334,793         | (42,295)         | (108,398)        | (63,262)         | (200,352)        | (159,855)        |                |                |
| Vale Austria<br>Holdings GMBH<br>(c)                    | 3,083,859         | 1,549,736         | (142,050)        | (57,375)         | (21,103)         | 1,174,085        | 1,606            |                |                |
| Vale Canada<br>Limited                                  | 10,881,603        | 9,250,155         | (250,912)        | 23,935           | (119,240)        | 281,387          | (763,864)        |                |                |
| Vale Colombia Ltd                                       | 1,179,830         | 825,860           | 11,923           | 21,685           | (19,080)         | 6,905            | (19,080)         |                |                |
| Vale Fertilizantes<br>S.A.                              | 10,663,609        | 7,384,350         | 5,461            | 66,407           | 7,055            | 130,749          | (52)             |                |                |
| Vale Florestar  | 231,381           | 235,366           | (1,529)          | (364)            | (6,649)          | (3,985)          | (6,649)          |                |                |
| Vale Fosfatados<br>S.A. (d)                             |                   | 3,217,447         |                  |                  | 4,836            | 1,018            | (101)            |                |                |
| Vale International<br>S.A. (c)                          | 47,220,232        | 39,181,065        | 1,260,036        | 1,713,072        | 1,096,326        | 6,195,441        | 5,022,558        |                |                |
| Vale Manganês<br>S.A.                                   | 830,690           | 890,074           | 24,599           | (5,009)          | 36,264           | 59,014           | 120,613          |                |                |
| Vale Mina do Azul<br>S.A.                               | 81,692            |                   | (59,351)         |                  |                  | (59,351)         |                  |                |                |
| Vale Moçambique<br>Ltda.                                | 857,851           | 325,697           | (92,964)         | (161,213)        | (4,858)          | (317,123)        | (5,564)          |                |                |
| Vale Shipping<br>Holding Pte. Ltd.                      | 3,161,578         | 1,244,667         | 26,827           | 34,869           |                  | 60,644           |                  |                |                |
| Vale Soluções em<br>Energia                             | 224,798           | 198,622           | (3,749)          | (8,398)          |                  | (26,594)         |                  |                |                |
| Outras  | 316,516           | 833,646           | (35,181)         | 7,896            | (22,066)         | 11,794           | 50,790           |                |                |
|   | <b>97,801,074</b> | <b>88,166,796</b> | <b>1,205,595</b> | <b>2,043,259</b> | <b>1,445,544</b> | <b>8,612,399</b> | <b>5,456,332</b> | <b>434,925</b> | <b>463,346</b> |

**Affiliated  
companies**

|  |           |           |           |          |          |           |          |  |        |
|--|-----------|-----------|-----------|----------|----------|-----------|----------|--|--------|
| LOG-IN -<br>Logística<br>Intermodal S/A                      | 219,946   | 223,908   | (634)     | (3,328)  | (331)    | (3,962)   | (331)    |  |        |
| Henan Longyu<br>Energy Resources                             | 609,926   | 416,092   | 41,975    | 29,066   | (48,825) | 110,336   | 20,960   |  |        |
| Thyssenkrupp CSA<br>Companhia<br>Siderúrgica do<br>Atlântico | 2,769,477 | 3,064,924 | (126,564) | (11,059) | (16,809) | (151,801) | (17,138) |  |        |
| Norsk Hydro ASA  | 6,657,882 |           | 119,710   | 79,446   |          | 199,156   |          |  | 84,079 |



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|   |                    |                   |                  |                  |                  |                  |                  |                |                |
|---|--------------------|-------------------|------------------|------------------|------------------|------------------|------------------|----------------|----------------|
| Tecnored Desenvolvimento Tecnológico S.A. | 86,192             | 65,855            | (3,208)          | (302)            |                  | (4,900)          | (18,188)         |                |                |
| Zhuhai YPM Pellet Co                      | 41,377             | 42,180            | (920)            | 2,043            | 552              | (42)             | 9,523            |                |                |
| Outras                                    | 425,485            | 131,606           | (1,945)          | (14,690)         | 9,230            | (21,523)         | (6,841)          |                |                |
|   | <b>10,810,285</b>  | <b>3,944,565</b>  | <b>28,414</b>    | <b>81,176</b>    | <b>(56,183)</b>  | <b>127,264</b>   | <b>(12,015)</b>  |                | <b>84,079</b>  |
|   | <b>108,611,359</b> | <b>92,111,361</b> | <b>1,234,009</b> | <b>2,124,435</b> | <b>1,389,361</b> | <b>8,739,663</b> | <b>5,444,317</b> | <b>434,925</b> | <b>547,425</b> |

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(a) Investments sold in 2011

(b) Investments balances contain values of Advance for Future Capital Increase

(c) Excluded from stockholder's equity, the entities' investments already detailed

(d) Incorporated on Vale fertilizantes in 2011

(e) Incorporated on Mineração Corumba in 2011

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## 14 Intangible

|                                      | Three-month period ended (unaudited) |                                   |                  |                |                   |
|--------------------------------------|--------------------------------------|-----------------------------------|------------------|----------------|-------------------|
|                                      | Consolidated                         |                                   |                  |                |                   |
|                                      | Goodwill                             | Concessions and<br>subconcessions | Right to use     | Others         | Total             |
| <b>Balance at June 30, 2011</b>      | <b>8,479,335</b>                     | <b>8,562,049</b>                  | <b>1,021,155</b> | <b>475,103</b> | <b>18,537,642</b> |
| Additions                            |                                      | 407,134                           |                  | 71,067         | 478,201           |
| Disposals                            | 82,028                               | (87,052)                          |                  | (35,858)       | (40,882)          |
| Transfers                            |                                      | (541,480)                         | (10,124)         | (36,035)       | (587,639)         |
|                                      |                                      | (64,008)                          |                  | 64,008         |                   |
| Impairment                           | 326,563                              |                                   | 40,744           |                | 367,307           |
| <b>Balance at September 30, 2011</b> | <b>8,887,926</b>                     | <b>8,276,643</b>                  | <b>1,051,775</b> | <b>538,285</b> | <b>18,754,629</b> |
| <b>Balance at March 31, 2011</b>     | <b>8,656,809</b>                     | <b>8,372,302</b>                  | <b>1,046,892</b> | <b>659,515</b> | <b>18,735,518</b> |
| Additions                            |                                      | 57,563                            |                  | 184,136        | 241,699           |
| Disposals                            | (82,714)                             | (22,331)                          |                  | (12,033)       | (117,078)         |
| Transfers                            |                                      | (140,670)                         | (10,157)         | (61,330)       | (212,157)         |
|                                      |                                      | 295,185                           |                  | (295,185)      |                   |
| Impairment                           | (94,760)                             |                                   | (15,580)         |                | (110,340)         |
| <b>Balance at June 30, 2011</b>      | <b>8,479,335</b>                     | <b>8,562,049</b>                  | <b>1,021,155</b> | <b>475,103</b> | <b>18,537,642</b> |
| <b>Balance at June 30, 2010</b>      | <b>8,594,821</b>                     | <b>7,640,463</b>                  | <b>1,266,275</b> | <b>574,762</b> | <b>18,076,321</b> |
| Additions                            | 102,845                              | 260,081                           |                  | 147,028        | 509,954           |
| Disposals                            |                                      | (4,875)                           |                  | (541)          | (5,416)           |
| Transfers                            |                                      | (103,655)                         | (5,988)          | (61,860)       | (171,503)         |
|                                      |                                      | 213,126                           |                  | (213,126)      |                   |
| Impairment                           | (83,631)                             |                                   | (8,687)          |                | (92,318)          |
| <b>Balance at September 30, 2010</b> | <b>8,614,035</b>                     | <b>8,005,140</b>                  | <b>1,251,600</b> | <b>446,263</b> | <b>18,317,038</b> |

|                                      | Nine-month period ended (unaudited) |                                   |                  |                |                   | Parent Company    |
|--------------------------------------|-------------------------------------|-----------------------------------|------------------|----------------|-------------------|-------------------|
|                                      | Consolidated (unaudited)            |                                   |                  |                |                   |                   |
|                                      | Goodwill                            | Concessions and<br>subconcessions | Right to use     | Others         | Total             | Total             |
| <b>Balance at January 1, 2011</b>    | <b>8,654,307</b>                    | <b>7,879,502</b>                  | <b>1,054,289</b> | <b>685,690</b> | <b>18,273,788</b> | <b>13,563,108</b> |
| Additions                            |                                     | 1,100,254                         |                  | 222,644        | 1,322,898         | 440,454           |
| Disposals                            | (686)                               | (113,917)                         |                  | (2,038)        | (116,641)         | (30,789)          |
| Amortization                         |                                     | (820,373)                         | (30,835)         | (136,834)      | (988,042)         | (386,437)         |
| Transfers                            |                                     | 231,177                           |                  | (231,177)      |                   |                   |
| Translation adjustments              | 234,305                             |                                   | 28,321           |                | 262,626           | 234,305           |
| <b>Balance at September 30, 2011</b> | <b>8,887,926</b>                    | <b>8,276,643</b>                  | <b>1,051,775</b> | <b>538,285</b> | <b>18,754,629</b> | <b>13,820,641</b> |

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|                                      |                  |                  |                  |                |                   |                   |
|--------------------------------------|------------------|------------------|------------------|----------------|-------------------|-------------------|
| <b>Balance at January 1, 2010</b>    | <b>7,180,763</b> | <b>7,413,324</b> | <b>1,266,129</b> | <b>581,981</b> | <b>16,442,197</b> | <b>11,786,415</b> |
| Additions                            | 1,454,220        | 832,036          |                  | 226,881        | 2,513,137         | 2,103,154         |
| Disposals                            |                  | (117,854)        |                  | (541)          | (118,395)         | (100,314)         |
| Amortization                         |                  | (335,492)        | (17,965)         | (148,932)      | (502,389)         | (317,453)         |
| Transfers                            |                  | 213,126          |                  | (213,126)      |                   |                   |
| Translation adjustments              | (20,948)         |                  | 3,436            |                | (17,512)          | (20,948)          |
| <b>Balance at September 30, 2010</b> | <b>8,614,035</b> | <b>8,005,140</b> | <b>1,251,600</b> | <b>446,263</b> | <b>18,317,038</b> | <b>13,450,854</b> |

Table of Contents**15 Property, Plant and Equipment**

|                                      | Consolidated (Unaudited)<br>Three-month period ended |                    |                    |                    |                    |                     |                          |                     |  |
|--------------------------------------|--|--------------------|--------------------|--------------------|--------------------|---------------------|--------------------------|---------------------|--|
|                                      | Land   | Buildings          | Facilities         | Computer Equipment | Mineral assets     | Others              | Construction in progress | Total               |  |
| <b>Balance at June 30, 2011</b>      | <b>785,779</b>                                       | <b>13,849,984</b>  | <b>27,880,773</b>  | <b>1,473,654</b>   | <b>37,783,623</b>  | <b>42,011,074</b>   | <b>41,982,479</b>        | <b>165,767,366</b>  |  |
| Additions                            |  |                    |                    |                    |                    |                     | 5,493,941                | 5,493,941           |  |
| Disposals                            |  | (29,396)           | (8,922)            | (197)              | (5,201)            | (10,000)            | (14,088)                 | (67,804)            |  |
| Transfers                            | 115,421  | (1,952,937)        | (1,161,284)        | 60,832             | 2,708,243          | 11,733,387          | (2,828,505)              | 8,675,157           |  |
| Translation adjustments              |  | 492,384            | 1,401,615          | 98,899             | (313,503)          | (4,725,999)         | 6,196,740                | 3,150,136           |  |
| <b>Balance at September 30, 2011</b> | <b>901,200</b>                                       | <b>12,360,035</b>  | <b>28,112,182</b>  | <b>1,633,188</b>   | <b>40,173,162</b>  | <b>49,008,462</b>   | <b>50,830,567</b>        | <b>183,018,796</b>  |  |
| <b>Depreciation/Depletion:</b>       |  |                    |                    |                    |                    |                     |                          |                     |  |
| <b>Balance at June 30, 2011</b>      |  | <b>(2,645,916)</b> | <b>(7,762,605)</b> | <b>(721,776)</b>   | <b>(6,254,219)</b> | <b>(13,789,692)</b> |                          | <b>(31,174,208)</b> |  |
| Additions                            |  | (62,851)           | (215,521)          | (39,307)           | (65,081)           | (259,674)           |                          | <b>(642,434)</b>    |  |
| Disposals                            |  | 448                | 3,525              | 11,855             | 72,916             | 1,300               |                          | 90,044              |  |
| Transfers                            |  | (19,355)           | 439,908            | 6                  | (1,833,827)        | (7,261,889)         |                          | (8,675,157)         |  |
| Translation adjustments              |  | 73,932             | (638,503)          | (220,375)          | 1,409,683          | 4,856,971           |                          | 5,481,708           |  |
| <b>Balance at September 30, 2011</b> |  | <b>(2,653,742)</b> | <b>(8,173,196)</b> | <b>(969,597)</b>   | <b>(6,670,528)</b> | <b>(16,452,984)</b> |                          | <b>(34,920,047)</b> |  |
| <b>Net Balance</b>                   | <b>901,200</b>                                       | <b>9,706,293</b>   | <b>19,938,986</b>  | <b>663,591</b>     | <b>33,502,634</b>  | <b>32,555,478</b>   | <b>50,830,567</b>        | <b>148,098,749</b>  |  |
| <b>Costs:</b>                        |  |                    |                    |                    |                    |                     |                          |                     |  |
| <b>Balance at March 31, 2011</b>     | <b>584,814</b>                                       | <b>12,537,991</b>  | <b>30,683,668</b>  | <b>1,133,825</b>   | <b>41,573,463</b>  | <b>41,806,181</b>   | <b>22,299,422</b>        | <b>150,619,364</b>  |  |
| Additions                            |  |                    |                    |                    |                    |                     | 5,717,122                | <b>5,717,122</b>    |  |
| Disposals                            | (61)   | (14,616)           | (3,151)            | (8,531)            | (7,980)            | 253,053             | 223,322                  | <b>442,036</b>      |  |
| Transfers                            | 201,026  | 2,359,374          | 1,679,827          | 404,137            | (6,805,736)        | (6,489,146)         | 13,525,400               | <b>4,874,882</b>    |  |
| Translation adjustments              |  | (1,032,765)        | (4,479,571)        | (55,777)           | 3,023,876          | 6,440,986           | 217,213                  | <b>4,113,962</b>    |  |
| <b>Balance at June 30, 2011</b>      | <b>785,779</b>                                       | <b>13,849,984</b>  | <b>27,880,773</b>  | <b>1,473,654</b>   | <b>37,783,623</b>  | <b>42,011,074</b>   | <b>41,982,479</b>        | <b>165,767,366</b>  |  |
| <b>Depreciation/Depletion:</b>       |  |                    |                    |                    |                    |                     |                          |                     |  |
|                                      |  | <b>(2,140,129)</b> | <b>(2,657,553)</b> | <b>(710,793)</b>   | <b>(3,942,395)</b> | <b>(9,160,427)</b>  |                          | <b>(18,611,297)</b> |  |

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|                                      |                    |                     |                   |                    |                     |                   |                     |                    |
|--------------------------------------|--------------------|---------------------|-------------------|--------------------|---------------------|-------------------|---------------------|--------------------|
| <b>Balance at March 31, 2011</b>     |                    |                     |                   |                    |                     |                   |                     |                    |
| Additions                            | (50,640)           | (240,958)           | (28,923)          | (20,119)           | (1,383,895)         |                   | (1,724,535)         |                    |
| Disposals                            | 4                  | 4,480               | 16                | 66,771             | (350,333)           |                   | (279,062)           |                    |
| Transfers                            | (771,595)          | (4,702,227)         | (138,318)         | 955,465            | (218,207)           |                   | (4,874,882)         |                    |
| Translation adjustments              | 316,444            | (166,347)           | 156,242           | (3,313,941)        | (2,676,830)         |                   | (5,684,432)         |                    |
| <b>Balance at June 30, 2011</b>      | <b>(2,645,916)</b> | <b>(7,762,605)</b>  | <b>(721,776)</b>  | <b>(6,254,219)</b> | <b>(13,789,692)</b> |                   | <b>(31,174,208)</b> |                    |
| <b>Net Balance</b>                   | <b>785,779</b>     | <b>11,204,068</b>   | <b>20,118,168</b> | <b>751,878</b>     | <b>31,529,404</b>   | <b>28,221,382</b> | <b>41,982,479</b>   | <b>134,593,158</b> |
| <b>Costs:</b>                        |                    |                     |                   |                    |                     |                   |                     |                    |
| <b>Balance at June 30, 2010</b>      |                    |                     |                   |                    |                     |                   |                     |                    |
| Additions                            |                    |                     |                   |                    |                     |                   | 6,434,960           | 6,434,960          |
| Disposals                            | (1,502)            | (142,725)           | (276,547)         | (17,873)           |                     | (352,619)         | (122,514)           | (913,780)          |
| Transfers                            | 30,614             | 886,199             | 545,345           | (1,088,492)        | 369,555             | (3,875,147)       | 4,197,813           | 1,065,887          |
| Translation adjustments              |                    | (380,229)           | 577,381           | (125,775)          | 12,612,207          | 1,266,453         | (6,675,880)         | 7,274,157          |
| <b>Balance at September 30, 2010</b> | <b>513,749</b>     | <b>11,533,575</b>   | <b>31,497,503</b> | <b>1,474,353</b>   | <b>42,216,289</b>   | <b>44,137,165</b> | <b>32,541,440</b>   | <b>163,914,074</b> |
| <b>Depreciation/Depletion:</b>       |                    |                     |                   |                    |                     |                   |                     |                    |
| <b>Balance at June 30, 2010</b>      |                    |                     |                   |                    |                     |                   |                     |                    |
| Additions                            | (83,098)           | (84,382)            | (47,357)          | (51,427)           | (185,533)           |                   | (451,797)           |                    |
| Disposals                            | 85,948             | 75,306              | 2,357             | 477                | 337,603             |                   | 501,691             |                    |
| Transfers                            | (257,461)          | (252,533)           | 754,800           | (687,767)          | (622,926)           |                   | (1,065,887)         |                    |
| Translation adjustments              | 170,016            | (123,697)           | (2,076)           | 575,275            | (3,553,553)         |                   | (2,934,035)         |                    |
| <b>Balance at September 30, 2010</b> | <b>(2,506,826)</b> | <b>(10,255,857)</b> | <b>(878,679)</b>  | <b>(4,763,167)</b> | <b>(13,771,573)</b> |                   | <b>(32,176,102)</b> |                    |
| <b>Net Balance</b>                   | <b>513,749</b>     | <b>9,026,749</b>    | <b>21,241,646</b> | <b>595,674</b>     | <b>37,453,122</b>   | <b>30,365,592</b> | <b>32,541,440</b>   | <b>131,737,972</b> |

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|   | Consolidated (unaudited)<br>Nine-month period ended |                    |                    |                       |                    |                     |                             |                     |
|---|---|--------------------|--------------------|-----------------------|--------------------|---------------------|-----------------------------|---------------------|
|   | Land  | Buildings          | Facilities         | Computer<br>equipment | Mining assets      | Others              | Construction in<br>progress | Total               |
| <b>Costs:</b>                                   |   |                    |                    |                       |                    |                     |                             |                     |
| <b>Balance as of<br/>December 31, 2010</b>      | <b>593,245</b>                                      | <b>10,792,431</b>  | <b>31,756,304</b>  | <b>1,222,170</b>      | <b>43,645,207</b>  | <b>43,264,232</b>   | <b>20,529,685</b>           | <b>151,803,274</b>  |
| Acquisitions                                    |   |                    |                    |                       |                    |                     | 15,287,531                  | 15,287,531          |
| Disposals                                       | (61)  | (235,222)          | (1,531,250)        | (8,926)               | (111,747)          | (702,709)           | (177,088)                   | (2,767,003)         |
| Transfers                                       | 308,016   | 2,853,969          | 1,273,463          | 382,319               | (5,637,688)        | 4,873,391           | 9,496,569                   | 13,550,039          |
| Translation<br>adjustment                       |   | (1,051,143)        | (3,386,335)        | 37,625                | 2,277,390          | 1,573,548           | 5,693,870                   | 5,144,955           |
| <b>Balance as of<br/>September 30,<br/>2011</b> | <b>901,200</b>                                      | <b>12,360,035</b>  | <b>28,112,182</b>  | <b>1,633,188</b>      | <b>40,173,162</b>  | <b>49,008,462</b>   | <b>50,830,567</b>           | <b>183,018,796</b>  |
| <b>Depreciation/<br/>depletion:</b>             |   |                    |                    |                       |                    |                     |                             |                     |
| <b>Balance as of<br/>December 31, 2010</b>      |   | <b>(2,115,889)</b> | <b>(5,799,491)</b> | <b>(765,982)</b>      | <b>(2,972,974)</b> | <b>(10,062,104)</b> |                             | <b>(21,716,440)</b> |
| Acquisitions                                    |   | (160,021)          | (683,512)          | (98,466)              | (175,310)          | (2,345,350)         |                             | (3,462,659)         |
| Disposals                                       |   | 191,024            | 1,527,062          | 11,871                | 148,044            | 564,548             |                             | 2,442,549           |
| Transfers                                       |   | (966,909)          | (3,875,118)        | (55,843)              | (1,835,545)        | (6,816,624)         |                             | (13,550,039)        |
| Translation<br>adjustment                       |   | 398,053            | 657,863            | (61,177)              | (1,834,743)        | 2,206,546           |                             | 1,366,542           |
| <b>Balance as of<br/>September 30,<br/>2011</b> |   | <b>(2,653,742)</b> | <b>(8,173,196)</b> | <b>(969,597)</b>      | <b>(6,670,528)</b> | <b>(16,452,984)</b> |                             | <b>(34,920,047)</b> |
| <b>Net balance</b>                              | <b>901,200</b>                                      | <b>9,706,293</b>   | <b>19,938,986</b>  | <b>663,591</b>        | <b>33,502,634</b>  | <b>32,555,478</b>   | <b>50,830,567</b>           | <b>148,098,749</b>  |
| <b>Costs:</b>                                   |   |                    |                    |                       |                    |                     |                             |                     |
| <b>Balance as of<br/>December 31, 2009</b>      | <b>477,304</b>                                      | <b>7,919,556</b>   | <b>26,105,215</b>  | <b>825,208</b>        | <b>32,426,010</b>  | <b>36,538,246</b>   | <b>31,237,806</b>           | <b>135,529,345</b>  |
| Acquisitions                                    |   |                    |                    |                       |                    |                     | 3,354,333                   | 3,354,333           |
| Disposals                                       |   | (776)              | (68,057)           | (62)                  |                    | (66,161)            | (129,666)                   | (264,722)           |
| Transfers                                       | 54,127  | 1,670,352          | 1,610,546          | 261,746               | 7,345,105          | (2,635,814)         | (8,306,062)                 |                     |
| Translation<br>adjustment                       |   | 53,385             | 55,376             | 6,734                 | 468,164            | 539,505             | 353,757                     | 1,476,921           |
| <b>Balance as of<br/>September 30,<br/>2010</b> | <b>531,431</b>                                      | <b>9,642,517</b>   | <b>27,703,080</b>  | <b>1,093,626</b>      | <b>40,239,279</b>  | <b>34,375,776</b>   | <b>26,510,168</b>           | <b>140,095,877</b>  |
| <b>Depreciation/<br/>depletion:</b>             |   |                    |                    |                       |                    |                     |                             |                     |
| <b>Balance as of<br/>December 31, 2009</b>      |   | <b>(2,226,824)</b> | <b>(9,051,291)</b> | <b>(780,251)</b>      | <b>(3,471,812)</b> | <b>(11,051,274)</b> |                             | <b>(26,581,452)</b> |
| Acquisitions                                    |   | (50,508)           | (267,077)          | (81,244)              | (38,143)           | (436,870)           |                             | (873,842)           |
| Disposals                                       |   | 132                | 60,709             | 41                    |                    | 10,123              |                             | 71,005              |

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|   |                    |                    |                    |                    |                     |                   |                     |
|---|--------------------|--------------------|--------------------|--------------------|---------------------|-------------------|---------------------|
| Transfers                               | 46,569             | 188,863            | (161,814)          | 259,985            | (333,603)           |                   |                     |
| Translation adjustment                  | (8,942)            | (15,759)           | (2,918)            | (70,146)           | (31,366)            |                   | (129,131)           |
| <b>Balance as of September 30, 2010</b> | <b>(2,239,573)</b> | <b>(9,084,555)</b> | <b>(1,026,186)</b> | <b>(3,320,116)</b> | <b>(11,842,990)</b> |                   | <b>(27,513,420)</b> |
| <b>Net balance</b>                      | <b>531,431</b>     | <b>7,402,944</b>   | <b>18,618,525</b>  | <b>67,440</b>      | <b>36,919,163</b>   | <b>22,532,786</b> | <b>26,510,168</b>   |
|   |                    |                    |                    |                    |                     |                   | <b>112,582,457</b>  |

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|   | Parent Company (Unaudited)<br>Nine-month period ended |                    |                    |                       |                  |                    |                             | Total               |
|---|---|--------------------|--------------------|-----------------------|------------------|--------------------|-----------------------------|---------------------|
|   | Land  | Buildings          | Facilities         | Computer<br>equipment | Mining assets    | Others             | Construction in<br>progress |                     |
| <b>Costs:</b>                                   |   |                    |                    |                       |                  |                    |                             |                     |
| <b>Balance as of<br/>December 31, 2010</b>      | <b>361,738</b>  | <b>3,425,775</b>   | <b>13,252,111</b>  | <b>216,753</b>        | <b>3,267,659</b> | <b>17,075,281</b>  | <b>17,961,535</b>           | <b>55,560,852</b>   |
| Acquisitions                                    |   |                    |                    |                       |                  |                    | 9,174,908                   | 9,174,908           |
| Disposals                                       | (61)  | (192,663)          | (1,521,678)        | (400)                 | (92,974)         | (501,337)          | (198,301)                   | (2,507,414)         |
| Transfers                                       | 266,748   | 1,014,893          | 2,659,028          | 604,771               | 309,229          | (585,909)          | (2,713,707)                 | 1,555,053           |
| <b>Balance as of<br/>September 30,<br/>2011</b> | <b>628,425</b>  | <b>4,248,005</b>   | <b>14,389,461</b>  | <b>821,124</b>        | <b>3,483,914</b> | <b>15,988,035</b>  | <b>24,224,435</b>           | <b>63,783,399</b>   |
| <b>Depreciation/<br/>depletion:</b>             |   |                    |                    |                       |                  |                    |                             |                     |
| <b>Balance as of<br/>December 31, 2010</b>      |   | <b>(882,563)</b>   | <b>(4,672,694)</b> | <b>(39,844)</b>       | <b>(502,922)</b> | <b>(5,001,058)</b> |                             | <b>(11,099,081)</b> |
| Acquisitions                                    |   | (81,626)           | (372,715)          | (77,817)              | (71,818)         | (834,986)          |                             | (1,438,962)         |
| Disposals                                       |   | 189,447            | 1,519,452          | 333                   | 68,223           | 469,920            |                             | 2,247,375           |
| Transfers                                       |   | (277,920)          | 53,296             | (491,597)             | (1,001)          | (837,831)          |                             | (1,555,053)         |
| <b>Balance as of<br/>September 30,<br/>2011</b> |   | <b>(1,052,662)</b> | <b>(3,472,661)</b> | <b>(608,925)</b>      | <b>(507,518)</b> | <b>(6,203,955)</b> |                             | <b>(11,845,721)</b> |
| <b>Net balance</b>                              | <b>628,425</b>  | <b>3,195,343</b>   | <b>10,916,800</b>  | <b>212,199</b>        | <b>2,976,396</b> | <b>9,784,080</b>   | <b>24,224,435</b>           | <b>51,937,678</b>   |
| <b>Costs:</b>                                   |   |                    |                    |                       |                  |                    |                             |                     |
| <b>Balance as of<br/>December 31, 2009</b>      | <b>271,802</b>  | <b>3,111,165</b>   | <b>14,222,317</b>  | <b>904,330</b>        | <b>1,975,980</b> | <b>16,545,646</b>  | <b>14,255,961</b>           | <b>51,287,201</b>   |
| Acquisitions                                    |   |                    |                    |                       |                  |                    | 5,613,792                   | 5,613,792           |
| Disposals                                       | (2,100)   | (181,195)          | (1,369,299)        | (19,601)              | (123,185)        | (508,335)          | (524,929)                   | (2,728,644)         |
| Transfers                                       | 87,585  | 1,026,916          | 1,041,341          | (23,401)              | 1,653,189        | (344,741)          | (3,062,318)                 | 378,571             |
| <b>Balance as of<br/>September 30,<br/>2010</b> | <b>357,287</b>  | <b>3,956,886</b>   | <b>13,894,359</b>  | <b>861,328</b>        | <b>3,505,984</b> | <b>15,692,570</b>  | <b>16,282,506</b>           | <b>54,550,920</b>   |
| <b>Depreciation/<br/>depletion:</b>             |   |                    |                    |                       |                  |                    |                             |                     |
| <b>Balance as of<br/>December 31, 2009</b>      |   | <b>(779,554)</b>   | <b>(4,469,905)</b> | <b>(601,960)</b>      | <b>(444,630)</b> | <b>(5,297,919)</b> |                             | <b>(11,593,968)</b> |
| Acquisitions                                    |   | (76,029)           | (397,119)          | (95,379)              | (91,698)         | (856,913)          |                             | (1,517,138)         |
| Disposals                                       |   | 8,386              | 247,406            | 6,014                 | 58,674           | 170,660            |                             | 491,140             |
| Transfers                                       |   | (208,617)          | (2,368)            | 114,649               |                  | (282,235)          |                             | (378,571)           |
| <b>Balance as of<br/>September 30,<br/>2010</b> |   | <b>(1,055,814)</b> | <b>(4,621,986)</b> | <b>(576,676)</b>      | <b>(477,654)</b> | <b>(6,266,407)</b> |                             | <b>(12,998,537)</b> |
| <b>Net balance</b>                              | <b>357,287</b>  | <b>2,901,072</b>   | <b>9,272,373</b>   | <b>284,652</b>        | <b>3,028,330</b> | <b>9,426,163</b>   | <b>16,282,506</b>           | <b>41,552,383</b>   |





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Depreciation of the period allocated to the production cost and expenses, for the three-months period ended at September 30, 2011, June 30, 2011, and September 30, 2010, in the amount of R\$ 1,666,180, R\$ 1,553,128 and R\$ 1,230,753, respectively, and for the nine-months period ended at September 30, 2011 and September 30, 2010, in the amount of R\$ 4,818,346 and R\$ 3,946,919, respectively in the consolidated, and at September 30, 2011 and September 30, 2010, in the amount of R\$ 1,433,620 and R\$ 1,497,304, respectively in the parent company.

The net property, plant and equipments given in guarantees for judicial claims at September 30, 2011 and December 31, 2010 correspond to R\$ 246,843, and R\$ 302,818 in the consolidated, and R\$ 188,805 and R\$ 234,057 in the parent company, respectively.

**16 Loans and Financing****a) Short-Term Debt**

|                         | September 30, 2011<br>(unaudited) | Consolidated<br>December 31, 2010 |
|-------------------------|-----------------------------------|-----------------------------------|
| Export-import financing | 644,861                           | 804,754                           |
| Working capital         | 108,929                           | 339,716                           |
|                         | <b>753,790</b>                    | <b>1,144,470</b>                  |

Refer to short-term financing for export denominated in US dollars, with an average interest rate of 1.24% at September 30, 2011.

**b) Long-term debt**

|  | Current liabilities               |                   | Consolidated<br>Non-Current liabilities |                   |
|--|-----------------------------------|-------------------|---|-------------------|
|  | September 30, 2011<br>(unaudited) | December 31, 2010 | September 30, 2011<br>(unaudited)       | December 31, 2010 |
| <b>Foreign operations</b>                                    |                                   |                   |   |                   |
| Loans and financing denominated in the following currencies: |                                   |                   |   |                   |
| U.S. dollars   | 1,155,797                         | 4,062,179         | 6,709,424                               | 5,416,060         |
| Other debt securities  | 42,696                            | 29,400            | 441,922                                 | 361,590           |
| Fixed rate notes US dollars                                  | 741,760                           |                   | 18,230,450                              | 17,065,330        |

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|                                    |                  |                  |                   |                   |
|------------------------------------|------------------|------------------|-------------------|-------------------|
| Euro                               |                  |                  | 1,870,349         | 1,671,000         |
| Perpetual notes                    |                  |                  | 144,983           | 130,260           |
| Accrued charges                    | 407,072          | 400,930          |                   |                   |
|                                    | <b>2,347,325</b> | <b>4,492,509</b> | <b>27,397,128</b> | <b>24,644,240</b> |
| <b>Domestic operations</b>         |                  |                  |                   |                   |
| Indexed by TJLP, TR, IGP-M and CDI | 390,360          | 186,120          | 7,529,023         | 6,962,954         |
| Basket of currencies               |                  | 2,340            | 331,216           | 207,340           |
| Loans in U.S. dollars              | 246,134          | 2,020            | 1,799,370         | 1,229,300         |
| Non-convertible debentures         | 11,866           |                  | 4,774,953         | 4,735,650         |
| Accrued charges                    | 338,226          | 183,410          |                   |                   |
|                                    | <b>986,586</b>   | <b>373,890</b>   | <b>14,434,562</b> | <b>13,135,244</b> |
|                                    | <b>3,333,911</b> | <b>4,866,399</b> | <b>41,831,690</b> | <b>37,779,484</b> |

|                                    | Current liabilities               |                   | Parent company<br>Non-Current liabilities |                   |
|------------------------------------|-----------------------------------|-------------------|---|-------------------|
|                                    | September 30, 2011<br>(unaudited) | December 31, 2010 | September 30, 2011<br>(unaudited)         | December 31, 2010 |
| <b>Foreign operations</b>          |                                   |                   |   |                   |
| Loans and financing in:            |                                   |                   |   |                   |
| U.S. dollars                       | 116,938                           | 235,565           | 3,182,812                                 | 2,530,855         |
| Other currencies                   | 2,975                             | 5,016             |   |                   |
| Euro                               |                                   |                   | 1,870,349                                 | 1,671,000         |
| Accrued charges                    | 60,211                            | 73,166            |   |                   |
|                                    | <b>180,124</b>                    | <b>313,747</b>    | <b>5,053,161</b>                          | <b>4,201,855</b>  |
| <b>Domestic operations</b>         |                                   |                   |   |                   |
| Indexed by TJLP, TR, IGP-M and CDI | 205,870                           | 121,007           | 6,710,181                                 | 6,274,547         |
| Basket of currencies               | 8,821                             | 2,345             | 324,017                                   | 207,044           |
| Loans in U.S. dollars              | 111,018                           |                   | 1,794,385                                 | 1,224,316         |
| Non-convertible debentures         |                                   |                   | 4,000,000                                 | 4,000,000         |
| Accrued charges                    | 323,018                           | 179,054           |   |                   |
|                                    | <b>648,727</b>                    | <b>302,406</b>    | <b>12,828,583</b>                         | <b>11,705,907</b> |
|                                    | <b>828,851</b>                    | <b>616,153</b>    | <b>17,881,744</b>                         | <b>15,907,762</b> |

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The long-term portions at September 30, 2011 have maturity in the following years (unaudited):

|  | Consolidated      |             | Parent Company    |             |
|--|-------------------|-------------|-------------------|-------------|
| 2012   | 725,884           | 1%          | 168,556           | 1%          |
| 2013   | 6,289,779         | 15%         | 4,711,500         | 26%         |
| 2014   | 2,748,673         | 7%          | 1,879,972         | 11%         |
| 2015   | 1,887,164         | 5%          | 881,496           | 5%          |
| 2016 onwards   | 29,375,708        | 70%         | 10,240,220        | 57%         |
| No due date (Perpetual notes and non-convertible debentures) | 804,482           | 2%          |                   | 0%          |
|  | <b>41,831,690</b> | <b>100%</b> | <b>17,881,744</b> | <b>100%</b> |

As at September 30, 2011, annual interest rates on long-term debt were as follows (unaudited):

|                            | Consolidated      | Parent Company    |
|----------------------------|-------------------|-------------------|
| Up to 3%                   | 9,529,697         | 5,228,550         |
| 3,1% to 5%                 | 4,571,790         | 2,216,151         |
| 5,1% to 7% (*)             | 16,587,852        | 1,708,508         |
| 7,1% to 9% (**)            | 6,576,208         | 2,287,070         |
| 9,1% to 11% (**)           | 172,085           |                   |
| Over 11% (**)              | 7,579,649         | 7,270,316         |
| Variable (Perpetual notes) | 148,320           |                   |
|                            | <b>45,165,601</b> | <b>18,710,595</b> |

(\*) Includes the operation of Eurobonds which we have entered derivative financial instrument at a cost of 4.71% per year in US dollars.

(\*\*) Includes non-convertible debentures and other Brazilian real denominated debt that interest at Brazilian Certificate of Deposit (CDI) and Brazilian Government long-term Interest Rates (TJLP) plus a spread. These operations derivative financial instruments were contracted to protect the Company's exposure to variations in the floating debt in reais. The total contracted amount for these transactions is R\$11,381,978, of which R\$9,538,104 has an original interest rates above 7.1% per year. The average cost after taking into account the derivative transaction is 3.08% per year in US dollars.

The total average cost of all derivative transactions is of 3.31% per year in US dollars.

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In August 2011, Vale signed an agreement with certain commercial banks with the support of Korean Trade Insurance Corporation (K-SURE), in order to finance the acquisition of five very large ore vessels and two capsize ships. The total amount of the facility is US\$ 530 million (equivalents to R\$ 835 millions) and the funds will be disbursed according to the delivery of the vessels. As of September 30, 2011, Vale had drawn US\$91 million (equivalents to R\$ 169 million on September 30, 2011) under the facility.

In September 2010, Vale entered into agreements with The Export-Import Bank of China and the Bank of China Limited for the financing to build 12 very large ore carriers with 400,000 dwt, comprising a facility in an amount up to US\$1,229 (equivalent to R\$ 2,049 million). The financing has a 13-year total term to be repaid, and the funds will be disbursed during 3 years according to the construction schedule. As of September 30, 2011, we had drawn US\$467 million (equivalent to R\$ 866 million) under the facility.

In September 2010, we issued US\$1 billion (equivalents to R\$ 1,694 million) notes due 2020 and US\$750 (equivalent to R\$ 1,271 million) notes due 2039. The 2020 notes were sold at a price of 99.030% of the principal amount and will bear a coupon of 4.625% per year, payable semi-annually. The 2039 notes that were sold at a price of 110.872% of the principal amount will be consolidated with and form a single series with Vale Overseas US\$1 billion 6.875% Guaranteed Notes due 2039 issued on November 10, 2009.

### c) Credit Lines

Vale has available revolving credit lines that can be disbursed and paid optionally. On September 30, 2011, the amount available involving credit lines was US\$ 4,100 million (equivalent to R\$ 6,041 million). As of September 30, 2011, no amounts were withdrawn, but letters of credit totaling US\$ 105 million (equivalent to R\$ 195 million on September 30, 2011) relating to the line of credit were issued in favor of subsidiary Vale Canada Limited and continue outstanding according to the revolving credit terms.

In January 2011, Vale entered into an agreement with some commercial banks with the guarantee of Italian credit bureau, Servizi Assicurativi Del Commercio Estero S.p.A. (SACE) to provide the amount of US\$300 million (equivalent to R\$ 468 million) with a final maturity of 10 years. As of September 30, 2011 we had drawn all amounts available under this facility.

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In October 2010, Vale signed an agreement with Export Development Canada (EDC) to finance its investment program. Under the agreement, EDC will provide a credit line of up to US\$1 billion (equivalent to R\$ 1,854 million on September 30, 2011). As of September 30, 2011, Vale disbursed US\$ 500 million (equivalent to R\$ 927 million on September 30, 2011).

In June 2010, Vale established some credit lines totaling R\$ 774 million with the Banco Nacional de Desenvolvimento Econômico Social BNDES, in order to finance the acquisition of domestic equipments. In March 31, 2011, Vale increased the amount of credit lines through a new agreement with BNDES in R\$ 103 million. As of September 30, 2011, US\$ 184 was disbursed in this agreement.

In May 2008, the Company has signed agreements with Japanese long term financing credit agencies in the amount of US\$ 5 billion (equivalents to R\$ 9,272 million on September 30, 2011), being US\$ 3 billion (equivalents to R\$ 5,563 million on September 30, 2011) with Japan Bank for International Cooperation (JIBC) and US\$ 2 billion (equivalents to R\$ 3,709 million on September 30, 2011) with Nippon Export and Investment Insurance (NEXI), to finance mining projects, logistics and energy generation. As of September 30, 2011, Vale through its subsidiary PT International Nickel Indonesia Tbk (PTI) withdrew US\$ 300 million (equivalent to R\$ 556 million on September 30, 2011), under this credit facility to finance the construction of the hydroelectric plant of Karebbe, Indonesia.

In April 2008, Vale has signed a credit line in the amount of R\$ 7,300 (US\$ 4 billion) with Banco Nacional de Desenvolvimento Econômico e Social - BNDES to finance its investment program. As of September 30, 2011, Vale withdrew R\$ 2.391 million in this facility.

**d) Guarantee**

On September 30, 2011, R\$1,603 million of the total aggregate outstanding debt were secured by fixed assets. The outstanding balance, in the amount of R\$ 43,383 million has no guarantee.

Our principal covenants require us to maintain certain ratios, such as debt to EBITDA and interest coverage. We have not identified any events of noncompliance as of September 30, 2011.

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Vale and its subsidiaries are involved parties in labor, civil, tax and other ongoing lawsuits and are discussing these issues in court proceedings, which, when applicable, are supported by judicial deposits. Provisions for losses resulting from these processes are estimated and updated by the Company management, supported by the legal opinion of the legal board of the Company and by its external legal consultants.

### a) Provision for contingences

Provisions that are considered by management of the Company and its legal counsel as necessary to cover possible losses in legal proceedings of any kind are detailed as follows:

|                                  | Consolidated                      |                   | Parent Company                    |                   |
|----------------------------------|-----------------------------------|-------------------|-----------------------------------|-------------------|
|                                  | September 30, 2011<br>(unaudited) | December 31, 2010 | September 30, 2011<br>(unaudited) | December 31, 2010 |
| Tax contingencies                | 1,446,290                         | 1,477,488         | 418,676                           | 324,518           |
| Civil contingencies              | 931,587                           | 893,434           | 669,919                           | 680,338           |
| Labor contingencies              | 1,383,909                         | 1,277,360         | 1,171,032                         | 1,072,097         |
| Environmental contingencies      | 52,941                            | 64,059            | 39,039                            | 30,820            |
| <b>Total accrued liabilities</b> | <b>3,814,727</b>                  | <b>3,712,341</b>  | <b>2,298,666</b>                  | <b>2,107,773</b>  |

|   | Consolidated                      |                   | Parent Company                    |                   |
|---|-----------------------------------|-------------------|-----------------------------------|-------------------|
|   | September 30, 2011<br>(unaudited) | December 31, 2010 | September 30, 2011<br>(unaudited) | December 31, 2010 |
| <b>Balance at the beginning of the period</b> | <b>3,712,341</b>                  | <b>4,201,617</b>  | <b>2,107,773</b>                  | <b>2,730,560</b>  |
| Provisions, net of reversals                  | 583,574                           | 76,307            | 573,123                           | (61,458)          |
| Payments                                      | (512,107)                         | (606,231)         | (402,378)                         | (601,677)         |
| Monetary update                               | 30,919                            | 40,648            | 20,148                            | 40,348            |
| <b>Balance at the end of period</b>           | <b>3,814,727</b>                  | <b>3,712,341</b>  | <b>2,298,666</b>                  | <b>2,107,773</b>  |

Provisions for Tax Contingencies - The main nature of tax causes refer to discussions on the basis of calculation of the Financial Compensation for Exploiting Mineral Resources - CFEM and about denials of compensation claims of credits in the settlement of federal taxes. The other causes refer to the charges of Additional Port Workers Compensation - AITP and questions about the location for the purpose of incidence of Service Tax - ISS.

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Provision for Civil Contingencies - They are related to the demands that involve contracts between Vale and other group companies with their service providers, requiring differences in values due to alleged losses that have occurred due to various economic plans, other demands are related to accidents, actions damages and still others related to monetary compensation in action vindicatory.

Provision for Labor Contingencies - Consist of lawsuits filed by employees and service providers, questioning parcels arising from the employment relationship. The most recurring objects are payment of overtime, hours in itinere, hazard pay and unhealthy. The social security contingencies are also included in this context because arising from parcels of labor, in the case of legal and administrative disputes between the INSS and the Vale/group companies, whose core is the incidence of compulsory social security or not.

In addition to those provisions, there are judicial deposits as at September 30, 2011, December 31, 2010 totaling R\$ 3,177,704, R\$ 3,062,337, in the consolidated company and R\$ 2,361,105 and R\$ 2,312,465 in the parent company, respectively. Judicial deposits are collateral to those provisions, required by court, are monetarily restated and are recorded in non-current assets of the Company until happens the judicial decision of redeem these deposits by the complainant, unless happens a favorable outcome of the issue for the entity.

In addition to contingencies for which we made provisions, the company are part in claim where the loss expectation is considered possible for Vale and for its attorneys and that represent on September 30, 2011 and December 31, 2010, the total amount of R\$ 40,769,086 and R\$ 9,605,546 in the consolidated company and R\$ 34,262,857 and R\$ 4,484,876 on the parent company, respectively. For these cases it was not recorded provision. The variation in the claims values regarding reasonably possible contingencies is related with cases in which is discussed the payment in Brazil, of income tax and social contribution on net income on the profits of foreign subsidiaries.

**b) Asset Retirement Obligations**

The Company uses various judgments and assumptions when measuring the obligations related to discontinuation of use of assets. Changing circumstances, law or technology may affect the estimates and periodically the amount allocated is reviewed and adjusted when necessary. The provision does not reflect duties unclaimed because there is no information about it. The accrued amount is not deducted from the potential costs covered by insurance or indemnities, because their recovery is considered uncertain.

Long term interest rates used to discount to present value and update the provision to September 30, 2011, December 31, 2010 were 7.96%. The recorded liability is periodically updated based on these discount rates plus the inflation index (IGPM) for the period in reference.

The variation in the provision for asset retirement is demonstrated as follows:



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|   | Consolidated                      |                   | Parent Company                    |                   |
|---|-----------------------------------|-------------------|-----------------------------------|-------------------|
|   | September 30, 2011<br>(unaudited) | December 31, 2010 | September 30, 2011<br>(unaudited) | December 31, 2010 |
| <b>Balance at the beginning of the period</b> | 2,591,435                         | 2,086,800         | 805,265                           | 846,022           |
| Provisions, net of reversals                  | 169,038                           | 204,536           | 78,414                            | 132,275           |
| Payments                                      | (66,954)                          | (78,140)          | (28,588)                          | (77,057)          |
| Monetary update                               | (123,406)                         | 383,941           | 29,282                            | (95,975)          |
|   | 71,791                            | (5,702)           |                                   |                   |
| <b>Balance at the end of period</b>           | <b>2,641,904</b>                  | <b>2,591,435</b>  | <b>884,373</b>                    | <b>805,265</b>    |
|   | 98,357                            | 128,281           | 45,122                            | 44,427            |
| <b>Current</b>                                | <b>2,543,547</b>                  | <b>2,463,154</b>  | <b>839,251</b>                    | <b>760,838</b>    |
| <b>Non-Current</b>                            | <b>2,641,904</b>                  | <b>2,591,435</b>  | <b>884,373</b>                    | <b>805,265</b>    |

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The Company's income is subject to a common taxable rule applicable to all companies in general. The net deferred movements are presented as follows (unaudited):

|   | Consolidated        | Parent company     |
|---|---------------------|--------------------|
| Assets  | 2,439,984           | 1,788,980          |
| Liabilities                                       | (12,947,141)        | (3,574,271)        |
| <b>Deffered tax balance on December 31, 2010</b>  | <b>(10,507,157)</b> | <b>(1,785,291)</b> |
| Net income effects                                | 647,943             | 691,045            |
| Cumulative translation adjustment                 | (415,210)           |                    |
| Tax losses consumption                            | (199,148)           |                    |
| Deffered social contribution                      | 3,574,271           | 3,574,271          |
| Other comprehensive income                        | 11,658              | 11,658             |
| <b>Deffered tax balance on September 30, 2011</b> | <b>(6,887,643)</b>  | <b>2,491,683</b>   |
| Assets  | 3,815,613           | 2,491,683          |
| Liabilities                                       | (10,703,256)        |                    |
|   | <b>(6,887,643)</b>  | <b>2,491,683</b>   |

The income tax in Brazil comprises the taxation on income and social contribution on profit. The composite statutory rate applicable in the period presented is 34%. In other countries where we have operations are subjects to vary rates depending on jurisdiction.

In July 2011, we made a payment as a consequence of a Brazilian court decision in a case related to the exemption of the Social Contribution (Contribuição Social sobre o Lucro Líquido).

The total amount presented as income tax and social contribution results in the financial statements is reconciled with the rates established by law, as follows:

|   | Consolidated          |  |                       | Nine-month period ended |                       | Parent Company        |                       |
|---|-----------------------|--|-----------------------|-------------------------|-----------------------|-----------------------|-----------------------|
|   | September<br>30, 2011 | Three-month period ended<br>June<br>30, 2011 | September<br>30, 2010 | September<br>30, 2011   | September<br>30, 2010 | September<br>30, 2011 | September<br>30, 2010 |
| Income before tax and social contribution | 8,343,513             | 14,171,075                                   | 14,623,676            | 36,182,643              | 25,347,769            | 34,097,576            | 24,891,688            |

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|   |                  |                    |                    |                    |                    |                    |                    |
|---|------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Results of equity investments   | (28,414)         | (81,176)           | 56,183             | (127,264)          | 12,015             | (8,739,663)        | (5,444,317)        |
| Tax effect on non-taxable functional currency   | (306,815)        | 112,388            | 1,327,547          | (114,265)          | 239,747            |                    |                    |
|   | <b>8,008,284</b> | <b>14,202,287</b>  | <b>16,007,406</b>  | <b>35,941,114</b>  | <b>25,599,531</b>  | <b>25,357,913</b>  | <b>19,447,371</b>  |
| Income tax and social contribution at statutory rates - 34%                                       | (2,722,817)      | (4,828,778)        | (5,442,518)        | (12,219,980)       | (8,703,841)        | (8,621,690)        | (6,612,106)        |
| Adjustments that affects the basis of taxes:  |                  |                    |                    |                    |                    |                    |                    |
| Income tax and social contribution on interest on capital   | 946,680          | 411,382            | 363,380            | 2,086,929          | 1,110,700          | 2,066,529          | 1,110,700          |
| Tax incentives  | 192,297          | 393,945            | 458,601            | 938,873            | 968,267            | 694,775            | 763,603            |
| Results of overseas companies taxed by different rates which differs from the parent company rate | 539,263          | 351,343            | 765,670            | 2,091,316          | 1,767,644          |                    |                    |
| Social contribution contingent paid   | 885,981          |                    |                    | 885,981            |                    | 885,981            |                    |
| Others  | (334,873)        | (318,916)          | (115,386)          | (734,780)          | (57,918)           | 336,107            | 135,638            |
| <b>Income tax and social contribution on the income for the period</b>                            | <b>(493,469)</b> | <b>(3,991,024)</b> | <b>(3,970,253)</b> | <b>(6,951,661)</b> | <b>(4,915,148)</b> | <b>(4,638,298)</b> | <b>(4,602,165)</b> |

In Brazil, Vale has a tax incentive of partial reduction of income tax due to the amount equivalent to the portion allocated by tax law to transactions in the north and northeast with iron, railroad, manganese, copper, bauxite, kaolin and potash. The incentive is calculated based on the tax profit of the activity (called operating income), takes into consideration the allocation of operating profit by incentive production levels during the periods specified for each product as grantees, and generally expire until 2018. Part of the iron and railroad operations in the North was recognized as incentives by 10 years since 2009. An amount equal to that obtained with the tax saving must be appropriated in a retained earnings reserve account in Stockholders' equity, and may not be distributed as dividends to Stockholders.

Vale benefits from the allocation of part of income tax due to be reinvested in the purchase of equipment in incentive operation, subject to subsequent approval by the regulatory agency in the incentive area of Superintendence for the Development of Amazonia - SUDAM and the Northeast Development Superintendence - SUDENE. When the reinvestment approved, the tax benefit is also appropriate in retained earnings reserve, which impaired is the distribution as dividends to Stockholders.

Abroad, Vale has tax incentives related to the Goro project in New Caledonia that include temporary exemptions of the total income tax during the construction phase of the project, and also for a period of 15 years beginning in the first year of commercial production as defined by applicable law, followed by 5 years with refund of 50% of temporary tax incentives in which are subject to an earlier interruption, in case the project reaches a specific cumulative rate of return. Goro is taxable for a

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portion of profits starting in the first year that commercial production is reached, as defined by applicable law. So far, there has been no taxable income realized in New Caledonia. The benefits of this legislation are expected to apply any taxes then applicable when the Goro project is in operation.

Vale is subject to the revision of income tax by local tax authorities for up to five years in companies operating in Brazil, ten years for operations in Indonesia and up to seven years for companies with operations in Canada.

In Brazil, the use of compensatory of tax losses accurate not prescribing, and its use is restricted to 30% of taxable income in calculating the annual and quarterly income tax.

## 19 Employee Benefits Obligations

### a) Costs of retirement benefit obligations

In the 2010 annual statements of Vale disclosed that expects to disburse in 2011 with pension plans and other benefits to the consolidated R\$ 540,039 and for the parent company R\$ 222,151. Until September 30, 2011, contributions totaled R\$ 410,103 in consolidated and R\$ 209,504 in the parent company. Vale does not expect significant changes in estimates disclosed in 2010.

It was made a special contribution by Vale Canada Limited to the defined benefit plan in the amount of R\$ 534,208 during the period. This contribution was made in order to bring the proper proportion to the plan, according to the Canadian regulatory requirements.

|  | September 30, 2011              |                        |                                      | Consolidated<br>Three-month period ended<br>June 30, 2011 |                        |                                      | September 30, 2010              |                        |                                      |
|--|---------------------------------|------------------------|--------------------------------------|---|------------------------|--------------------------------------|---------------------------------|------------------------|--------------------------------------|
|  | Planos<br>superavitários<br>(*) | Planos<br>deficitários | Outros<br>benefícios<br>deficitários | Planos<br>superavitários<br>(*)                           | Planos<br>deficitários | Outros<br>benefícios<br>deficitários | Planos<br>superavitários<br>(*) | Planos<br>deficitários | Outros<br>benefícios<br>deficitários |
| Custo do serviço<br>- benefício<br>adquirido no<br>período | 384                             | 30,026                 | 13,267                               | 139   | 30,307                 | 13,174                               | 2,139                           | 33,225                 | 13,086                               |
|  | 162,081                         | 172,298                | 42,106                               | 162,551   | 171,921                | 41,760                               | 178,524                         | 160,616                | 45,661                               |

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|  |           |               |               |           |               |               |           |               |
|--|-----------|---------------|---------------|-----------|---------------|---------------|-----------|---------------|
| Custo de juros sobre o benefício obrigatório projetado |           |               |               |           |               |               |           |               |
| Retorno esperado sobre os ativos do plano              | (273,957) | (158,697)     | (328)         | (273,474) | (161,630)     | (319)         | (275,291) | (142,817)     |
| Amortização da obrigação transitória inicial           |           | 8,833         | (7,821)       |           | 9,897         | (6,584)       | (1,310)   | 21,805        |
| Efeito do limite do parágrafo 58 (b)                   | 111,492   |               |               | 110,784   |               |               | 95,938    |               |
| <b>Custo de aposentadoria líquido</b>                  |           | <b>52,460</b> | <b>47,224</b> |           | <b>50,495</b> | <b>48,031</b> |           | <b>72,829</b> |
|  |           |               |               |           |               |               |           | <b>43,849</b> |

|  | September 30, 2011           |                        | Consolidated<br>Nine-month period ended |                              | September 30, 2010     |                | Outros<br>benefícios<br>deficitários |
|--|------------------------------|------------------------|---|------------------------------|------------------------|----------------|--------------------------------------|
|  | Planos<br>superavitários (*) | Planos<br>deficitários | Outros<br>benefícios<br>deficitários    | Planos<br>superavitários (*) | Planos<br>deficitários |                |                                      |
| Custo do serviço - benefício adquirido no período      | 1,443                        | 93,470                 | 39,916                                  | 2,185                        | 91,669                 | 34,819         |                                      |
| Custo de juros sobre o benefício obrigatório projetado | 486,948                      | 517,292                | 126,017                                 | 430,617                      | 480,189                | 131,123        |                                      |
| Retorno esperado sobre os ativos do plano              | (822,646)                    | (474,979)              | (980)                                   | (694,968)                    | (433,872)              |                |                                      |
| Amortização da obrigação transitória inicial           |                              | 33,236                 | (21,456)                                | (1,310)                      | 21,805                 | (14,898)       |                                      |
| Efeito do limite do parágrafo 58 (b)                   | 334,255                      |                        |   | 263,476                      |                        |                |                                      |
| <b>Custo de aposentadoria líquido</b>                  |                              | <b>169,019</b>         | <b>143,497</b>                          |                              | <b>159,791</b>         | <b>151,044</b> |                                      |

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|  | September 30, 2011           |                        | Parent Company<br>Nine-month period ended |                              | September 30, 2010     |                                      |
|--|------------------------------|------------------------|---|------------------------------|------------------------|--------------------------------------|
|  | Planos<br>superavitários (*) | Planos<br>deficitários | Outros<br>benefícios<br>deficitários      | Planos<br>superavitários (*) | Planos<br>deficitários | Outros<br>benefícios<br>deficitários |
| Custo do serviço - benefício adquirido no período      | 47                           | 20,783                 | 3,546                                     | 68                           | 20,292                 | 2,952                                |
| Custo de juros sobre o benefício obrigatório projetado | 429,520                      | 228,064                | 32,169                                    | 378,139                      | 191,026                | 25,793                               |
| Retorno esperado sobre os ativos do plano              | (745,614)                    | (207,625)              |   | (629,515)                    | (167,106)              |                                      |
| Efeito do limite do parágrafo 58 (b)                   | 316,047                      |                        |   | 251,308                      |                        |                                      |
| <b>Custo de aposentadoria líquido</b>                  |                              | <b>41,222</b>          | <b>35,715</b>                             |                              | <b>44,212</b>          | <b>28,745</b>                        |

(\*) The Company did not record on its balance sheet the assets and related counterparts resulting from actuarial valuation of surplus plans, because there is none a clearly evidence about its performance, in accordance as established in the paragraph 58 (b) of CPC 33.

**b) Profit Sharing Plan**

The Company, based in the Profit Sharing Program (PPR) allows defining, monitoring, evaluation and recognition of individual and collective performance of its employees.

The Profit Sharing in the Company for each employee is calculated individually depending on the achievement of goals previously established by indicators blocks according performance as: the Company, Department or Business Unit, Team, individual, and related on the individual competence. The contribution of each block of performance in the score of employees is discussed and agreed each year, between Vale and the unions representing their employees.

The Company accrued expenses / costs related to profit sharing as follows (unaudited):

| September 30, 2011 | Consolidated                              |                    | September 30, 2010 | Consolidated                                  |                    |
|--------------------|---|--------------------|--------------------|---|--------------------|
|                    | Three-month period ended<br>June 30, 2011 | September 30, 2010 |                    | Nine-month period ended<br>September 30, 2011 | September 30, 2010 |

|                      |                |                |                |                  |                |
|----------------------|----------------|----------------|----------------|------------------|----------------|
| Operacional expenses | 172,593        | 153,754        | 83,321         | 485,524          | 284,609        |
| Cost of products     | 188,509        | 196,263        | 125,324        | 588,659          | 361,057        |
| <b>Total</b>         | <b>361,102</b> | <b>350,017</b> | <b>208,645</b> | <b>1,074,183</b> | <b>645,666</b> |

**Parent Company**  
**Nine-month period ended**  
**September 30, 2011**                      **September 30, 2010**

|                      |                |                |
|----------------------|----------------|----------------|
| Operacional expenses | 478,769        | 204,944        |
| Cost of products     | 501,164        | 357,165        |
| <b>Total</b>         | <b>979,933</b> | <b>562,109</b> |

**c) Non-current incentive compensation plan**

Aiming to promote the vision of shareholder, in addition to increasing the ability to retain executives and to strengthen the performance culture supported the Board of Directors approved a Long-term Compensation Plan, for some executives of the Company, which was implemented for 3-year cycles.

Under the terms of the plan, the participants, restricted to certain executives, may allocate a portion of their annual bonus plan. Part of the bonus allocated to the plan is used by the executive to purchase preferred shares of Vale, through a financial institution prescribed under market conditions and without any benefit provided by Vale.

The shares purchased by the executive have no restrictions and can according to its own criteria of each participant, be sold at any time. However, actions need to be kept for a period of three years and executives need to keep your employment with the Vale during this period. The participant shall be entitled, in this manner, to receive from the Vale, a payment in cash equal to the amount of stock holdings based on market quotations. The total number of shares subject to the plan on September 30, 2011 and December 31, 2010 are 3,130,620 and 2,458,627, respectively.

Additionally, certain executives eligible to long-term incentives have the opportunity to receive at the end of a three years cycle a monetary value equivalent to market value of a determined number of shares based on an assessment of their careers and performance factors measured as an indicator of total return to the Stockholders.

We account for the cost of compensation provided to our executives who are under this incentive long-term compensation plan according to requirements of the CPC as 10 Share-based payments. Liabilities are measured at fair value on the date of each

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issuance of the report, based on market rates. The compensation costs incurred are recognized by the vesting period defined in three years. In the three-months period ended September 30, 2011, June 30, 2011 and September 30, 2010, Vale has recorded a provision of R\$ 196,784, R\$ 172,567 and R\$ 159,465, respectively, in income.

**20 Classification of Financial Instruments**

The assets and liabilities are classified into four categories of measurement: assets and liabilities at fair value through income (not including derivatives designated as hedges), assets available for sale, loans and receivables and held to maturity.

The classification of financial assets and liabilities is shown in the following tables:

|                                       | Loans and<br>receivables | At fair value<br>through profit or<br>loss | Consolidated (Unaudited)<br>September 30, 2011<br>Derivatives<br>designated as<br>hedge | Available-for-sale | Total             |
|---------------------------------------|--------------------------|--|---|--------------------|-------------------|
| <b>Financial assets</b>               |                          |  |   |                    |                   |
| <b>Current</b>                        |                          |  |   |                    |                   |
| Cash and cash equivalents             | 14,674,488               |  |   |                    | 14,674,488        |
| Short-term investments                |                          |  |   |                    |                   |
| Derivatives at fair value             |                          | 1,133,162                                  | 423,358   |                    | 1,556,520         |
| Assets available-for-sale             |                          |  |   | 13,545             | 13,545            |
| Accounts receivable from<br>customers | 16,577,820               |  |   |                    | 16,577,820        |
| Related parties                       | 67,250                   |  |   |                    | 67,250            |
|                                       | <b>31,319,558</b>        | <b>1,133,162</b>                           | <b>423,358</b>  | <b>13,545</b>      | <b>32,889,623</b> |
| <b>Non current</b>                    |                          |  |   |                    |                   |
| Related parties                       | 15,711                   |  |   |                    | 15,711            |
| Loans and financing                   | 534,796                  |  |   |                    | 534,796           |
| Derivatives at fair value             |                          | 13,588                                     | 90,205  |                    | 103,793           |
|                                       | <b>550,507</b>           | <b>13,588</b>                              | <b>90,205</b>   |                    | <b>654,300</b>    |
| <b>Total of financial assets</b>      | <b>31,870,065</b>        | <b>1,146,750</b>                           | <b>513,563</b>  | <b>13,545</b>      | <b>33,543,923</b> |
| <b>Financial liabilities</b>          |                          |  |   |                    |                   |
| <b>Current</b>                        |                          |  |   |                    |                   |
| Suppliers and contractors             | 8,732,002                |  |   |                    | 8,732,002         |
| Derivatives at fair value             |                          | 10,318                                     |   |                    | 10,318            |
|                                       | 3,333,911                |  |   |                    | 3,333,911         |



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Current portion of long-term debt

|                                       |                   |                  |                   |
|---------------------------------------|-------------------|------------------|-------------------|
| Loans and financing                   | 753,790           |                  | 753,790           |
| Related parties                       | 34,031            |                  | 34,031            |
|                                       | <b>12,853,734</b> | <b>10,318</b>    | <b>12,864,052</b> |
| <b>Non current</b>                    |                   |                  |                   |
| Derivatives at fair value             |                   | 1,013,805        | 1,013,805         |
| Loans and financing                   | 41,831,690        |                  | 41,831,690        |
| Related parties                       |                   |                  |                   |
| Debentures                            |                   | 2,366,965        | 2,366,965         |
|                                       | <b>41,831,690</b> | <b>3,380,770</b> | <b>45,212,460</b> |
| <b>Total of financial liabilities</b> | <b>54,685,424</b> | <b>3,391,088</b> | <b>58,076,512</b> |

|                                    | Loans and receivables | At fair value through profit or loss | Consolidated December 31, 2010 Derivatives designated as hedge | Available-for-sale | Total at December 31, 2010 |
|------------------------------------|-----------------------|--------------------------------------|--|--------------------|----------------------------|
| <b>Financial assets</b>            |                       |                                      |  |                    |                            |
| <b>Current</b>                     |                       |                                      |  |                    |                            |
| Cash and cash equivalents          | 13,468,958            |                                      |  |                    | 13,468,958                 |
| Short-term investments             | 2,987,497             |                                      |  |                    | 2,987,497                  |
| Derivatives at fair value          |                       | 51,423                               | 35,847   |                    | 87,270                     |
| Assets available-for-sale          |                       |                                      |  | 20,897             | 20,897                     |
| Accounts receivable from customers | 13,962,306            |                                      |  |                    | 13,962,306                 |
| Related parties                    | 90,166                |                                      |  |                    | 90,166                     |
|                                    | <b>30,508,927</b>     | <b>51,423</b>                        | <b>35,847</b>  | <b>20,897</b>      | <b>30,617,094</b>          |
| <b>Non-current</b>                 |                       |                                      |  |                    |                            |
| Related parties                    | 8,032                 |                                      |  |                    | 8,032                      |
| Loans and financing                | 274,464               |                                      |  |                    | 274,464                    |
| Derivatives at fair value          |                       | 501,722                              |  |                    | 501,722                    |
|                                    | <b>282,496</b>        | <b>501,722</b>                       |  |                    | <b>784,218</b>             |
| <b>Total of assets</b>             | <b>30,791,423</b>     | <b>553,145</b>                       | <b>35,847</b>  | <b>20,897</b>      | <b>31,401,312</b>          |
| <b>Financial liabilities</b>       |                       |                                      |  |                    |                            |
| <b>Current</b>                     |                       |                                      |  |                    |                            |
| Derivatives at fair value          | 5,803,709             |                                      |  |                    | 5,803,709                  |
| Current portion of long-term debt  |                       | 92,182                               |  |                    | 92,182                     |
| Loans and financing                | 4,866,399             |                                      |  |                    | 4,866,399                  |
| Related parties                    | 1,144,470             |                                      |  |                    | 1,144,470                  |
|                                    | <b>11,814,578</b>     | <b>92,182</b>                        |  |                    | <b>11,906,760</b>          |
| <b>Non-current</b>                 |                       |                                      |  |                    |                            |
| Loans and financing                |                       | 14,929                               | 87,751   |                    | 102,680                    |
| Related parties                    | 37,779,484            |                                      |  |                    | 37,779,484                 |
| Debentures                         | 3,362                 |                                      |  |                    | 3,362                      |
|                                    | <b>37,782,846</b>     | <b>14,929</b>                        | <b>87,751</b>  |                    | <b>37,885,526</b>          |
| <b>Total of liabilities</b>        | <b>49,597,424</b>     | <b>107,111</b>                       | <b>87,751</b>  |                    | <b>49,792,286</b>          |

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| <b>Parent Company (unaudited)</b>     |                       |   |                                    |                   |
|---------------------------------------|-----------------------|---|------------------------------------|-------------------|
| <b>September 30, 2011</b>             |                       |   |                                    |                   |
|                                       | Loans and receivables | At fair value through<br>profit or loss | Derivatives designated<br>as hedge | Total             |
| <b>Financial assets</b>               |                       |   |                                    |                   |
| <b>Current</b>                        |                       |   |                                    |                   |
| Cash and cash equivalents             | 4,180,831             |   |                                    | 4,180,831         |
| Short-term investments                |                       |   |                                    |                   |
| Derivatives at fair value             |                       | 852,163                                 | 1,559                              | 853,722           |
| Assets available-for-sale             |                       |   |                                    |                   |
| Accounts receivables from customers   | 18,287,322            |   |                                    | 18,287,322        |
| Related parties                       | 2,730,547             |   |                                    | 2,730,547         |
|                                       | <b>25,198,700</b>     | <b>852,163</b>                          | <b>1,559</b>                       | <b>26,052,422</b> |
| <b>Non-current</b>                    |                       |   |                                    |                   |
| Related parties                       | 451,038               |   |                                    | 451,038           |
| Loans and financing                   | 155,345               |   |                                    | 155,345           |
| Derivatives at fair value             |                       |   |                                    |                   |
|                                       | 606,383               |   |                                    | 606,383           |
| <b>Total of financial assets</b>      | <b>25,805,083</b>     | <b>852,163</b>                          | <b>1,559</b>                       | <b>26,658,805</b> |
| <b>Financial liabilities</b>          |                       |   |                                    |                   |
| <b>Current</b>                        |                       |   |                                    |                   |
| Suppliers and contractors             | 3,599,334             |   |                                    | 3,599,334         |
| Derivatives at fair value             |                       |   |                                    |                   |
| Current portion of long-term debt     | 828,851               |   |                                    | 828,851           |
| Loans and financing                   |                       |   |                                    |                   |
| Related parties                       | 4,864,492             |   |                                    | 4,864,492         |
|                                       | <b>9,292,677</b>      |   |                                    | <b>9,292,677</b>  |
| <b>Non-current</b>                    |                       |   |                                    |                   |
| Derivatives at fair value             |                       | 778,879                                 |                                    | 778,879           |
| Loans and financing                   | 17,881,744            |   |                                    | 17,881,744        |
| Related parties                       | 28,985,546            |   |                                    | 28,985,546        |
| Debentures                            |                       | 2,366,965                               |                                    | 2,366,965         |
|                                       | <b>46,867,290</b>     | <b>3,145,844</b>                        |                                    | <b>50,013,134</b> |
| <b>Total of financial liabilities</b> | <b>56,159,967</b>     | <b>3,145,844</b>                        |                                    | <b>59,305,811</b> |

| <b>Consolidated</b>                 |                       |   |                                    |            |
|-------------------------------------|-----------------------|---|------------------------------------|------------|
| <b>December 31, 2010</b>            |                       |   |                                    |            |
|                                     | Loans and receivables | At fair value through<br>profit or loss | Derivatives designated<br>as hedge | Total      |
| <b>Financial assets</b>             |                       |   |                                    |            |
| <b>Current</b>                      |                       |   |                                    |            |
| Cash and cash equivalents           | 4,823,377             |   |                                    | 4,823,377  |
| Derivatives at fair value           |                       | 854                                     | 35,847                             | 36,701     |
| Accounts receivables from customers | 18,378,124            |   |                                    | 18,378,124 |

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|                                       |                   |                  |               |                   |
|---------------------------------------|-------------------|------------------|---------------|-------------------|
| Related parties                       | 1,123,183         |                  |               | 1,123,183         |
|                                       | <b>24,324,684</b> | <b>854</b>       | <b>35,847</b> | <b>24,361,385</b> |
| <b>Non-current</b>                    |                   |                  |               |                   |
| Related parties                       | 1,936,328         |                  |               | 1,936,328         |
| Loans and financing                   | 163,775           |                  |               | 163,775           |
| Derivatives at fair value             |                   | 284,127          |               | 284,127           |
|                                       | <b>2,100,103</b>  | <b>284,127</b>   |               | <b>2,384,230</b>  |
| <b>Total of financial assets</b>      | <b>26,424,787</b> | <b>284,981</b>   | <b>35,847</b> | <b>26,745,615</b> |
| <b>Financial liabilities</b>          |                   |                  |               |                   |
| <b>Current</b>                        |                   |                  |               |                   |
| Suppliers and contractors             | 2,863,317         |                  |               | 2,863,317         |
| Current portion of long-term debt     | 616,153           |                  |               | 616,153           |
| Related parties                       | 5,325,746         |                  |               | 5,325,746         |
|                                       | <b>8,805,216</b>  |                  |               | <b>8,805,216</b>  |
| <b>Non-current</b>                    |                   |                  |               |                   |
| Loans and financing                   | 15,907,762        |                  |               | 15,907,762        |
| Related parties                       | 27,597,237        |                  |               | 27,597,237        |
| Debentures                            |                   | 2,139,923        |               | 2,139,923         |
|                                       | <b>43,504,999</b> | <b>2,139,923</b> |               | <b>45,644,922</b> |
| <b>Total of financial liabilities</b> | <b>52,310,215</b> | <b>2,139,923</b> |               | <b>54,450,138</b> |

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The Company reports its assets and liabilities at fair value, based on relevant accounting pronouncements that define fair value, a framework for measuring fair value, which refers to evaluation concepts and practices and requires certain disclosures about fair value.

Due to the short-term cycle, it is assumed that the fair value of cash and cash equivalents balances, short-term investments, accounts receivable and accounts payable are close to their book values. For measurement and determination of fair value, the Company uses various methods including market approaches, income or cost. Based on these approaches, the Company assumes the value that market participants would use when pricing the asset or liability, including assumptions about risks and inherent risks in the inputs used in valuation techniques. These entries can be easily observed, confirmed by the market or not observed. The Company uses techniques that maximize the use of observable inputs and minimizes the use of unobservable inputs. According to the pronouncement, those inputs to measure the fair value are classified into three levels of hierarchy. The financial assets and financial liabilities recorded at fair value should be classified and disclosed in accordance with the following levels:

**Level 1** Unadjusted quoted prices on an active, liquid and visible market for identical assets or liabilities that are accessible at the measurement date;

**Level 2** - Quoted prices for identical or similar assets or liabilities on active markets, inputs other than quoted prices that are observable on level 1, either directly or indirectly, for the term of the asset or liability; and

**Level 3** - Assets and liabilities, which quoted prices, do not exist, or those prices or valuation techniques are supported by little or no market activity, unobservable or illiquid. At this point fair market valuation becomes highly subjective.

The tables below present the assets and liabilities of the parent company and consolidated measured at fair value.

|                         | Consolidated (Unaudited) |           |           |         |         |
|-------------------------|--------------------------|-----------|-----------|---------|---------|
|                         | September 30, 2011       |           |           |         |         |
|                         | Level 1                  | Level 2   | Total     | Level 2 | Total   |
| <b>Financial assets</b> |                          |           |           |         |         |
| Current                 | 2,094                    | 1,131,068 | 1,133,162 | 852,163 | 852,163 |

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|  |               |                  |                  |                  |                  |
|--|---------------|------------------|------------------|------------------|------------------|
| <b>Deriatives at fair value through profit or loss</b> |               |                  |                  |                  |                  |
| Derivatives designated as hedges                       |               | 423,358          | 423,358          | 1,559            | 1,559            |
|  | <b>2,094</b>  | <b>1,554,426</b> | <b>1,556,520</b> | <b>853,722</b>   | <b>853,722</b>   |
| <b>Available-for-sale</b>                              |               |                  |                  |                  |                  |
| Financial assets available-for-sale                    | 13,545        |                  | 13,545           |                  |                  |
|  | <b>15,639</b> | <b>1,554,426</b> | <b>1,570,065</b> | <b>853,722</b>   | <b>853,722</b>   |
| <b>Non-current</b>                                     |               |                  |                  |                  |                  |
| <b>Deriatives at fair value through profit or loss</b> |               |                  |                  |                  |                  |
| Derivatives designated as hedges                       |               | 13,588           | 13,588           |                  |                  |
|  |               | 90,205           | 90,205           |                  |                  |
|  |               | <b>103,793</b>   | <b>103,793</b>   |                  |                  |
| <b>Total of assets</b>                                 | <b>15,639</b> | <b>1,658,219</b> | <b>1,673,858</b> |                  |                  |
| <b>Financial liabilities</b>                           |               |                  |                  |                  |                  |
| <b>Current</b>   |               |                  |                  |                  |                  |
| <b>Deriatives at fair value through profit or loss</b> |               |                  |                  |                  |                  |
| Derivatives designated as hedges                       | 1,453         | 8,865            | 10,318           |                  |                  |
|  | <b>1,453</b>  | <b>8,865</b>     | <b>10,318</b>    |                  |                  |
| <b>Non-current</b>                                     |               |                  |                  |                  |                  |
| <b>Deriatives at fair value through profit or loss</b> |               |                  |                  |                  |                  |
| Derivatives designated as hedges                       | 323           | 1,013,482        | 1,013,805        | 778,879          | 778,879          |
|  | <b>323</b>    | <b>1,013,482</b> | <b>1,013,805</b> | <b>778,879</b>   | <b>778,879</b>   |
| Stockholders debentures                                |               | 2,366,965        | 2,366,965        | 2,366,965        | 2,366,965        |
|  | <b>323</b>    | <b>3,380,447</b> | <b>3,380,770</b> | <b>3,145,844</b> | <b>3,145,844</b> |
| <b>Total of liabilities</b>                            | <b>1,776</b>  | <b>3,389,312</b> | <b>3,391,088</b> | <b>3,145,844</b> | <b>3,145,844</b> |

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|  | Level 1       | Consolidated<br>December 31, 2010<br>Level 2 | Total            | Level 2          | Total            |
|--|---------------|--|------------------|------------------|------------------|
| <b>Financial Assets</b>                          |               |  |                  |                  |                  |
| <b>Current</b>                                   |               |  |                  |                  |                  |
| Derivatives at fair value through profit or loss | 21,660        | 29,763                                       | 51,423           | 36,701           | 36,701           |
| Derivatives designated as hedges                 |               | 35,847                                       | 35,847           |                  |                  |
|  | <b>21,660</b> | <b>65,610</b>                                | <b>87,270</b>    | <b>36,701</b>    | <b>36,701</b>    |
| <b>Available-for-sale</b>                        |               |  |                  |                  |                  |
| Financial assets available-for-sale              | 20,897        |  | 20,897           |                  |                  |
|  | <b>20,897</b> |  | <b>20,897</b>    |                  |                  |
| <b>Non-current</b>                               |               |  |                  |                  |                  |
| Derivatives at fair value through profit or loss |               | 501,722                                      | 501,722          | 284,127          | 284,127          |
| Derivatives designated as hedges                 |               |  |                  |                  |                  |
|  |               | 501,722                                      | 501,722          | 284,127          | 284,127          |
| Total of assets                                  | <b>42,557</b> | <b>567,332</b>                               | <b>609,889</b>   | <b>320,828</b>   | <b>320,828</b>   |
| <b>Financial Liabilities</b>                     |               |  |                  |                  |                  |
| <b>Current</b>                                   |               |  |                  |                  |                  |
| Derivatives at fair value through profit or loss | 19,650        | 72,532                                       | 92,182           |                  |                  |
| Derivatives designated as hedges                 |               |  |                  |                  |                  |
|  | <b>19,650</b> | <b>72,532</b>                                | <b>92,182</b>    |                  |                  |
| <b>Non-current</b>                               |               |  |                  |                  |                  |
| Derivatives at fair value through profit or loss | 784           | 14,145                                       | 14,929           |                  |                  |
| Derivatives designated as hedges                 |               | 87,751                                       | 87,751           |                  |                  |
|  | <b>784</b>    | <b>101,896</b>                               | <b>102,680</b>   |                  |                  |
| Stockholders' debentures                         |               | 2,139,923                                    | 2,139,923        | 2,139,923        | 2,139,923        |
| Total of liabilities                             | <b>20,434</b> | <b>2,314,351</b>                             | <b>2,334,785</b> | <b>2,139,923</b> | <b>2,139,923</b> |

a) **Methods and Techniques of Evaluation**

- **Assets and liabilities at fair value through profits or loss**

Comprise derivatives not designated as hedges and stockholders' debentures.

- **Derivatives designated or not as hedge**

We used evaluation methodologies commonly employed by participants in the derivatives market to the estimated fair value. The financial instruments were evaluated by calculating their present value through the use of curves that impact the instrument on the dates of verification. The curves and prices used in the calculation for each group of instruments are detailed in the market curves .

The pricing method used in the case of European options is the Black & Scholes model, widely used by market participants for valuing options. In this model, the fair value of the derivative is a function of volatility and price of the underlying asset, the exercise price of the option, the interest rate and period to maturity. In the case of options when the income is a function of the average price of the underlying asset over a period of life of the option, called Asian, we use the model of Turnbull & Wakeman, also widely used to price this type of option. In this model, besides the factors that influence the option price in the Black-Scholes model, is considered the forming period of the average price.

In the case of swaps, both the present value of the active tip and the passive tip are estimated by discounting cash flows by the interest rate of the currency in which the swap is denominated. The difference between the present value of active tip and passive tip of swap generates its fair value.

In the case of swaps tied to TJLP Long-Term Interest Rate , the calculation of fair value considers the TJLP constant, that is, projections of future cash flows in Brazilian real are made considering the last TJLP disclosed.

Contracts for the purchase or sale of products, inputs and costs of selling with future settlement are priced using the forward curves for each product. Typically, these curves are obtained in the stock exchange where the products are traded, such as the London Metals Exchange (LME), the COMEX (Commodity Exchange) or other providers of market prices. When there is no price for the desired maturity, Vale uses interpolation between the available maturities.

- **Stockholders Debentures**

Their fair values are measured based on market approach, and their reference prices are available on the secondary market.

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- **Available-for-sale assets**

Comprise the assets that are neither held for trading nor held-to-maturity, for strategic reasons, and have readily available price on the market. Investments are valued based on quoted prices in active markets where available. When there is no market value, we use inputs other than quoted prices.

**b) Measurement of Fair Value Compared to the Accounting Balance**

For the loans allocated in the level 1, the evaluation method used to estimate the fair value of debt is the market approach to the contracts listed on the secondary market. And for the loans allocated in the level 2, the fair value for both fixed-indexed rate debt and floating rate is determined from the discounted cash flow using the future values of the Libor rate and the curve of Vale's Bonds (income approach).

The fair values and carrying amounts of non-current loans (net of interest) are shown in the table below:

|                           |                | Consolidated (unaudited)<br>September 30, 2011 |            |            |
|---------------------------|----------------|--|------------|------------|
|                           | Balance as per | Fair value at                                  | Level 1    | Level 2    |
| <b>Loans (long term)*</b> | 44,420,303     | 46,068,859                                     | 33,536,824 | 12,532,035 |

---

\* net of interest of R\$ 745,298

|                           |                | Consolidated (unaudited)<br>December 31, 2010 |            |            |
|---------------------------|----------------|---|------------|------------|
|                           | Balance as per | Fair value at                                 | Level 1    | Level 2    |
| <b>Loans (long term)*</b> | 42,061,543     | 44,232,611                                    | 33,607,254 | 10,625,357 |

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\* net of interest of R\$584,340



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|                           | Balance as per | Parent Company (Unaudited)<br>September 30, 2011 |            |           |
|---------------------------|----------------|--|------------|-----------|
|                           |                | Fair value at                                    | Level 1    | Level 2   |
| <b>Loans (long term)*</b> | 18,327,366     | 18,315,909                                       | 11,335,947 | 6,979,962 |

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\* net of interest of R\$ 383,229

|                           | Balance as per | Parent Company (unaudited)<br>December 31, 2010 |            |           |
|---------------------------|----------------|---|------------|-----------|
|                           |                | Fair value at                                   | Level 1    | Level 2   |
| <b>Loans (long term)*</b> | 16,271,695     | 16,628,059                                      | 13,943,811 | 2,684,248 |

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\* net of interest of R\$ 252,220

Table of Contents**22 Stockholders Equity****a) Capital**

As of September 30, 2011, the capital was R\$75,000,000 corresponding to 5,365,304,100 (3,256,724,482 common and 2,108,579,618 preferred) shares with no par value.

| <b>Shareholders</b>  | <b>Common (ON)</b>   | <b>Preferred (PNA)</b> | <b>Total</b>         |
|--|----------------------|------------------------|----------------------|
| Valepar S.A.   | 1,716,435,045        | 20,340,000             | 1,736,775,045        |
| Brazilian government (Tesouro Nacional / BNDES / INSS / FPS) |                      | 12                     | 12                   |
| Foreign investors - ADRs                                     | 778,764,789          | 799,438,287            | 1,578,203,076        |
| FMP - FGTS   | 99,452,538           |                        | 99,452,538           |
| PIBB - BNDES   | 1,886,275            | 2,834,253              | 4,720,528            |
| BNDESPar   | 218,386,481          | 69,432,771             | 287,819,252          |
| Foreign institutional investors in the local market          | 146,288,742          | 350,916,566            | 497,205,308          |
| Institutional investors                                      | 169,730,070          | 373,319,914            | 543,049,984          |
| Retail investors in Brazil                                   | 52,416,535           | 339,542,353            | 391,958,888          |
| Treasury stock in Brazil                                     | 73,364,007           | 152,755,462            | 226,119,469          |
| <b>Total</b>   | <b>3,256,724,482</b> | <b>2,108,579,618</b>   | <b>5,365,304,100</b> |

Each holder of common and preferred class A shares is entitled to one vote for each share on the issues presented in the general assembly, except the election of the Board, which is restricted to holders of common shares. The Brazilian government owns twelve special preferred shares, which confer permanent rights to veto over specific items.

The holders of common and preferred shares has the same right to receive a mandatory minimum dividend of 25% of annual adjusted net income, based on the books in Brazil, with the approval of the annual general meeting of Stockholders. In the case of preferred Stockholders, this dividend can not be less than 6% of preferred capital determined on the basis of statutory accounting records or, if greater, 3% of equity value per share. This dividend is considered legal or statutory obligation.

The directors and executive officers as a group hold 54,344 common shares and 690,559 preferred shares.

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The Board of Directors may, regardless of statutory reform, deliberate the issuance of new shares (authorized capital), including the capitalization of profits and reserves to the extent authorized of 3,600,000,000 common shares and 7,200,000,000 preferred shares, all no-par-value shares.

### b) Resources linked to the future mandatory conversion in shares

The mandatory convertible notes to be settled as at September 30, 2011 are presented:

| Series                       | Emission  | Date       |  | Amount (thousands of reais) |                | Coupon     |
|------------------------------|-----------|------------|--|-----------------------------|----------------|------------|
|                              |           | Expiration |  | Gross                       | Net of changes |            |
| Series VALE and VALEP - 2012 | July/2009 | Junho/2012 |  | 1,858                       | 1,523          | 6.75% a.a. |

The securities have coupons payable quarterly and are entitled to receive additional compensation equivalent to cash distribution paid to holders of American Depositary Shares (ADS). These notes were bifurcated between the equity instruments and liabilities.

Linked resources for future conversion, net of taxes, are equivalent to the maximum quantity of common and preferred shares, as shown below. All shares are currently held in treasury stock.

| Series                       | Maximum amount of shares |            | Amount (thousands of reais) |           |
|------------------------------|--------------------------|------------|-----------------------------|-----------|
|                              | Common                   | Preferred  | Common                      | Preferred |
| Series VALE and VALEP - 2012 | 18.415.859               | 47.284.800 | 473                         | 1,050     |

In April 2011, Vale pay additional remuneration to holders of mandatorily convertible notes, series VALE-2012 and VALE P-2012, in the amount of R\$ 1.553396 and R\$ 1.796672 per note, respectively.

In January 2011, Vale paid additional remuneration to holders of mandatorily convertible notes, series VALE-2012 and VALEP-2012, R\$0.7776700 and R\$0.8994610, respectively, and in October 2010, VALE-2012 and VALEP-2012, R\$1.381517 and R\$1.597876 per note, respectively.

In June 2010, the notes of Rio and Rio P series were converted into ADSs and representing a total of 49,305,205 common shares and 26,130,033 preferred class A shares, respectively. The conversion was performed using 75,435,238 shares in treasury stock

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held in by the Company. The difference between the amount converted and the book value of the shares of R\$2,028 was recognized as capital reserve in Stockholders' equity.

In April 2010, the Company paid additional interest to holders of mandatorily convertible notes, series RIO and RIO P, R\$0.722861 and R\$0.857938 per note, respectively, and series VALE-2012 and VALE.P-2012, R\$1.042411 and R\$1.205663 per note, respectively.

**c) Treasury stocks**

In June 30, 2011, the Board of Directors approved the repurchase shares program up to the amount of US\$3 billion involving up to 84,814,902 common shares and 102,231,122 preferred shares. The repurchased shares will be canceled after the end of the program to be completed in November 25, 2011.

On September 30, 2011, there are 226,119,469 treasury stocks, in the amount of R\$ 8,146,252, as follows (unaudited):

| Classes      | December 31, 2010  | Shares quantity   |              | September 30, 2011 | Unit acquisition cost |        |      | Average quoted market price |                   |
|--------------|--------------------|-------------------|--------------|--------------------|-----------------------|--------|------|-----------------------------|-------------------|
|              |                    | Addition          | reduction    |                    | Average               | Low(*) | High | September 30, 2011          | December 31, 2010 |
| Preferred    | 99,649,571         | 53,105,900        | (9)          | 152,755,462        | 37                    | 14     | 48   | 47                          | 45.08             |
| Common       | 47,375,394         | 25,988,880        | (267)        | 73,364,007         | 34                    | 20     | 55   | 42                          | 51.50             |
| <b>Total</b> | <b>147,024,965</b> | <b>79,094,780</b> | <b>(276)</b> | <b>226,119,469</b> |                       |        |      |                             |                   |

Shares value with splits: R\$1,17 preferred and R\$1,67 common.

**d) Basic and diluted earnings per share**

- **Basic earnings per share**

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Basic earnings per share are calculated by dividing the profit attributable to Stockholders of the company by the weighted average number of shares outstanding (total shares less treasury stock).

- Diluted earnings per share**

Diluted earnings per share are calculated by adjusting the weighted average quantity of shares outstanding to assume conversion of all potential diluted shares. The Company has in its records, mandatorily convertible notes into shares, which will be converted using treasury stock held by the Company. It is assumed that the convertible debt was converted into common shares and net income is adjusted to eliminate interest expense less the tax effect. These notes were recorded as an equity instrument, mainly because there is no option, both for the company and for the holders to liquidate, all or part of, the transactions with financial resources, therefore, recognized net of financial charges, as specific component of Stockholders' equity.

The values of basic and diluted earnings per share were calculated as follows (Unaudited):

|   | September 30, 2011 | Three-month period ended<br>June 30, 2011 | September 30, 2010 | Nine-month period ended<br>September 30, 2011 | September 30, 2010 |
|---|--------------------|---|--------------------|---|--------------------|
| <b>Net income from continuing operations attributable to the Company's stockholders</b> | <b>7,892,936</b>   | <b>10,275,359</b>                         | <b>10,539,078</b>  | <b>29,459,278</b>                             | <b>20,289,523</b>  |
| <b>Discontinued operations, net of tax</b>  |                    |   | <b>14,610</b>      |   | <b>(221,708)</b>   |
| <b>Net income attributable to the Company's stockholders</b>                            | <b>7,892,936</b>   | <b>10,275,359</b>                         | <b>10,553,688</b>  | <b>29,459,278</b>                             | <b>20,067,815</b>  |
| <b>Interest to convertible notes linked to preferred</b>                                | <b>(47,400)</b>    | <b>(24,108)</b>                           |                    | <b>(83,180)</b>                               |                    |
| <b>Interest to convertible notes linked to ordinary</b>                                 | <b>(19,217)</b>    | <b>(9,067)</b>                            |                    | <b>(32,716)</b>                               |                    |
| <b>Interest to convertible notes linked to ordinary</b>                                 | <b>7,826,319</b>   | <b>10,242,184</b>                         | <b>10,553,688</b>  | <b>29,343,382</b>                             | <b>20,067,815</b>  |
| Income available to preferred stockholders  | 2,961,190          | 3,894,003                                 | 4,054,478          | 11,140,470                                    | 7,720,605          |
| Income available to common stockholders   | 4,767,190          | 6,220,831                                 | 6,369,677          | 17,837,374                                    | 12,097,736         |
| Income available to convertible notes linked to preferred shares                        | 70,487             | 91,654                                    | 93,225             | 263,078                                       | 179,547            |
| Income available to convertible notes linked to common shares                           | 27,452             | 35,696                                    | 36,308             | 102,460                                       | 69,927             |
| Weighted average number of shares outstanding   |                    |   |                    |   |                    |

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|   |                  |                  |                  |                  |                  |
|---|------------------|------------------|------------------|------------------|------------------|
| (thousands of shares) - preferred shares                          | 1,986,461        | 2,008,930        | 2,056,473        | 2,002,352        | 2,043,102        |
| Weighted average number of shares outstanding                     |                  |                  |                  |                  |                  |
| (thousands of shares) - common shares                             | 3,197,984        | 3,209,349        | 3,230,765        | 3,206,032        | 3,204,885        |
| Treasury preferred shares linked to mandatorily convertible notes | 47,285           | 47,285           | 47,285           | 47,285           | 47,285           |
| Treasury common shares linked to mandatorily convertible notes    | 18,416           | 18,416           | 18,416           | 18,416           | 18,416           |
| <b>Total</b>  | <b>5,250,146</b> | <b>5,283,980</b> | <b>5,352,939</b> | <b>5,274,085</b> | <b>5,313,688</b> |
| <b>Basic</b>  |                  |                  |                  |                  |                  |
| Earnings per preferred share                                      | 1.49             | 1.94             | 1.97             | 5.56             | 3.78             |
| Earnings per common share   | 1.49             | 1.94             | 1.97             | 5.56             | 3.78             |
| <b>Diluted</b>  |                  |                  |                  |                  |                  |
| Earnings per convertible notes linked to preferred share (*)      | 2.49             | 2.45             | 1.97             | 7.32             | 3.80             |
| Earnings per convertible notes linked to common share (*)         | 2.53             | 2.43             | 1.97             | 7.34             | 3.80             |
| <b>Continuous operations</b>                                      |                  |                  |                  |                  |                  |
| <b>Basic</b>  |                  |                  |                  |                  |                  |
| Earnings per preferred share                                      | 1.49             | 1.94             | 1.97             | 5.56             | 3.82             |
| Earnings per common share   | 1.49             | 1.94             | 1.97             | 5.56             | 3.82             |
| <b>Diluted</b>  |                  |                  |                  |                  |                  |
| Earnings per convertible notes linked to preferred share (*)      | 2.49             | 2.45             | 1.97             | 7.32             | 3.84             |
| Earnings per convertible notes linked to common share (*)         | 2.53             | 2.43             | 1.97             | 7.34             | 3.84             |
| <b>Discontinued operations</b>                                    |                  |                  |                  |                  |                  |
| <b>Basic</b>  |                  |                  |                  |                  |                  |
| Earnings per preferred share                                      |                  |                  |                  |                  | (0.04)           |
| Earnings per common share   |                  |                  |                  |                  | (0.04)           |
| <b>Diluted</b>  |                  |                  |                  |                  |                  |
| Earnings per convertible notes linked to preferred share (*)      |                  |                  |                  |                  | (0.04)           |
| Earnings per convertible notes linked to common share (*)         |                  |                  |                  |                  | (0.04)           |



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If the conversion of securities were considered in the calculation of diluted earnings, the figures would be:

|  | September 30,<br>2011 | Three-month period ended<br>June 30, 2011 | September 30,<br>2010 | Nine-month period ended<br>September 30,<br>2011 | September 30,<br>2010 |
|--|-----------------------|---|-----------------------|--|-----------------------|
| Lucro disponível aos acionistas preferencialistas  | 3,079,077             | 4,009,765                                 | 4,147,704             | 11,486,728                                       | 7,870,200             |
| Lucro disponível aos acionistas ordinários   | 4,813,859             | 6,265,594                                 | 6,405,984             | 17,972,550                                       | 12,197,615            |
| Média ponderada de número de ações em circulação<br>(em milhares de ações) - ações preferenciais | 2,033,746             | 2,056,215                                 | 2,103,758             | 2,049,637  | 2,083,068             |
| Média ponderada de número de ações em circulação<br>(em milhares de ações) - ações ordinárias    | 3,216,400             | 3,227,765                                 | 3,249,181             | 3,224,448  | 3,228,439             |
| Lucro por ação preferencial  | 1.50                  | 1.94                                      | 1.97                  | 5.58   | 3.78                  |
| Lucro por ação ordinária   | 1.50                  | 1.94                                      | 1.97                  | 5.58   | 3.78                  |
| <b>Operações continuadas</b>   |                       |   |                       |  |                       |
| Lucros por ação preferencial   | 1.50                  | 1.94                                      | 1.97                  | 5.58   | 3.78                  |
| Lucros por ação ordinária  | 1.50                  | 1.94                                      | 1.97                  | 5.58   | 3.78                  |
| <b>Operações descontinuadas</b>  |                       |   |                       |  |                       |

e) **Remuneration of Stockholders**

In October 2011 (subsequent period), the board of directors approved the payment on October 31, 2011 of R\$ 5,260,800 to shareholders. The amount of R\$ 3,259,937 will be paid as interest on capital and the amount of R\$ 2,000,863 will be paid as dividends.

In April 2011, the board of directors approved the payment on April 29, 2011, of the first installment of interest on capital, in the amount of R\$ 3,174 million, corresponding to R\$ 0.608246495 per outstanding share, common or preferred shares, of Vale's issuance.

On January 14, 2011, the board of directors approved the payment from January 31, 2011, of interest on capital, in the total gross amount of R\$1,670 millions, which corresponds to approximately R\$0.320048038 per outstanding shares, common or preferred, of Vale's issuance. This value is subject to the incidence of income tax withheld at the actual rate.



## 23 Derivatives

## a) Effects of Derivatives on the balance sheet

|  | Consolidated       |                |                   |                |                    |                  |                   |                |
|--|--------------------|----------------|-------------------|----------------|--------------------|------------------|-------------------|----------------|
|  | Assets             |                |                   |                | Liabilities        |                  |                   |                |
|  | September 30, 2011 |                | December 31, 2010 |                | September 30, 2011 |                  | December 31, 2010 |                |
|  | Current            | Non-current    | Current           | Non-current    | Current            | Non-current      | Current           | Non-current    |
| <b>Derivatives not designated as hedge</b>     |                    |                |                   |                |                    |                  |                   |                |
| <b>Foreign exchange and interest rate risk</b> |                    |                |                   |                |                    |                  |                   |                |
| CDI & TJLP vs. floating & fixed swap           | 791,417            | 13,265         |                   | 499,479        |                    | 948,370          |                   |                |
| EUR floating rate vs. USD floating rate swap   | 495                |                | 853               |                |                    |                  |                   |                |
| Swap fixed rate vs. CDI                        | 8,507              |                | 4,131             |                |                    |                  | 33,992            | 328            |
| Swap USD floating rate vs. fixed rate          |                    |                |                   |                |                    |                  | 602               | 168            |
| Swap fixed rate BRL vs. USD fixed rate         |                    |                |                   |                | 1,878              |                  |                   |                |
| USD floating rate vs. fixed USD rate swap      |                    |                |                   |                | 1,438              |                  | 6,342             |                |
| EuroBond Swap                                  |                    |                |                   |                | 5,549              | 17,776           |                   | 13,649         |
| Swap USD fixed rate                            | 24,071             |                |                   | 1,447          |                    | 47,336           |                   |                |
| Swap USD fixed rate vs. CDI                    | 263,513            |                |                   |                |                    |                  |                   |                |
|  | <b>1,088,003</b>   | <b>13,265</b>  | <b>4,984</b>      | <b>500,926</b> | <b>8,865</b>       | <b>1,013,482</b> | <b>40,936</b>     | <b>14,145</b>  |
| <b>Commodities price risk</b>                  |                    |                |                   |                |                    |                  |                   |                |
| Nickel   |                    |                |                   |                |                    |                  |                   |                |
| Purchase/ sell fixed price Strategic program   | 19,102             |                | 20,864            | 796            | 1,453              | 323              | 19,650            | 784            |
| Copper scrap / Strategic copper                | 931                | 323            |                   |                |                    |                  |                   |                |
| Maritime Freight                               |                    |                |                   |                |                    |                  | 2,838             |                |
| Natural gas                                    |                    |                |                   |                |                    |                  |                   |                |
| Aluminum                                       |                    |                |                   |                |                    |                  |                   |                |
| Bunker oil                                     | 25,126             |                | 25,575            |                |                    |                  |                   |                |
| Coal   |                    |                |                   |                |                    |                  | 3,385             |                |
| Copper   |                    |                |                   |                |                    |                  | 510               |                |
|  | <b>45,159</b>      | <b>323</b>     | <b>46,439</b>     | <b>796</b>     | <b>1,453</b>       | <b>323</b>       | <b>51,246</b>     | <b>784</b>     |
| <b>Derivatives designated as hedge</b>         |                    |                |                   |                |                    |                  |                   |                |
| Cash flow hedge                                | 1,559              |                | 35,847            |                |                    |                  |                   |                |
| Strategic nickel                               | 421,799            | 90,205         |                   |                |                    |                  |                   | 87,751         |
|  | <b>423,358</b>     | <b>90,205</b>  | <b>35,847</b>     |                |                    |                  |                   | <b>87,751</b>  |
| <b>Total</b>                                   | <b>1,556,520</b>   | <b>103,793</b> | <b>87,270</b>     | <b>501,722</b> | <b>10,318</b>      | <b>1,013,805</b> | <b>92,182</b>     | <b>102,680</b> |

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|   | Parent Company     |             |                   |                |                    |                |                   |             |
|---|--------------------|-------------|-------------------|----------------|--------------------|----------------|-------------------|-------------|
|   | Assets             |             |                   |                | Liabilities        |                |                   |             |
|   | September 30, 2011 |             | December 31, 2010 |                | September 30, 2011 |                | December 31, 2010 |             |
|   | Current            | Non-current | Current           | Non-current    | Current            | Non-current    | Current           | Non-current |
| <b><u>Derivatives not designated as hedge</u></b>     |                    |             |                   |                |                    |                |                   |             |
| <b><u>Foreign exchange and interest rate risk</u></b> |                    |             |                   |                |                    |                |                   |             |
| CDI & TJLP vs. floating & fixed swap                  | 564,084            |             |                   | 282,680        |                    | 731,543        |                   |             |
| EURO floating rate vs. USD floating rate swap         | 495                |             | 854               |                |                    |                |                   |             |
| Pre Dollar Swap                                       | 24,071             |             |                   | 1,447          |                    | 47,336         |                   |             |
| Swap US\$ fixed rate vs. CDI                          | 263,513            |             |                   |                |                    |                |                   |             |
|   | <b>852,163</b>     |             | <b>854</b>        | <b>284,127</b> |                    | <b>778,879</b> |                   |             |
| <b><u>Derivatives designated as hedge</u></b>         |                    |             |                   |                |                    |                |                   |             |
| Cash flow hedge                                       | 1,559              |             | 35,847            |                |                    |                |                   |             |
|   | <b>1,559</b>       |             | <b>35,847</b>     |                |                    |                |                   |             |
| <b>Total</b>  | <b>853,722</b>     |             | <b>36,701</b>     | <b>284,127</b> |                    | <b>778,879</b> |                   |             |

**b) Effects of Derivatives on the Income Statement**

|   | Consolidated (unaudited) |               |                         |                    | Parent Company (unaudited) |                    |                    |  |
|---|--------------------------|---------------|-------------------------|--------------------|----------------------------|--------------------|--------------------|--|
|   | Three-month period ended |               | Nine-month period ended |                    | Nine-month period ended    |                    | September 30, 2010 |  |
|   | September 30, 2011       | June 30, 2011 | September 30, 2010      | September 30, 2011 | September 30, 2010         | September 30, 2011 | September 30, 2010 |  |
| <b><u>Derivatives not designated as hedge</u></b>     |                          |               |                         |                    |                            |                    |                    |  |
| <b><u>Foreign exchange and interest rate risk</u></b> |                          |               |                         |                    |                            |                    |                    |  |
| CDI & TJLP vs. floating & fixed swap                  | (1,208,669)              | 614,932       | 754,409                 | (303,630)          | 324,524                    | (221,309)          | 256,954            |  |
| Swap USD floating rate vs. fixed rate                 | 102                      | (86)          | (16,460)                | (81)               | (17,671)                   |                    |                    |  |
| EUR floating rate vs. USD floating rate swap          | (109)                    | (535)         | 813                     | (358)              | (907)                      | (358)              | (907)              |  |
| AUD forward Swap fixed rate vs. CDI                   | 30,303                   | 9,735         | (190)                   | 42,816             | (798)                      |                    |                    |  |
| Swap fixed rate BRL vs. USD fixed                     | (1,772)                  |               | 5,464                   | (1,772)            | 6,464                      |                    |                    |  |

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|                     |                    |                 |                 |                  |                  |                 |                |
|---------------------|--------------------|-----------------|-----------------|------------------|------------------|-----------------|----------------|
| rate                |                    |                 |                 |                  |                  |                 |                |
| Swap floating       |                    |                 |                 |                  |                  |                 |                |
| Libor vs.           |                    |                 |                 |                  |                  |                 |                |
| fixed Libor         |                    |                 | (977)           | (99)             | (3,334)          |                 |                |
| EuroBond            |                    |                 |                 |                  |                  |                 |                |
| Swap                | (100,909)          | 17,316          | 125,214         | (13,710)         | (15,874)         |                 |                |
| Swap                |                    |                 |                 |                  |                  |                 |                |
| Convertibles        |                    |                 |                 |                  | 67,111           |                 | 67,111         |
| Swap USD            |                    |                 |                 |                  |                  |                 |                |
| fixed rate vs.      |                    |                 |                 |                  |                  |                 |                |
| CDI                 | 286,873            | (72,589)        |                 | 214,284          |                  | 214,284         |                |
| Randes              |                    |                 |                 |                  |                  |                 |                |
| foward              | (16,168)           | 2,558           |                 | (13,610)         |                  |                 |                |
| Pre Dollar          |                    |                 |                 |                  |                  |                 |                |
| Swap                | (37,222)           | 9,618           |                 | (24,713)         |                  | (24,713)        |                |
|                     | <b>(1,047,571)</b> | <b>580,949</b>  | <b>870,786</b>  | <b>(101,159)</b> | <b>363,600</b>   | <b>(32,096)</b> | <b>323,158</b> |
| <b>Commodities</b>  |                    |                 |                 |                  |                  |                 |                |
| <b>price risk</b>   |                    |                 |                 |                  |                  |                 |                |
| Nickel              |                    |                 |                 |                  |                  |                 |                |
| Purchase/ sell      |                    |                 |                 |                  |                  |                 |                |
| fixed price         | 15,054             | 19,419          | (9,151)         | 57,230           | 8,100            |                 |                |
| Strategic           |                    |                 |                 |                  |                  |                 |                |
| program             |                    |                 | (62,308)        | 24,993           | (154,086)        |                 |                |
| Scraps/             |                    |                 |                 |                  |                  |                 |                |
| strategic           |                    |                 |                 |                  |                  |                 |                |
| copper              | 1,439              | 14              | (1,212)         | 1,584            | (663)            |                 |                |
| Maritime            |                    |                 |                 |                  |                  |                 |                |
| Freight             |                    |                 | 16,114          |                  | (17,885)         |                 |                |
| Bunker oil          | 397                | 2,282           | 6,651           | 56,073           | (17,969)         |                 |                |
| Coal                |                    |                 | 2,139           | (33)             | (3,532)          |                 |                |
|                     | <b>16,890</b>      | <b>21,715</b>   | <b>(47,767)</b> | <b>139,847</b>   | <b>(186,035)</b> |                 |                |
| <b>Embedded</b>     |                    |                 |                 |                  |                  |                 |                |
| <b>derivatives:</b> |                    |                 |                 |                  |                  |                 |                |
| Energy              |                    |                 |                 |                  |                  |                 |                |
| purchase/           |                    |                 |                 |                  |                  |                 |                |
| aluminum            |                    |                 |                 |                  |                  |                 |                |
| option              |                    |                 | (76,600)        | (12,074)         | (76,134)         |                 |                |
|                     |                    |                 | <b>(76,600)</b> | <b>(12,074)</b>  | <b>(76,134)</b>  |                 |                |
| <b>Derivatives</b>  |                    |                 |                 |                  |                  |                 |                |
| <b>designated</b>   |                    |                 |                 |                  |                  |                 |                |
| <b>as hedge</b>     |                    |                 |                 |                  |                  |                 |                |
| Strategic           |                    |                 |                 |                  |                  |                 |                |
| nickel              | 24,478             | (27,327)        |                 | (58,202)         |                  |                 |                |
| Cash flow           |                    |                 |                 |                  |                  |                 |                |
| hedge               | 32,207             |                 | 107,415         | 32,207           | 140,789          | 32,207          | 140,788        |
|                     | <b>56,685</b>      | <b>(27,327)</b> | <b>107,415</b>  | <b>(25,995)</b>  | <b>140,789</b>   | <b>32,207</b>   | <b>140,788</b> |
| <b>Total</b>        | <b>(973,996)</b>   | <b>575,337</b>  | <b>853,834</b>  | <b>619</b>       | <b>242,220</b>   | <b>111</b>      | <b>463,946</b> |
| Financial           |                    |                 |                 |                  |                  |                 |                |
| Income              | 390,853            | 675,874         | 1,020,732       | 429,187          | 551,073          | 246,491         | 464,853        |
| Financial           |                    |                 |                 |                  |                  |                 |                |
| (Expense)           | (1,364,849)        | (100,537)       | (166,898)       | (428,568)        | (308,853)        | (246,380)       | (907)          |
|                     | <b>(973,996)</b>   | <b>575,337</b>  | <b>853,834</b>  | <b>619</b>       | <b>242,220</b>   | <b>111</b>      | <b>463,946</b> |

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## c) Effects of derivatives on the cash

|   | Consolidated (Unaudited) |                  |                         |                    | Parent Company (Unaudited) |                    |                    |
|---|--------------------------|------------------|-------------------------|--------------------|----------------------------|--------------------|--------------------|
|   | Three-month period ended |                  | Nine-month period ended |                    | Nine-month period ended    |                    |                    |
|   | September 30,<br>2011    | June 30, 2011    | September 30, 2010      | September 30, 2011 | September 30, 2010         | September 30, 2011 | September 30, 2010 |
| <b><u>Derivatives</u></b>                             |                          |                  |                         |                    |                            |                    |                    |
| <b><u>not</u></b>                                     |                          |                  |                         |                    |                            |                    |                    |
| <b><u>designated as</u></b>                           |                          |                  |                         |                    |                            |                    |                    |
| <b><u>hedge</u></b>                                   |                          |                  |                         |                    |                            |                    |                    |
| <b><u>Foreign</u></b>                                 |                          |                  |                         |                    |                            |                    |                    |
| <b><u>exchange and</u></b>                            |                          |                  |                         |                    |                            |                    |                    |
| <b><u>interest rate</u></b>                           |                          |                  |                         |                    |                            |                    |                    |
| <b><u>risk</u></b>                                    |                          |                  |                         |                    |                            |                    |                    |
| CDI & TJLP<br>vs. floating &<br>fixed swap            | (98,322)                 | (180,855)        | (58,626)                | (360,244)          | (243,936)                  | (228,208)          | (158,801)          |
| Swap USD<br>floating rate<br>vs. fixed rate           | 1,427                    | 1,811            | 2,382                   | 5,111              | 8,513                      |                    |                    |
| EUR floating<br>rate vs. USD<br>floating rate<br>swap | (621)                    |                  |                         | (621)              | (221)                      | (621)              | (221)              |
| AUD Foward<br>Swap fixed<br>rate vs. CDI              |                          |                  | (1,588)                 | (3,866)            | (14,176)                   |                    |                    |
| Swap fixed<br>rate BRL vs.<br>USD fixed rate          |                          |                  | 2,905                   |                    | 35,654                     |                    |                    |
| Swap floating<br>Libro vs. fixed<br>Libor             |                          |                  | (3,281)                 |                    | (3,281)                    |                    |                    |
| EuroBond<br>Swap                                      |                          |                  | 190                     |                    | 664                        |                    |                    |
| Swap<br>Convertibles                                  | 1,697                    |                  | (1,502)                 | 1,697              | (1,502)                    |                    |                    |
| Swap USD<br>fixed rate vs.<br>CDI                     |                          |                  |                         |                    | (67,111)                   |                    | (67,111)           |
| Randes<br>Foward                                      | 49,229                   |                  |                         | 49,229             |                            | 49,229             |                    |
|   | 13,158                   |                  |                         | 13,158             |                            |                    |                    |
|   | <b>(33,432)</b>          | <b>(179,044)</b> | <b>(59,520)</b>         | <b>(295,536)</b>   | <b>(285,396)</b>           | <b>(179,600)</b>   | <b>(226,133)</b>   |
| <b><u>Commodities</u></b>                             |                          |                  |                         |                    |                            |                    |                    |
| <b><u>price risk</u></b>                              |                          |                  |                         |                    |                            |                    |                    |
| Nickel<br>Purchase/ sell<br>fixed price               | (8,607)                  | (30,575)         | (14,436)                | (40,699)           | (12,128)                   |                    |                    |
| Strategic<br>program                                  |                          |                  | 27,990                  |                    | 117,340                    |                    |                    |

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|   |                    |                  |                  |                  |                  |                  |                  |
|---|--------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Scraps/<br>strategic<br>copper                      | (211)              | (158)            | (118)            | 124              | (118)            |                  |                  |
| Maritime<br>Freight                                 |                    |                  | 10,690           | 2,852            | (24,405)         |                  |                  |
| Bunker oil  | (21,523)           | (24,209)         | (7,731)          | (58,288)         | (49,007)         |                  |                  |
| Aluminum  |                    |                  |                  |                  | 27,640           |                  |                  |
| Coal  |                    |                  | 1,067            | 3,436            | 1,641            |                  |                  |
|   | <b>(30,341)</b>    | <b>(54,942)</b>  | <b>17,462</b>    | <b>(92,575)</b>  | <b>60,963</b>    |                  |                  |
| <b>Derivatives<br/>designated as<br/>hedge</b>      |                    |                  |                  |                  |                  |                  |                  |
| Stategic nickel                                     | (24,478)           | 27,327           |                  | 58,202           |                  |                  |                  |
| Cash flow<br>hedge                                  | (32,207)           |                  | (130,031)        | (54,799)         | (184,746)        | (32,207)         | (140,788)        |
| Aluminum  |                    |                  | 5,285            | 11,865           | 51,627           |                  |                  |
|   | <b>(56,685)</b>    | <b>27,327</b>    | <b>(124,746)</b> | <b>15,268</b>    | <b>(133,119)</b> | <b>(32,207)</b>  | <b>(140,788)</b> |
| <b>Total</b>  | <b>(120,458)</b>   | <b>(206,659)</b> | <b>(166,804)</b> | <b>(372,843)</b> | <b>(357,552)</b> | <b>(211,807)</b> | <b>(366,921)</b> |
| <b>Gains (losses)<br/>unrealized<br/>derivative</b> |                    |                  |                  |                  |                  |                  |                  |
|   | <b>(1,094,454)</b> | <b>368,678</b>   | <b>687,030</b>   | <b>(372,224)</b> | <b>(115,332)</b> | <b>(211,696)</b> | <b>97,025</b>    |

d) Effects of derivatives designated as hedge:

- **Cash Flow Hedge**

The effects of cash flow hedge impact the stockholders' equity and are presented on the following tables (unaudited):

|   | Currencies      | Three-month period ended |                 |                 | Non-controlling interest | Consolidated<br>Total |
|---|-----------------|--------------------------|-----------------|-----------------|--------------------------|-----------------------|
|   |                 | Parent Company<br>Nickel | Others          | Total           |                          |                       |
| <b>Fair value measurements</b>                    | <b>(52,542)</b> | <b>367,415</b>           |                 | <b>314,873</b>  |                          | <b>314,873</b>        |
| Reclassification to results<br>due to realization | (32,207)        | (24,479)                 |                 | (56,686)        |                          | (56,686)              |
| <b>Changes on September<br/>30, 2011</b>          | <b>(84,749)</b> | <b>342,936</b>           |                 | <b>258,187</b>  |                          | <b>258,187</b>        |
| <b>Fair value measurements</b>                    | <b>(5,106)</b>  | <b>195,516</b>           | <b>4,837</b>    | <b>195,247</b>  |                          | <b>195,247</b>        |
| Reclassification to results<br>due to realization |                 | 27,328                   |                 | 27,328          |                          | 27,328                |
| <b>Changes on June 31,<br/>2011</b>               | <b>(5,106)</b>  | <b>222,844</b>           | <b>4,837</b>    | <b>222,575</b>  |                          | <b>222,575</b>        |
| <b>Fair value measurements</b>                    | <b>137,308</b>  | <b>(118,801)</b>         | <b>(24,659)</b> | <b>(6,151)</b>  |                          | <b>(6,151)</b>        |
| Reclassification to results<br>due to realization | (22,616)        |                          | (14,320)        | (36,937)        |                          | (36,937)              |
| <b>Changes on September<br/>30, 2010</b>          | <b>114,692</b>  | <b>(118,801)</b>         | <b>(38,979)</b> | <b>(43,088)</b> |                          | <b>(43,088)</b>       |

|  | Currencies | Nine-month period ended  |        |       | Non-controlling interest | Consolidated<br>Total |
|--|------------|--------------------------|--------|-------|--------------------------|-----------------------|
|  |            | Parent Company<br>Nickel | Others | Total |                          |                       |

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|  |                 |                 |                |                |               |                |
|--|-----------------|-----------------|----------------|----------------|---------------|----------------|
| <b>Fair value measurements</b>                 | <b>(33,810)</b> | <b>493,133</b>  | <b>6,086</b>   | <b>465,409</b> | <b>1,200</b>  | <b>466,609</b> |
| Reclassification to results due to realization | (32,207)        | 58,202          |                | 25,995         |               | 25,995         |
| <b>Changes on September 30, 2011</b>           | <b>(66,017)</b> | <b>551,335</b>  | <b>6,086</b>   | <b>491,404</b> | <b>1,200</b>  | <b>492,604</b> |
| <b>Fair value measurements</b>                 | <b>238,815</b>  | <b>(43,336)</b> | <b>(8,835)</b> | <b>186,644</b> | <b>63,033</b> | <b>249,677</b> |
| Reclassification to results due to realization | (43,957)        |                 | 51,624         | 7,667          |               | 7,667          |
| <b>Changes on September 30, 2010</b>           | <b>194,858</b>  | <b>(43,336)</b> | <b>42,789</b>  | <b>194,311</b> | <b>63,033</b> | <b>257,344</b> |

The maturities dates of the consolidated financial instruments are as follows:

|                            |               |
|----------------------------|---------------|
| Interest rates/ Currencies | December 2019 |
| Bunker Oil                 | December 2011 |
| Nickel                     | December 2012 |
| Copper                     | January 2012  |

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**Additional information about derivatives financial instruments**

**Value at Risk computation methodology**

The Value at Risk of the positions was measured using a delta-Normal parametric approach, which considers that the future distribution of the risk factors - and its correlations - tends to present the same statistic properties verified in the historical data. The value at risk of Vale's derivatives current positions was estimated considering one business day time horizon and a 95% confidence level.

**Contracts subjected to margin calls**

Vale has contracts subject to margin calls only for part of nickel trades executed by its wholly-owned subsidiary Vale Canada Ltd. The total cash amount as of September 30, 2011 is not relevant.

**Initial Cost of Contracts**

The financial derivatives negotiated by Vale and its controlled companies described in this document didn't have initial costs (initial cash flow) associated.

The following tables show as of September 30, 2011, the derivatives positions for Vale and controlled companies with the following information: notional amount, fair value, value at risk, gains or losses in the period and the fair value for the remaining years of the operations per each group of instruments:

**Protection program for the Real denominated debt indexed to CDI**

- **CDI vs. USD fixed rate swap** In order to reduce the cash flow volatility, Vale entered into swap transactions to convert the cash flows from debt instruments denominated in Brazilian Reais linked to CDI to U.S. Dollars. In those swaps, Vale pays fixed rates in U.S. Dollars

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and receives payments linked to CDI.

- CDI vs. USD floating rate swap** In order to reduce the cash flow volatility, Vale entered into swap transactions to convert the cash flows from debt instruments denominated in Brazilian Reais linked to CDI to U.S. Dollars. In those swaps, Vale pays floating rates in U.S. Dollars (Libor - London Interbank Offered Rate) and receives payments linked to CDI.

Those instruments were used to convert the cash flows from debentures issued in 2006 with a nominal value of R\$ 5.5 billion, from the NCE (Credit Export Notes) issued in 2008 with nominal value of R\$ 2 billion and also from property and services acquisition financing realized in 2006 and 2007 with nominal value of R\$ 1 billion.

| Flow                              | Notional (\$ million) |                      | Index | Average rate | Fair value            |                      | Realized Gain/Loss<br>September 30,<br>2011 | Value at Risk<br>September 30,<br>2011 | R\$ Million<br>Fair value by year |            |              |              |              |
|-----------------------------------|-----------------------|----------------------|-------|--------------|-----------------------|----------------------|---|--|-----------------------------------|------------|--------------|--------------|--------------|
|                                   | September 30,<br>2011 | December 31,<br>2010 |       |              | September 30,<br>2011 | December 31,<br>2010 |   |  | 2011                              | 2012       | 2013         | 2014         | 2015         |
| <b>CDI vs. fixed rate swap</b>    |                       |                      |       |              |                       |                      |   |  |                                   |            |              |              |              |
| Receivable                        | R\$ 5.542             | R\$ 5.542            | CDI   | 102,96%      | 5.787                 | 5.743                | 393   |  |                                   |            |              |              |              |
| Payable                           |                       |                      | USD   |              |                       |                      |   |  |                                   |            |              |              |              |
|                                   | USD 3.144             | USD 3.144            | +     | 3,87%        | (6.001)               | (5.412)              | (131)                                       |  |                                   |            |              |              |              |
| <b>Net</b>                        |                       |                      |       |              | <b>(214)</b>          | <b>331</b>           | <b>262</b>                                  | <b>70</b>                              | <b>161</b>                        | <b>240</b> | <b>(461)</b> | <b>30</b>    | <b>(184)</b> |
| <b>CDI vs. floating rate swap</b> |                       |                      |       |              |                       |                      |   |  |                                   |            |              |              |              |
| Receivable                        | R\$ 428               | R\$ 428              | CDI   | 103,56%      | 442                   | 453                  | 48  |  |                                   |            |              |              |              |
| Payable                           |                       |                      | Libor |              |                       |                      |   |  |                                   |            |              |              |              |
|                                   | USD 250               | USD 250              | +     | 0,99%        | (480)                 | (437)                | (6)   |  |                                   |            |              |              |              |
| <b>Net</b>                        |                       |                      |       |              | <b>(38)</b>           | <b>16</b>            | <b>42</b>                                   | <b>7</b>                               | <b>36</b>                         | <b>32</b>  | <b>30</b>    | <b>(136)</b> |              |

**Type of contracts:** OTC Contracts

**Protected Item:** Debts linked to BRL

The protected items are the Debts linked to BRL because the objective of this protection is to transform the obligations linked to BRL into obligations linked to USD so as to achieve a currency offset by matching Vale's receivables (mainly linked to USD) with Vale's payables.

### Protection program for the real denominated debt indexed to TJLP

- TJLP vs. USD fixed rate swap** In order to reduce the cash flow volatility, Vale entered into swap transactions to convert the cash flows of the loans with Banco Nacional de Desenvolvimento Econômico e Social (BNDES) from TJLP(1) to U.S. Dollars. In those swaps, Vale pays fixed rates in U.S. Dollars and receives payments linked to TJLP.



(1) Due to TJLP derivatives market liquidity constraints, some swap trades were done through CDI equivalency.

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- **TJLP vs. USD floating rate swap** In order to reduce the cash flow volatility, Vale entered into swap transactions to convert the cash flows of the loans with BNDES from TJLP to U.S. Dollars. In those swaps, Vale pays floating rates in U.S. Dollars and receives payments linked to TJLP.

| Flow                                    | Notional (\$ million) |                      |       | Average rate | Fair value            |                      | Realized Gain/Loss<br>September 30,<br>2011 | Value at Risk<br>September 30,<br>2011 | R\$ Million<br>Fair value by year |            |            |              |             |  |  |  |  |  |
|---|-----------------------|----------------------|-------|--------------|-----------------------|----------------------|---|--|-----------------------------------|------------|------------|--------------|-------------|--|--|--|--|--|
|   | September 30,<br>2011 | December 31,<br>2010 | Index |              | September 30,<br>2011 | December 31,<br>2010 |   |  | 2011                              | 2012       | 2013       | 2014-2016    | 2017-2019   |  |  |  |  |  |
| <b>Swap TJLP vs. fixed rate swap</b>    |                       |                      |       |              |                       |                      |   |  |                                   |            |            |              |             |  |  |  |  |  |
| Receivable                              | TJLP                  |                      |       |              |                       |                      |   |  |                                   |            |            |              |             |  |  |  |  |  |
|   | R\$ 3.148             | R\$ 2.418            | +     | 1,37%        | 2.889                 | 2.072                | 101   |  |                                   |            |            |              |             |  |  |  |  |  |
| Payable                                 | USD                   |                      |       |              |                       |                      |   |  |                                   |            |            |              |             |  |  |  |  |  |
|   | USD 1.610             | USD 1.228            | +     | 2,65%        | (2.887)               | (1.966)              | (60)  |  |                                   |            |            |              |             |  |  |  |  |  |
| <b>Net</b>                              |                       |                      |       |              | <b>2</b>              | <b>106</b>           | <b>41</b>                                   | <b>40</b>                              | <b>25</b>                         | <b>192</b> | <b>143</b> | <b>(276)</b> | <b>(82)</b> |  |  |  |  |  |
| <b>Swap TJLP vs. floating rate swap</b> |                       |                      |       |              |                       |                      |   |  |                                   |            |            |              |             |  |  |  |  |  |
| Receivable                              | TJLP                  |                      |       |              |                       |                      |   |  |                                   |            |            |              |             |  |  |  |  |  |
|   | R\$ 692               | R\$ 739              | +     | 0,96%        | 674                   | 618                  | 11  |  |                                   |            |            |              |             |  |  |  |  |  |
| Payable                                 | Libor                 |                      |       |              |                       |                      |   |  |                                   |            |            |              |             |  |  |  |  |  |
|   | USD 367               | USD 372              | +     | -1,14%       | (568)                 | (571)                | (6)   |  |                                   |            |            |              |             |  |  |  |  |  |
| <b>Net</b>                              |                       |                      |       |              | <b>106</b>            | <b>47</b>            | <b>5</b>                                    | <b>9</b>                               | <b>8</b>                          | <b>150</b> | <b>32</b>  | <b>(12)</b>  | <b>(72)</b> |  |  |  |  |  |

**Type of contracts:** OTC Contracts

**Protected Item:** Debts linked to BRL

The protected items are the Debts linked to BRL because the objective of this protection is to transform the obligations linked to BRL into obligations linked to USD so as to achieve a currency offset by matching Vale's receivables (mainly linked to USD) with Vale's payables.

**Protection program for the Real denominated fixed rate debt**

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- BRL fixed rate vs. USD fixed rate swap:** In order to hedge the cash flow volatility, Vale entered into a swap transaction to convert the cash flows from loans rate with Banco Nacional de Desenvolvimento Econômico e Social (BNDES) in Brazilian Reais linked to fixed rate to U.S. Dollars linked to fixed. In those swaps, Vale pays fixed rates in U.S. Dollars and receives fixed rates in Reais.

| Flow  | Notional (\$ million) |                      |       | Average rate | Fair value            |                      | Realized Gain/Loss<br>September 30,<br>2011 | Value at Risk<br>September 30,<br>2011 | R\$ Million<br>Fair value by year |           |           |          |            |             |  |  |  |  |  |  |  |  |
|---|-----------------------|----------------------|-------|--------------|-----------------------|----------------------|---|--|-----------------------------------|-----------|-----------|----------|------------|-------------|--|--|--|--|--|--|--|--|
|   | September 30,<br>2011 | December 31,<br>2010 | Index |              | September 30,<br>2011 | December 31,<br>2010 |   |  | 2011                              | 2012      | 2013      | 2014     | 2015       | 2016        |  |  |  |  |  |  |  |  |
| <b>BRL fixed rate vs. USD fixed rate swap</b> |                       |                      |       |              |                       |                      |   |  |                                   |           |           |          |            |             |  |  |  |  |  |  |  |  |
| Receivable                                    | R\$ 341               | R\$ 204              | Fixed | 4,59%        | 284                   | 157                  | 7   |  |                                   |           |           |          |            |             |  |  |  |  |  |  |  |  |
| Payable                                       | USD 206               | USD 121              | USD + | -1,78%       | (307)                 | (156)                | 2   |  |                                   |           |           |          |            |             |  |  |  |  |  |  |  |  |
| <b>Net</b>                                    |                       |                      |       |              | <b>(23)</b>           | <b>1</b>             | <b>9</b>                                    | <b>5</b>                               | <b>6</b>                          | <b>22</b> | <b>10</b> | <b>4</b> | <b>(2)</b> | <b>(63)</b> |  |  |  |  |  |  |  |  |

**Type of contracts:** OTC Contracts

**Protected Item:** Debts linked to BRL

The protected items are the Debts linked to BRL because the objective of this protection is to transform the obligations linked to BRL into obligations linked to USD so as to achieve a currency offset by matching Vale's receivables (mainly linked to USD) with Vale's payables.

**Foreign Exchange protection program for cash flow**

- BRL fixed rate vs. USD fixed rate swap:** In order to hedge the cash flow volatility, Vale entered into a swap transaction to convert part of the cash flow linked to BRL to fixed rate to U.S. Dollars. In those swaps, Vale pays fixed rates in U.S. Dollars and receives fixed rates in Reais.

| Flow       | Notional (\$ million) |                      |       | Average rate | Fair value            |                      | Realized Gain/Loss<br>September 30,<br>2011 | Value at Risk<br>September 30,<br>2011 | R\$ million<br>Fair value by year |            |
|------------|-----------------------|----------------------|-------|--------------|-----------------------|----------------------|---|--|-----------------------------------|------------|
|            | September 30,<br>2011 | December 31,<br>2010 | Index |              | September 30,<br>2011 | December 31,<br>2010 |   |  | 2011                              | 2011       |
| Receivable | R\$ 54                |                      | Fixed | 8.82%        | 53                    |                      |   |  |                                   |            |
| Payable    | USD 30                |                      | USD + | 0.00%        | (55)                  |                      |   |  |                                   |            |
| <b>Net</b> |                       |                      |       |              | <b>(2)</b>            |                      |   |  | <b>1</b>                          | <b>(2)</b> |

**Type of contracts:** OTC Contracts

**Hedged Item:** part of Vale's revenues in USD

The P&L shown in the table above is offset by the hedged items P&L due to BRL/USD exchange rate.



Table of Contents**Foreign Exchange cash flow hedge**

- **Brazilian Real fixed rate vs. USD fixed rate swap** In order to reduce the cash flow volatility, Vale entered into swap transactions to mitigate the foreign exchange exposure that arises from the currency mismatch between the revenues denominated in U.S. Dollars and the disbursements and investments denominated in Brazilian Reals.

| Flow       | Notional (\$ million) |         |              |      | Index | Average rate | Fair value            |                      | Realized Gain/Loss<br>September 30,<br>2011 | Value at Risk<br>September 30,<br>2011 | R\$ million           |                       |                    |      |
|------------|-----------------------|---------|--------------|------|-------|--------------|-----------------------|----------------------|---|--|-----------------------|-----------------------|--------------------|------|
|            | September 30,         |         | December 31, |      |       |              | September 30,<br>2011 | December 31,<br>2010 |   |  | September 30,<br>2011 | September 30,<br>2011 | Fair value by year |      |
|            | 2011                  | 2010    | 2011         | 2010 |       |              |                       |                      |   |  |                       |                       | 2011               | 2011 |
| Receivable | R\$ 673               | R\$ 880 | <b>Fixed</b> |      | 8.82% | 832          | 869                   | 221                  |   |  |                       |                       |                    |      |
| Payable    | USD 390               | USD 510 | <b>USD +</b> |      | 0.00% | (830)        | (833)                 | (189)                |   |  |                       |                       |                    |      |
| <b>Net</b> |                       |         |              |      |       | <b>2</b>     | <b>36</b>             | <b>32</b>            |   | <b>10</b>                              |                       | <b>2</b>              |                    |      |

**Type of contracts:** OTC Contracts

**Hedged Item:** part of Vale's revenues in USD

The P&L shown in the table above is offset by the hedged items' P&L due to BRL/USD exchange rate.

**Protection program for Euro denominated debt**

- **Euro floating rate vs. USD floating rate swap** In order to reduce the cash flow volatility, Vale entered into a swap transaction to convert the cash flows from loans in Euros linked to Euribor to U.S. Dollars linked to Libor. This trade was used to convert the cash flow of a debt in Euros, with an outstanding notional amount of 1 million, issued in 2003 by Vale. In this trade, Vale receives floating rates in Euros (Euribor) and pays floating rates in U.S. Dollars (Libor).

| Flow | Notional (\$ million) |  |              | Index | Fair value<br>December 31, | Realized Gain/Loss | Value at Risk | R\$ million           |                       |
|------|-----------------------|--|--------------|-------|----------------------------|--------------------|---------------|-----------------------|-----------------------|
|      | September 30,         |  | December 31, |       |                            |                    |               | September 30,<br>2011 | September 30,<br>2011 |
|      |                       |  |              |       |                            |                    |               |                       |                       |

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|            | September 30, 2011 |   | December 31, 2010 |   | Average rate   | September 30, 2011 | 2010       | September 30, 2011 | September 30, 2011 |
|------------|--------------------|---|-------------------|---|----------------|--------------------|------------|--------------------|--------------------|
| Receivable |                    |   | <b>Euribor</b>    |   |                |                    |            |                    |                    |
|            | 1                  |   | 2                 | + | 0.875%         | 3.0                | 5.3        | 2.8                |                    |
| Payable    | USD                | 1 | USD               | 3 | <b>Libor +</b> | 1.0425%            | (2.5)      | (4.5)              | (2.2)              |
| <b>Net</b> |                    |   |                   |   |                | <b>0.5</b>         | <b>0.8</b> | <b>0.6</b>         | <b>0</b>           |
|            |                    |   |                   |   |                |                    |            |                    | <b>0.5</b>         |

**Type of contracts:** OTC Contracts

**Protected Item:** Vale's Debt linked to EUR.

The P&L shown in the table above is offset by the hedged items' P&L due to EUR/USD exchange rate.

- **EUR fixed rate vs. USD fixed rate swap:** In order to hedge the cash flow volatility, Vale entered into a swap transaction to convert the cash flows from loans in Euros linked to fixed rate to U.S. Dollars linked to fixed rate. Vale receives fixed rates in Euros and pays fixed rates in U.S. Dollars. This trade was used to convert the cash flow of a debt in Euros, with an outstanding notional amount of 750 million, issued in 2010 by Vale.

| Flow       | Notional (\$ million) |                      |            | Average rate | Fair value            |                      | Realized Gain/Loss<br>September 30,<br>2011 | Value at Risk<br>September 30,<br>2011 | R\$ million<br>Fair value by year |            |             |      |
|------------|-----------------------|----------------------|------------|--------------|-----------------------|----------------------|---|--|-----------------------------------|------------|-------------|------|
|            | September 30,<br>2011 | December 31,<br>2010 | Index      |              | September 30,<br>2011 | December 31,<br>2010 |   |  | 2011                              | 2012       | 2013        | 2014 |
| Receivable | 500                   | 500                  | <b>EUR</b> | 4.375%       | 1,384                 | 1,267                | 49  |  |                                   |            |             |      |
| Payable    | USD 675               | USD 675              | <b>USD</b> | 4.712%       | (1,407)               | (1,281)              | (51)  |  |                                   |            |             |      |
| <b>Net</b> |                       |                      |            |              | <b>(23)</b>           | <b>(14)</b>          | <b>(2)</b>                                  | <b>16</b>                              | <b>(6)</b>                        | <b>(6)</b> | <b>(11)</b> |      |

**Type of contracts:** OTC Contracts

**Protected Item:** Vale's Debt linked to EUR

The P&L shown in the table above is offset by the hedged items' P&L due to EUR/USD exchange rate.

**Protection program for USD floating rate debt**

- **USD floating rate vs. USD fixed rate swap** In order to reduce the cash flow volatility, Vale Canada Ltd., Vale's wholly-owned subsidiary, entered into a swap to convert U.S. Dollar floating rate debt into U.S. Dollar fixed rate debt. Vale Canada used this instrument to convert the cash flow of a debt issued in 2004 with notional amount of USD 200 million. In this trade, Vale pays fixed rates in U.S. Dollars and receives floating rates in U.S. Dollars (Libor).



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| Flow       | Notional (\$ million) |                      |         | Average rate | Fair value            |                      | Realized Gain/Loss<br>September 30,<br>2011 | Value at Risk<br>September 30,<br>2011 | R\$ million<br>Fair value by year<br>2011 |
|------------|-----------------------|----------------------|---------|--------------|-----------------------|----------------------|---|--|---|
|            | September 30,<br>2011 | December 31,<br>2010 | Index   |              | September 30,<br>2011 | December 31,<br>2010 |   |  |   |
| Receivable | USD 75                | USD 100              | Libor + | 0.000%       | 139                   | 167                  | 0   |  | 139                                       |
| Payable    |                       |                      | USD     | 4.795%       | (140)                 | (173)                | (5)   |  | (140)                                     |
| <b>Net</b> |                       |                      |         |              | <b>(1)</b>            | <b>(6)</b>           | <b>(5)</b>                                  | <b>0</b>                               | <b>(1)</b>                                |

**Type of contracts:** OTC Contracts

**Protected Item:** Vale Canada's floating rate debt.

The P&L shown in the table above is offset by the protected items' P&L due to Libor.

**Protection program for remuneration exposure**

- **USD fixed rate vs. CDI** in order to monetize part of cash investments in Brazilian Reais with U.S. Dollar rewards in the Brazilian market, Vale entered into a swap transaction to convert profitability in Brazilian Reais cash investments in CDI to a U.S. Dollar fixed rate. In these operations, Vale receives U.S. Dollars fixed rates and pays profitability linked to CDI.

| Flow                               | Notional (\$ million) |                      |       | Average rate | Fair value            |                      | Realized Gain/Loss<br>September 30,<br>2011 | Value at Risk<br>September 30,<br>2011 | R\$ Million<br>value by<br>year<br>2011 |
|------------------------------------|-----------------------|----------------------|-------|--------------|-----------------------|----------------------|---|--|---|
|                                    | September 30,<br>2011 | December 31,<br>2010 | Index |              | September 30,<br>2011 | December 31,<br>2010 |   |  |   |
| <b>Swap USD fixed rate vs. CDI</b> |                       |                      |       |              |                       |                      |   |  |   |
| Receivable                         | USD 1,100             |                      | USD + | 3.13%        | 2,048                 |                      | 1,779                                       |  |   |
| Payable                            | R\$ 1,762             |                      | CDI   | 101.91%      | (1,785)               |                      | (1,828)                                     |  |   |
| <b>Net</b>                         |                       |                      |       |              | <b>263</b>            |                      | <b>(49)</b>                                 | <b>25</b>                              | <b>263</b>                              |

**Type of contracts:** OTC Contracts

**Protected Item:** cash remuneration exposure



The P&L shown in the table is offset by the profitability of Brazilian Reais cash investments equivalent to the swap short position.

**Foreign Exchange protection program for Vale’s bid offer for assets in the African copperbelt**

In order to reduce volatility from the U.S. Dollar offer concerning the payment in South African Rands for Vale’s bid offer for assets in the African copperbelt, Vale used South African Rands forward purchase on April 2011. On July 2011, Vale announced that it has agreed to the request by Metorex Limited (Metorex) to terminate the agreement in relation to the previously announced offer to acquire the total share capital of Metorex. On account of this, the transactions relative to this program were settled on July 2011, with a negative result of R\$13 million.

**Foreign Exchange protection program for Coal Fixed Price Sales**

In order to reduce the cash flow volatility associated with a fixed price coal contract, Vale used Australian Dollar forward purchase in order to equalize production cost and revenues currencies.

| Fluxo          | Notional (\$ million) |                   | Average rate (AUD/USD) | Fair value |                    | Realized Gain/Loss September 30, 2011 | Value at Risk September 30, 2011 | R\$ million Fair value by year 2011 |
|----------------|-----------------------|-------------------|------------------------|------------|--------------------|---------------------------------------|----------------------------------|-------------------------------------|
|                | September 30, 2011    | December 31, 2010 |                        | Buy/ Sell  | September 30, 2011 |                                       |                                  |                                     |
| <b>Forward</b> |                       | AUD 7             | <b>B</b>               |            | 4                  |                                       | 4                                |                                     |

**Type of contracts:** OTC Contracts

**Protected Item:** part of Vale’s costs in Australian Dollar.

The P&L shown in the table above is offset by the protected items’ P&L due to USD/AUD exchange rate.

**Commodity Derivative Positions**

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The Company's cash flow is also exposed to several market risks associated to global commodities price volatilities. To offset these volatilities, Vale contracted the following derivatives transactions:

**Nickel Sales Hedging Program**

In order to reduce the cash flow volatility in 2011 and 2012, hedging transactions were implemented. These transactions fixed the prices of part of the sales in the period.

| Flow           | Notional (ton)        |                      | Buy/ Sell | Average Strike<br>(USD/ton) | Fair value            |                      | Realized Gain/Loss<br>September 30,<br>2011 | Value at Risk<br>September 30,<br>2011 | R\$ million<br>Fair value by year |      |      |
|----------------|-----------------------|----------------------|-----------|-----------------------------|-----------------------|----------------------|---|--|-----------------------------------|------|------|
|                | September 30,<br>2011 | December 31,<br>2010 |           |                             | September 30,<br>2011 | December 31,<br>2010 |   |  | 2011                              | 2011 | 2012 |
| <b>Forward</b> | 34.821                | 18.750               | S         | 25.186                      | 485                   | (87)                 | (7)   | 53                                     | 213                               | 272  |      |

**Type of contracts:** OTC Contracts

**Protected Item:** part of Vale's revenues linked to Nickel price.

The P&L shown in the table above is offset by the protected items' P&L due to Nickel price.

**Nickel Fixed Price Program**

In order to maintain the exposure to Nickel price fluctuations, we entered into derivatives to convert to floating prices all contracts with clients that required a fixed price. These trades aim to guarantee that the prices of these operations would be the same of the average prices negotiated in LME in the date the product is delivered to the client. It normally involves buying Nickel forwards (Over-the-Counter) or futures (exchange negotiated). Those operations are usually reverted before the maturity in order to match the settlement dates of the commercial contracts in which the prices are fixed. Whenever the Nickel Sales Hedging Program is executed, the Nickel Fixed Price Program is interrupted.

R\$ million

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| Flow                      | Notional (ton)        |                      | Buy/ Sell | Average Strike<br>(USD/ton) | Fair value            |                      | Realized Gain/Loss<br>September 30,<br>2011 | Value at Risk<br>September 30,<br>2011 | Fair value by year |       |
|---------------------------|-----------------------|----------------------|-----------|-----------------------------|-----------------------|----------------------|---|--|--------------------|-------|
|                           | September 30,<br>2011 | December 31,<br>2010 |           |                             | September 30,<br>2011 | December 31,<br>2010 |   |  | 2011               | 2011  |
| <b>Nickel<br/>Futures</b> | 252                   | 2,172                | B         | 21,052                      | (1.8)                 | 22                   | 24  | 0                                      | (0.7)              | (1.1) |

**Type of contracts:** LME Contracts

**Protected Item:** part of Vale's revenues linked to fixed price sales of Nickel.

The P&L shown in the table above is offset by the protected items' P&L due to Nickel price.

**Nickel Purchase Protection Program**

In order to reduce the cash flow volatility and eliminate the mismatch between the pricing of the purchased nickel (concentrate, cathode, sinter and others) and the pricing of the final product sold to our clients, hedging transactions were implemented. The items purchased are raw materials utilized to produce refined Nickel. The trades are usually implemented by the sale of nickel forward or future contracts at LME or over-the-counter operations.

| Flow                      | Notional (ton)        |                      | Buy/ Sell | Average Strike<br>(USD/ton) | Fair value            |                      | Realized Gain/Loss<br>September 30,<br>2011 | Value at Risk<br>September 30,<br>2011 | R\$ million<br>Fair value by year |      |
|---------------------------|-----------------------|----------------------|-----------|-----------------------------|-----------------------|----------------------|---|--|-----------------------------------|------|
|                           | September 30,<br>2011 | December 31,<br>2010 |           |                             | September 30,<br>2011 | December 31,<br>2010 |   |  | 2011                              | 2011 |
| <b>Nickel<br/>Futures</b> | 192                   | 108                  | S         | 19,890                      | 2                     | (0.3)                | 33  | 0                                      | 1.6                               | 0.4  |

**Type of contracts:** LME Contracts

**Protected Item:** part of Vale's revenues linked to Nickel price.

The P&L shown in the table above is offset by the protected items' P&L due to Nickel price.

**Bunker Oil Purchase Protection Program**

In order to reduce the impact of bunker oil price fluctuation on Vale's freight hiring and consequently reducing the company's cash flow volatility, bunker oil derivatives were implemented. These transactions are usually executed through forward purchases and swaps.



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| Flow    | Notional (mt)         |                      | Buy/ Sell | Average Strike<br>(USD/mt) | Fair value            |                      | Realized Gain/Loss<br>September 30,<br>2011 | Value at Risk<br>September 30,<br>2011 | R\$ million<br>Fair value by year |      |
|---------|-----------------------|----------------------|-----------|----------------------------|-----------------------|----------------------|---|--|-----------------------------------|------|
|         | September 30,<br>2011 | December 31,<br>2010 |           |                            | September 30,<br>2011 | December 31,<br>2010 |   |  | 2011                              | 2011 |
| Forward | 60,000                | 240,000              | B         | 459                        | 18                    | 19                   | 59  | 2                                      |                                   | 18   |

**Type of contracts:** OTC Contracts

**Protected Item:** part of Vale's costs linked to Bunker Oil price.

The P&L shown in the table above is offset by the protected items' P&L due to Bunker Oil price.

### Copper Scrap Purchase Protection Program

This program was implemented in order to reduce the cash flow volatility due to the quotation period mismatch between the pricing period of copper scrap purchase and the pricing period of final products sale to the clients, as the copper scrap combined with other raw materials or inputs of Vale's wholly-owned subsidiary, Vale Canada Ltd, to produce copper. This program usually is implemented by the sale of forwards or futures at LME or Over-the-Counter operations.

| Flow    | Notional (lbs)        |                      | Buy/ Sell | Average Strike<br>(USD/lbs) | Fair value            |                      | Realized Gain/Loss<br>September 30,<br>2011 | Value at Risk<br>September 30,<br>2011 | R\$ million<br>justo por ano |      |      |
|---------|-----------------------|----------------------|-----------|-----------------------------|-----------------------|----------------------|---|--|------------------------------|------|------|
|         | September 30,<br>2011 | December 31,<br>2010 |           |                             | September 30,<br>2011 | December 31,<br>2010 |   |  | 2011                         | 2011 | 2011 |
| Forward | 744,056               | 386,675              | S         | 4                           | 1.3                   | (0.5)                | (0.1)                                       | 0.2                                    | 1.0                          | 0.3  |      |

**Type of contracts:** OTC Contracts

**Protected Item:** of Vale's revenues linked to Copper price.

The P&L shown in the table above is offset by the protected items' P&L due to Coal price

**Embedded Derivative Positions**

The Company's cash flow is also exposed to several market risks associated to contracts that contain embedded derivatives or derivative-like features. From Vale's perspective, it may include, but is not limited to, commercial contracts, procurement contracts, rental contracts, bonds, insurance policies and loans. The following embedded derivatives were observed in 2011:

**Raw material and intermediate products purchase**

Nickel concentrate and raw materials purchase agreements, in which there are provisions based on nickel and copper future prices behavior. These provisions are considered as embedded derivatives.

| Flow               | Notional (ton)        |                      | Buy/ Sell | Average Strike<br>(USD/ton) | Fair value            |                      | Realized Gain/Loss<br>September 30,<br>2011 | Value at Risk<br>September 30,<br>2011 | R\$ million                |             |
|--------------------|-----------------------|----------------------|-----------|-----------------------------|-----------------------|----------------------|---|--|----------------------------|-------------|
|                    | September 30,<br>2011 | December 31,<br>2010 |           |                             | September 30,<br>2011 | December 31,<br>2010 |   |  | Fair value by year<br>2011 |             |
| Nickel<br>Forwards | 2,235                 | 1,960                | S         | 22,091                      | (7)                   | (2)                  | (5)   |  |                            |             |
| Copper<br>Forwards | 6,609                 | 6,389                |           | 8,992                       | (8)                   | (5)                  | (11)  |  |                            |             |
| <b>Total</b>       |                       |                      |           |                             | <b>(15)</b>           | <b>(7)</b>           | <b>(16)</b>                                 | <b>4</b>                               |                            | <b>(15)</b> |

**Derivative Positions from jointly controlled companies**

Below we present the fair values of the derivatives from jointly controlled companies. These instruments are managed under the risk policies of each company. However the effects of mark-to-market are recognized in financial statements to the extent of participation of each of these companies.

**Protection program**

In order to reduce the cash flow volatility, swap transactions was contracted to convert into Reais the cash flows from debt instruments denominated in US Dollars. In this swap, fixed rates in U.S. Dollars are received and payments linked to Reais (CDI index) are made.

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| Flow                           | Notional (\$ million) |                   |                    |                   | Index | Average rate | Fair Value    |             | R\$ million |
|--------------------------------|-----------------------|-------------------|--------------------|-------------------|-------|--------------|---------------|-------------|-------------|
|                                | September 30, 2011    | December 31, 2010 | September 30, 2011 | December 31, 2010 |       |              | Value at Risk |             |             |
| <b>Swap fixed rate vs. CDI</b> |                       |                   |                    |                   |       |              |               |             |             |
| Receivable                     | R\$                   | 73                | USD                | 89                | USD   | 2.74%        | 136           | 152         |             |
| Payable                        | USD                   | 120               | R\$                | 170               | CDI   | 100.00%      | (128)         | (186)       |             |
| <b>Net</b>                     |                       |                   |                    |                   |       |              | <b>8</b>      | <b>(34)</b> | <b>2</b>    |

**Type of contracts:** OTC Contracts

**Protected Item:** Debts indexed to USD

The P&L shown in the table above is offset by the protected items P&L due to BRL/USD exchange rate.

**a) Market Curves**

To build the curves used on the pricing of the derivatives, public data from BM&F, Central Bank of Brazil, London Metals Exchange (LME) and proprietary data from Thomson Reuters, Bloomberg L.P. and Enerdata were used.

**1. Commodities**

**Nickel**

| Maturity | Price (USD/ton) | Maturity | Price (USD/ton) | Maturity | Price (USD/ton) |
|----------|-----------------|----------|-----------------|----------|-----------------|
| SPOT     | 18,305.00       | APR12    | 17,642.24       | SEP14    | 17,535.51       |
| OCT11    | 17,580.07       | MAY12    | 17,647.14       | SEP15    | 17,351.98       |
| NOV11    | 17,591.19       | JUN12    | 17,650.72       |          |                 |
| DEC11    | 17,606.18       | JUL12    | 17,654.41       |          |                 |
| JAN12    | 17,619.31       | AGU12    | 17,656.92       |          |                 |
| FEB12    | 17,627.46       | SEP12    | 17,664.12       |          |                 |
| MAR12    | 17,635.85       | SEP13    | 17,658.13       |          |                 |

**Copper**

| <b>Maturity</b> | <b>Price (USD/lb)</b> | <b>Maturity</b> | <b>Price (USD/lb)</b> | <b>Maturity</b> | <b>Price (USD/lb)</b> |
|-----------------|-----------------------|-----------------|-----------------------|-----------------|-----------------------|
| SPOT            | 3.15                  | DEC11           | 3.10                  | MAR12           | 3.10                  |
| OCT11           | 3.09                  | JAN12           | 3.10                  | APR12           | 3.11                  |
| NOV11           | 3.09                  | FEB12           | 3.10                  | MAY12           | 3.11                  |

**Bunker Oil**

| <b>Maturity</b> | <b>Price (USD/ton)</b> | <b>Maturity</b> | <b>Price (USD/ton)</b> | <b>Maturity</b> | <b>Price (USD/ton)</b> |
|-----------------|------------------------|-----------------|------------------------|-----------------|------------------------|
| SPOT            | 650.50                 | DEC11           | 607.85                 | MAR12           | 595.03                 |
| OCT11           | 624.00                 | JAN12           | 603.25                 | APR12           | 592.00                 |
| NOV11           | 614.50                 | FEB12           | 598.79                 | MAY12           | 589.00                 |



Table of Contents**2. Rates****USD-Brazil Interest Rate**

| <b>Maturity</b> | <b>Rate (% p.a.)</b> | <b>Maturity</b> | <b>Rate (% p.a.)</b> | <b>Maturity</b> | <b>Rate (% p.a.)</b> |
|-----------------|----------------------|-----------------|----------------------|-----------------|----------------------|
| 11/1/2011       | 2.29                 | 1/2/2014        | 3.74                 | 7/1/2016        | 4.35                 |
| 12/1/2011       | 2.70                 | 4/1/2014        | 3.77                 | 10/3/2016       | 4.42                 |
| 1/2/2012        | 2.92                 | 7/1/2014        | 3.84                 | 1/2/2017        | 4.49                 |
| 4/2/2012        | 3.25                 | 10/1/2014       | 3.82                 | 4/3/2017        | 4.55                 |
| 7/2/2012        | 3.45                 | 1/2/2015        | 3.91                 | 7/3/2017        | 4.60                 |
| 10/1/2012       | 3.60                 | 4/1/2015        | 3.97                 | 10/2/2017       | 4.66                 |
| 1/2/2013        | 3.56                 | 7/1/2015        | 4.05                 | 1/2/2018        | 4.68                 |
| 4/1/2013        | 3.66                 | 10/1/2015       | 4.15                 | 1/2/2019        | 4.87                 |
| 7/1/2013        | 3.69                 | 1/4/2016        | 4.21                 | 1/2/2020        | 5.06                 |
| 10/1/2013       | 3.70                 | 4/1/2016        | 4.27                 |                 |                      |

**USD Interest Rate**

| <b>Maturity</b> | <b>Rate (% p.a.)</b> | <b>Maturity</b> | <b>Rate (% p.a.)</b> | <b>Maturity</b> | <b>Rate (% p.a.)</b> |
|-----------------|----------------------|-----------------|----------------------|-----------------|----------------------|
| USD1M           | 0.24                 | USD6M           | 0.56                 | USD11M          | 0.81                 |
| USD2M           | 0.30                 | USD7M           | 0.61                 | USD12M          | 0.86                 |
| USD3M           | 0.38                 | USD8M           | 0.66                 | USD2Y           | 0.58                 |
| USD4M           | 0.43                 | USD9M           | 0.70                 | USD3Y           | 0.74                 |
| USD5M           | 0.50                 | USD10M          | 0.76                 | USD4Y           | 1.01                 |

**TJLP**

| <b>Maturity</b> | <b>Rate (% p.a.)</b> | <b>Maturity</b> | <b>Rate (% p.a.)</b> | <b>Maturity</b> | <b>Rate (% p.a.)</b> |
|-----------------|----------------------|-----------------|----------------------|-----------------|----------------------|
| 10/3/2011       | 6.00                 | 10/1/2012       | 6.00                 | 4/1/2014        | 6.00                 |
| 11/1/2011       | 6.00                 | 1/2/2013        | 6.00                 | 7/1/2014        | 6.00                 |
| 12/1/2011       | 6.00                 | 4/1/2013        | 6.00                 | 10/1/2014       | 6.00                 |
| 1/2/2012        | 6.00                 | 7/1/2013        | 6.00                 |                 |                      |
| 4/2/2012        | 6.00                 | 10/1/2013       | 6.00                 |                 |                      |
| 7/2/2012        | 6.00                 | 1/2/2014        | 6.00                 |                 |                      |

**BRL Interest Rate**

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| Maturity  | Rate (% p.a.) | Maturity  | Rate (% p.a.) | Maturity  | Rate (% p.a.) |
|-----------|---------------|-----------|---------------|-----------|---------------|
| 10/3/2011 | 11.88         | 4/1/2013  | 10.37         | 4/1/2015  | 11.11         |
| 11/1/2011 | 11.64         | 7/1/2013  | 10.48         | 7/1/2015  | 11.14         |
| 12/1/2011 | 11.43         | 10/1/2013 | 10.63         | 10/1/2015 | 11.15         |
| 1/2/2012  | 11.10         | 1/2/2014  | 10.77         | 1/4/2016  | 11.20         |
| 4/2/2012  | 10.70         | 4/1/2014  | 10.87         | 4/1/2016  | 11.24         |
| 7/2/2012  | 10.47         | 7/1/2014  | 10.94         | 7/1/2016  | 11.24         |
| 10/1/2012 | 10.38         | 10/1/2014 | 10.95         | 10/3/2016 | 11.23         |
| 1/2/2013  | 10.33         | 1/2/2015  | 11.06         | 1/2/2017  | 11.26         |

**EUR Interest Rate**

| Maturity | Rate (% p.a.) | Maturity | Rate (% p.a.) | Maturity | Rate (% p.a.) |
|----------|---------------|----------|---------------|----------|---------------|
| EUR1M    | 1.30          | EUR6M    | 1.71          | EUR11M   | 1.99          |
| EUR2M    | 1.37          | EUR7M    | 1.76          | EUR12M   | 2.04          |
| EUR3M    | 1.50          | EUR8M    | 1.81          | EUR2Y    | 0.74          |
| EUR4M    | 1.56          | EUR9M    | 1.86          | EUR3Y    | 0.80          |
| EUR5M    | 1.63          | EUR10M   | 1.93          | EUR4Y    | 0.89          |

**Currencies - Ending rates**

|         |        |         |        |         |        |
|---------|--------|---------|--------|---------|--------|
| CAD/USD | 0.9624 | USD/BRL | 1.8544 | EUR/USD | 1.3449 |
|---------|--------|---------|--------|---------|--------|

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**Sensitivity Analysis on Derivatives from Parent Company**

We present below the sensitivity analysis for all derivatives outstanding positions as of September 30, 2011 given predefined scenarios for market risk factors behavior. The scenarios were defined as follows:

- Fair Value: the fair value of the instruments as at September 30th , 2011;
- Scenario I: unfavorable change of 25% - Potential losses considering a shock of 25% in the market risk factors used for MtM calculation that negatively impacts the fair value of Vale s derivatives positions;
- Scenario II: favorable change of 25% - Potential profits considering a shock of 25% in the market curves used for MtM calculation that positively impacts the fair value of Vale s derivatives positions;
- Scenario III: unfavorable change of 50% - Potential losses considering a shock of 50% in the market curves used for MtM calculation that negatively impacts the fair value of Vale s derivatives positions;
- Scenario IV: favorable change of 50% - Potential profits considering a shock of 50% in the market curves used for MtM calculation that positively impacts the fair value of Vale s derivatives positions;

**Sensitivity analysis - Foreign Exchange and Interest Rate Derivative Positions**

*Amounts in R\$ million*

| Program  | Instrument                              | Risk                                | Fair Value | Scenario I | Scenario II | Scenario III | Scenario IV |
|--|---|-------------------------------------|------------|------------|-------------|--------------|-------------|
|  |   | USD/BRL fluctuation                 |            | (1,500)    | 1,500       | (3,000)      | 3,000       |
|  |   | USD interest rate inside            |            |            |             |              |             |
|  | CDI vs. USD fixed rate swap             | Brazil variation                    | (214)      | (80)       | 77          | (163)        | 151         |
| Protection program for the Real denominated debt indexed to CDI  |   | Brazilian interest rate fluctuation |            | (2)        | 1           | (3)          | 3           |
|  |   | USD Libor variation                 |            | (4)        | 4           | (8)          | 8           |
|  |   | USD/BRL fluctuation                 |            | (120)      | 120         | (240)        | 240         |
|  | CDI vs. USD floating rate swap          | Brazilian interest rate fluctuation | (38)       | (1)        | 1           | (2)          | 2           |
|  |   | USD Libor variation                 |            | (0.2)      | 0.1         | (0.3)        | 0.2         |
|  | Protected Items - Real denominated debt |                                     | n.a.       |            |             |              |             |
|  |   | USD/BRL fluctuation                 |            |            |             |              |             |
|  | TJLP vs. USD fixed rate swap            | USD/BRL fluctuation                 | 2          | (722)      | 722         | (1,443)      | 1,443       |
|  |   | USD interest rate inside            |            |            |             |              |             |
|  |   | Brazil variation                    |            | (39)       | 37          | (79)         | 72          |
|  |   | Brazilian interest rate fluctuation |            | (152)      | 170         | (288)        | 361         |
| Protection program for the Real denominated debt indexed to TJLP |   |                                     |            | (97)       | 3.0         | (194)        | 6.0         |

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|  |   |  |      |        |       |         |       |
|--|---|--|------|--------|-------|---------|-------|
|  |   | TJLP interest rate fluctuation               |      |        |       |         |       |
|  |   | USD/BRL fluctuation                          |      | (142)  | 142   | (284)   | 284   |
|  |   | USD interest rate inside Brazil variation    |      | (9)    | 9     | (19)    | 17    |
|  | TJLP vs. USD floating rate swap                             | Brazilian interest rate fluctuation          | 106  | (52)   | 61    | (98)    | 132   |
|  |   | TJLP interest rate fluctuation               |      | (35)   | 1.0   | (70)    | 2.0   |
|  |   | USD Libor variation                          |      | (11)   | 11    | (22)    | 22    |
|  | Protected Items - Real denominated debt                     | USD/BRL fluctuation                          | n.a. |        |       |         |       |
|  |   | USD/BRL fluctuation                          |      | (77)   | 77    | (154)   | 154   |
|  | Protection program for the Real denominated fixed rate debt | USD interest rate inside Brazil variation    |      | (3)    | 3     | (6)     | 5     |
|  |   | Brazilian interest rate fluctuation          | (23) | (21)   | 24    | (40)    | 51    |
|  | Protected Items - Real denominated debt                     | USD/BRL fluctuation                          | n.a. |        |       |         |       |
|  |   | USD/BRL fluctuation                          |      | (14)   | 14    | (28)    | 28    |
|  | Foreign Exchange protection program for cash flow           | USD interest rate inside Brazil variation    |      | 0.0    | 0.0   | 0.0     | 0.0   |
|  |   | Brazilian interest rate fluctuation          | (2)  | 0.0    | 0.0   | 0.0     | 0.0   |
|  | Protected Items - Part of Revenues denominated in USD       | USD/BRL fluctuation                          | n.a. | 14     | (14)  | 28      | (28)  |
|  |   | USD/BRL fluctuation                          |      | (208)  | 208   | (415)   | 415   |
|  | Foreign Exchange cash flow hedge                            | USD interest rate inside Brazil variation    |      | (1)    | 1     | (2)     | 2     |
|  |   | Brazilian interest rate fluctuation          | 2    | (3)    | 3     | (6)     | 7     |
|  | Hedged Items - Part of Revenues denominated in USD          | USD/BRL fluctuation                          | n.a. | 208    | (208) | 415     | (415) |
|  |   | USD/BRL fluctuation                          |      | (0.1)  | 0.1   | (0.2)   | 0.2   |
|  | Protection Program for the Euro denominated debt            | EUR floating rate vs. USD floating rate swap | 0.5  | (0.8)  | 0.8   | (1.5)   | 1.5   |
|  |   | EUR Libor variation                          |      | (0.00) | 0.00  | (0.00)  | 0.00  |
|  |   | USD Libor variation                          |      | 0.00   | 0.00  | (0.00)  | 0.00  |
|  |   | USD/BRL fluctuation                          |      | (6)    | 6     | (12)    | 12    |
|  |   | EUR fixed rate vs. USD fixed rate swap       | (23) | (346)  | 346   | (692)   | 692   |
|  |   | EUR Libor variation                          |      | (6)    | 6     | (13)    | 13    |
|  |   | USD Libor variation                          |      | (6)    | 6     | (11)    | 11    |
|  | Protected Items - Euro denominated debt                     | EUR/USD fluctuation                          | n.a. | 347    | (347) | 694     | (694) |
|  | Protection Program for the USD floating rate debt           | USD floating rate vs. USD fixed rate swap    | (1)  | 0.0    | 0.0   | (1.0)   | 1.0   |
|  |   | USD Libor variation                          |      | 0.0    | 0.0   | 0.0     | 0.0   |
|  | Protected Items - Vale Canada's USD Floating rate debt      | USD Libor variation                          | n.a. | 0.0    | 0.0   | 0.0     | 0.0   |
|  |   | USD/BRL fluctuation                          |      | (512)  | 512   | (1,024) | 1,024 |
|  | Protection Program for the remuneration exposure            | USD fixed rate vs. CDI                       |      | (2)    | 2     | (4)     | 4     |
|  |   | Brazilian interest rate fluctuation          | 263  | 0.0    | 0.0   | 0.0     | 0.0   |
|  | Protected Item - Cash Remuneration Exposure                 | USD/BRL fluctuation                          | n.a. |        |       |         |       |

Table of Contents**Sensitivity analysis - Commodity Derivative Positions***Amounts in R\$ million*

| <b>Program</b>                           | <b>Instrument</b>  | <b>Risk</b>                  | <b>Fair Value</b> | <b>Scenario I</b> | <b>Scenario II</b> | <b>Scenario III</b> | <b>Scenario IV</b> |
|--|--|------------------------------|-------------------|-------------------|--------------------|---------------------|--------------------|
| Nickel sales hedging program             | Sale of nickel future/forward contracts                              | Nickel price fluctuation     |                   | (284)             | 284                | (568)               | 568                |
|  |  | Libor USD fluctuation        | 485               | (1)               | 1                  | (3)                 | 3                  |
|  |  | USD/BRL fluctuation          |                   | (121)             | 121                | (243)               | 243                |
|  | Hedged Item: Part of Vale's revenues linked to Nickel price          | Nickel price fluctuation     | n.a.              | 284               | (284)              | 568                 | (568)              |
| Nickel fixed price program               | Purchase of nickel future/forward contracts                          | Nickel price fluctuation     |                   | (2)               | 2                  | (4)                 | 4                  |
|  |  | Libor USD fluctuation        | (1.8)             | (0.0)             | 0.0                | (0.0)               | 0.0                |
|  |  | USD/BRL fluctuation          |                   | 0.0               | 0.0                | (1.0)               | 1.0                |
|  | Protected Item: Part of Vale's nickel revenues from sales with fixed | Nickel price fluctuation     | n.a.              | 2                 | (2)                | 4                   | (4)                |
| Nickel purchase protection program       | Sale of nickel future/forward contracts                              | Nickel price fluctuation     |                   | (2)               | 2                  | (3)                 | 3                  |
|  |  | Libor USD fluctuation        | 2                 | 0.0               | 0.0                | 0.0                 | 0.0                |
|  |  | USD/BRL fluctuation          |                   | (0.4)             | 0.4                | (0.7)               | 0.7                |
|  | Protected Item: Part of Vale's revenues linked to Nickel price       | Nickel price fluctuation     | n.a.              | 2                 | (2)                | 3                   | (3)                |
| Bunker Oil Purchase Protection Program   | Bunker Oil forward   | Bunker Oil price fluctuation |                   | (17)              | 17                 | (35)                | 35                 |
|  |  | Libor USD fluctuation        | 18                | 0.0               | 0.0                | 0.0                 | 0.0                |
|  |  | USD/BRL fluctuation          |                   | (5)               | 5                  | (9)                 | 9                  |
|  | Protected Item: part of Vale's costs linked to Bunker Oil price      | Bunker Oil price fluctuation | n.a.              | 17                | (17)               | 35                  | (35)               |
| Copper Scrap Purchase Protection Program | Sale of copper future/forward contracts                              | Copper price fluctuation     |                   | (1.0)             | 1.0                | (2.0)               | 2.0                |
|  |  | Libor USD fluctuation        | 1.3               | (0.0)             | 0.0                | (0.0)               | 0.0                |
|  |  | BRL/USD fluctuation          |                   | (0.3)             | 0.3                | (0.6)               | 0.6                |
|  | Protected Item: Part of Vale's revenues linked to Copper price       | Copper price fluctuation     | n.a.              | 1                 | (1)                | 2                   | (2)                |

**Sensitivity analysis - Embedded Derivative Positions***Amounts in R\$ million*

| Program   | Instrument                                   | Risk   | Fair Value | Scenario I | Scenario II | Scenario III | Scenario IV |
|---|--|--|------------|------------|-------------|--------------|-------------|
| Embedded derivatives - Raw material purchase (Nickel) | Embedded derivatives - Raw material purchase | Nickel price fluctuation BRL/USD fluctuation | (7)        | (18)       | 18          | (37)         | 37          |
|   |  |  |            | (5)        | 5           | (9)          | 9           |
| Embedded derivatives - Raw material purchase (Copper) | Embedded derivatives - Raw material purchase | Copper price fluctuation BRL/USD fluctuation | (8)        | (0)        | 0           | (0)          | 0           |
|   |  |  |            | (28)       | 28          | (55)         | 55          |

**Sensitivity Analysis on Derivatives from jointly controlled companies***Amounts in R\$ million*

| Program            | Instrument                           | Risk                                      | Fair Value | Scenario I | Scenario II | Scenario III | Scenario IV |
|--------------------|--------------------------------------|---|------------|------------|-------------|--------------|-------------|
| Protection program | CDI vs. USD fixed rate swap          | USD/BRL fluctuation                       |            | (34)       | 34          | (68)         | 68          |
|                    |                                      | USD interest rate inside Brazil variation | 8          | (0.5)      | 0.5         | (1.0)        | 1.0         |
|                    |                                      | Brazilian interest rate fluctuation       |            | 0.0        | 0.0         | 0.0          | 0.0         |
|                    | Protected Item - Debt indexed to USD | USD/BRL fluctuation                       | n.a.       | 34         | (34)        | 68           | (68)        |

**Sensitivity Analysis on Debt and Cash Investments**

The Company's funding and cash investments linked to currencies different from Brazilian Reais are subjected to volatility of foreign exchange currencies, such as EUR/USD and USD/BRL.

*Amounts in R\$ million*

| Program          | Instrument              | Risk                | Scenario I | Scenario II | Scenario III | Scenario IV |
|------------------|-------------------------|---------------------|------------|-------------|--------------|-------------|
| Funding          | Debt denominated in BRL | No fluctuation      |            |             |              |             |
| Funding          | Debt denominated in USD | USD/BRL fluctuation | (6,890)    | 6,890       | (13,779)     | 13,779      |
| Funding          | Debt denominated in EUR | EUR/USD fluctuation | (0.7)      | 0.7         | (1.5)        | 1.5         |
| Cash Investments | Cash denominated in BRL | No fluctuation      |            |             |              |             |
| Cash Investments | Cash denominated in USD | USD/BRL fluctuation | (784)      | 784         | (1,568)      | 1,568       |

**Financial counterparties ratings**

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Derivatives transactions are executed with financial institutions that we consider to have a very good credit quality. The exposure limits to financial institutions are proposed annually for the Executive Risk Committee and approved by the Executive Board. The financial institutions credit risk tracking is performed making use of a credit risk valuation methodology which considers, among other information, published ratings provided by international rating agencies. In the table below, we present the ratings in foreign currency published by Moody's and S&P agencies for the financial institutions that we had outstanding trades as of September 30, 2011.

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| <b>Vale's Counterparty</b>            | <b>Moody's*</b> | <b>S&amp;P*</b> |
|---------------------------------------|-----------------|-----------------|
| Banco Santander                       | Aa3             | AA              |
| Itau Unibanco*                        | A2              | BBB             |
| HSBC                                  | A1              | AA-             |
| JP Morgan Chase & Co                  | A1              | A+              |
| Banco Bradesco*                       | A1              | BBB             |
| Banco do Brasil*                      | A2              | BBB-            |
| Banco Votorantim*                     | A3              | BB+             |
| Credit Agricole                       | Aa3             | A+              |
| Standard Bank                         | A3              | A               |
| Deutsche Bank                         | A3              | A+              |
| BNP Paribas                           | Aa3             | AA              |
| Citigroup                             | Baa1            | A               |
| Banco Safra*                          | Baa1            | BBB-            |
| ANZ Australia and New Zealand Banking | Aa3             | AA              |
| Banco Amazônia SA                     |                 |                 |
| Societe Generale                      | A1              | A+              |
| Bank of Nova Scotia                   | Aa2             | AA-             |
| Natixis                               | A1              | A+              |
| Royal Bank of Canada                  | Aa2             | AA-             |
| China Construction Bank               | A1              | A-              |
| Goldman Sachs                         | A2              | A               |
| Bank of China                         | A1              | A-              |
| Barclays                              | Baa1            | A+              |
| BBVA Banco Bilbao Vizcaya Argentaria  | Aa3             | AA              |

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\* For Brazilian Banks we used local long term deposit rating

\*\* Parent company's rating



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**24 Information by Business Segment and Consolidated Revenues by Geographic Area**

The Company discloses information by consolidated operating business segment and revenues by consolidated geographic area in accordance with the principles and concepts as the main manager of operations by which financial information should be presented in the internal bases used by decision makers to performance evaluation of the segments and to decide how to allocate resources to segments.

The Executive Board, based on the available information makes analysis for strategic decision making, reviewing and directing the application of resources, considering the performance of the productive sectors, of the business and performing analysis of results by geographic segments from the perspective of marketing, market concentration, logistics operation and product placement.

Our data was analyzed by product and segment as follows:

**Bulk Material** - includes the extraction of iron ore and pellet production and transport systems of North and Southeast, including railroads, ports and terminals, and related mining operations. The manganese ore and ferroalloys are also included in this segment.

**Basic metals** comprises the production of non-ferrous minerals, including nickel (co-products and byproducts), copper and aluminum through investments in joint ventures and affiliated companies.

**Fertilizers** comprises three major groups of nutrients: potash, phosphate and nitrogen. This business is being formed through a combination of acquisitions and organic growth. This is a new business reported in 2010.

**Logistic services** includes our system of cargo transportation for third parties divided into rail transport, port and shipping services.

**Others** - comprises our investments in joint ventures and associate in other businesses.

Information presented to senior management with the performance of each segment is generally derived from accounting records maintained in accordance with accounting principles generally accepted in Brazil, with some minor reallocations between segments.



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## a) Results by segment - after eliminations

|  | <b>Consolidated (unaudited)</b> |                     |                    |                 |                  |                     |
|--|---------------------------------|---------------------|--------------------|-----------------|------------------|---------------------|
|  | <b>Three-month period ended</b> |                     |                    |                 |                  |                     |
|  | <b>September 30, 2011</b>       |                     |                    |                 |                  |                     |
|  | <b>Bulk Materials</b>           | <b>Basic Metals</b> | <b>Fertilizers</b> | <b>Logistic</b> | <b>Others</b>    | <b>Consolidated</b> |
| <b>RESULTS</b>   |                                 |                     |                    |                 |                  |                     |
| Net revenue  | 21,274,946                      | 3,733,770           | 1,597,555          | 872,482         | 530,440          | 28,009,193          |
| Cost and expenses  | (6,047,976)                     | (2,866,581)         | (1,266,159)        | (708,533)       | (1,009,542)      | (11,898,791)        |
| Depreciation, depletion and amortization                           | (688,127)                       | (617,333)           | (210,838)          | (131,783)       | (18,099)         | (1,666,180)         |
|  | <b>14,538,843</b>               | <b>249,856</b>      | <b>120,558</b>     | <b>32,166</b>   | <b>(497,201)</b> | <b>14,444,222</b>   |
| <b>Financial results</b>   | (5,543,700)                     | (328,269)           | (221,276)          | 46,983          | (82,861)         | (6,129,123)         |
| Equity results from associates                                     | 37,591                          | 69                  |                    | (634)           | (8,612)          | 28,414              |
| Income tax and social contribution                                 | (269,910)                       | (170,174)           | (17,276)           | (35,191)        | (918)            | (493,469)           |
| <b>Income from continuing operations</b>                           | <b>8,762,824</b>                | <b>(248,518)</b>    | <b>(117,994)</b>   | <b>43,324</b>   | <b>(589,592)</b> | <b>7,850,044</b>    |
| <b>Net income of the period</b>                                    | <b>8,762,824</b>                | <b>(248,518)</b>    | <b>(117,994)</b>   | <b>43,324</b>   | <b>(589,592)</b> | <b>7,850,044</b>    |
| <b>Net income (loss) attributable to non-controlling interests</b> | (3,446)                         | 15,329              | 33,107             |                 | (87,882)         | (42,892)            |
| <b>Income attributable to the company's stockholders</b>           | <b>8,766,270</b>                | <b>(263,847)</b>    | <b>(151,101)</b>   | <b>43,324</b>   | <b>(501,710)</b> | <b>7,892,936</b>    |
| <b>Sales classified by geographic area:</b>                        |                                 |                     |                    |                 |                  |                     |
| America, except United States                                      | 722,770                         | 467,034             | 39,968             |                 | 17,918           | 1,247,690           |
| United States of America   | 76,466                          | 664,887             |                    |                 | 304,941          | 1,046,294           |
| Europa   | 4,371,538                       | 902,193             | 76,604             |                 | 23,395           | 5,373,730           |
| Middle East/Africa/Oceania   | 939,698                         | 55,991              | 464                |                 |                  | 996,153             |
| Japan  | 2,817,082                       | 451,899             |                    |                 | 3,592            | 3,272,573           |
| China  | 9,383,270                       | 442,699             |                    |                 | 70,020           | 9,895,989           |
| Asia, except Japan and China                                       | 1,286,931                       | 715,349             |                    |                 |                  | 2,002,280           |
| Brazil   | 1,677,191                       | 33,718              | 1,480,519          | 872,482         | 110,574          | 4,174,484           |
| <b>Net revenue</b>   | <b>21,274,946</b>               | <b>3,733,770</b>    | <b>1,597,555</b>   | <b>872,482</b>  | <b>530,440</b>   | <b>28,009,193</b>   |
| <b>Assets in June 30, 2011</b>                                     |                                 |                     |                    |                 |                  |                     |
| Fixed assets and intangibles                                       | 69,178,311                      | 63,581,408          | 18,189,346         | 10,201,559      | 5,702,754        | 166,853,378         |
| Investments  | 666,077                         | 6,929,316           | 38,422             | 219,946         | 2,956,524        | 10,810,285          |

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|  | Consolidated (unaudited)<br>Three-month period ended |                  |                  |                 |                  | Consolidated      |
|--|--|------------------|------------------|-----------------|------------------|-------------------|
|  | Bulk Materials                                       | Basic Metals     | Fertilizers      | Logistic        | Others           |                   |
| <b>RESULTS</b>   |  |                  |                  |                 |                  |                   |
| Net revenue  | 18,926,139   | 3,555,150        | 1,297,090        | 824,244         | 460,628          | 25,063,251        |
| Cost and expenses  | (5,146,937)  | (2,592,322)      | (986,060)        | (695,057)       | (924,759)        | (10,345,135)      |
| Depreciation, depletion and amortization                           | (657,078)  | (559,021)        | (205,933)        | (121,514)       | (9,582)          | (1,553,128)       |
|  | <b>13,122,124</b>                                    | <b>403,807</b>   | <b>105,097</b>   | <b>7,673</b>    | <b>(473,713)</b> | <b>13,164,988</b> |
| <b>Financial results</b>   | 1,262,616  | (334,198)        | 45,080           | (41,544)        | (7,043)          | 924,911           |
| Equity results from associates                                     | 24,147   | (667)            |                  | (3,328)         | 61,024           | 81,176            |
| Income tax and social contribution                                 | (3,502,440)  | (352,102)        | (88,392)         | (30,140)        | (17,950)         | (3,991,024)       |
| <b>Income from continuing operations</b>                           | <b>10,906,447</b>                                    | <b>(283,160)</b> | <b>61,785</b>    | <b>(67,339)</b> | <b>(437,682)</b> | <b>10,180,051</b> |
| <b>Net income of the period</b>                                    | <b>10,906,447</b>                                    | <b>(283,160)</b> | <b>61,785</b>    | <b>(67,339)</b> | <b>(437,682)</b> | <b>10,180,051</b> |
| <b>Net income (loss) attributable to non-controlling interests</b> | (3,281)  | (53,228)         | (10,984)         |                 | (27,815)         | (95,308)          |
| <b>Income attributable to the company's stockholders</b>           | <b>10,909,728</b>                                    | <b>(229,932)</b> | <b>72,769</b>    | <b>(67,339)</b> | <b>(409,867)</b> | <b>10,275,359</b> |
| <b>Sales classified by geographic area:</b>                        |  |                  |                  |                 |                  |                   |
| America, except United States                                      | 615,697  | 411,701          | 7,672            |                 |                  | 1,035,070         |
| United States of America   | 13,749   | 637,955          | 921              |                 | 333,101          | 985,726           |
| Europa   | 4,007,814  | 954,896          | 61,469           |                 | 25,646           | 5,049,825         |
| Middle East/Africa/Oceania   | 801,778  | 88,410           |                  |                 |                  | 890,188           |
| Japan  | 2,444,268  | 476,566          |                  |                 | 3,255            | 2,924,089         |
| China  | 7,492,647  | 519,654          |                  |                 |                  | 8,012,301         |
| Asia, except Japan and China                                       | 1,632,590  | 463,561          | 12,501           |                 | 1,623            | 2,110,275         |
| Brazil   | 1,917,596  | 2,407            | 1,214,527        | 824,244         | 97,003           | 4,055,777         |
| <b>Net revenue</b>   | <b>18,926,139</b>                                    | <b>3,555,150</b> | <b>1,297,090</b> | <b>824,244</b>  | <b>460,628</b>   | <b>25,063,251</b> |
| <b>Assets in March 30, 2011</b>                                    |  |                  |                  |                 |                  |                   |
| Fixed assets and intangibles                                       | 63,755,662   | 57,022,875       | 17,802,313       | 9,018,623       | 5,531,327        | 153,130,800       |
| Investments  | 533,795  | 5,785,420        | 36,499           | 220,580         | 3,196,394        | 9,772,688         |

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|  | <b>Consolidated (unaudited)</b> |                     |                    |                 |                    |                     |
|--|---------------------------------|---------------------|--------------------|-----------------|--------------------|---------------------|
|  | <b>Three-month period ended</b> |                     |                    |                 |                    |                     |
|  | <b>September 30, 2010</b>       |                     |                    |                 |                    |                     |
|  | <b>Bulk Materials</b>           | <b>Basic Metals</b> | <b>Fertilizers</b> | <b>Logistic</b> | <b>Others</b>      | <b>Consolidated</b> |
| <b>RESULTS</b>   |                                 |                     |                    |                 |                    |                     |
| Net revenue  | 19,892,274                      | 3,354,399           | 1,306,020          | 754,762         | 370,869            | 25,678,324          |
| Cost and expenses  | (5,119,710)                     | (2,612,767)         | (1,248,397)        | (450,968)       | (400,595)          | (9,832,437)         |
| Depreciation, depletion and amortization                           | (648,443)                       | (416,209)           | (83,239)           | (68,562)        | (14,300)           | (1,230,753)         |
|  | <b>14,124,121</b>               | <b>325,423</b>      | <b>(25,616)</b>    | <b>235,232</b>  | <b>(44,026)</b>    | <b>14,615,134</b>   |
| <b>Financial results</b>   | <b>1,596,420</b>                | <b>(318,435)</b>    | <b>29,968</b>      | <b>(5,734)</b>  | <b>(1,237,494)</b> | <b>64,725</b>       |
| Equity results from associates                                     | 18,642                          | 19,412              |                    |                 | (94,237)           | (56,183)            |
| Income tax and social contribution                                 | (4,035,274)                     | (44,747)            | (11,637)           | (23,609)        | 145,014            | (3,970,253)         |
| <b>Income from continuing operations</b>                           | <b>11,703,909</b>               | <b>(18,347)</b>     | <b>(7,285)</b>     | <b>205,889</b>  | <b>(1,230,743)</b> | <b>10,653,423</b>   |
| Results on discontinued operations                                 |                                 | 14,610              |                    |                 |                    | 14,610              |
| <b>Net income of the period</b>                                    | <b>11,703,909</b>               | <b>(3,737)</b>      | <b>(7,285)</b>     | <b>205,889</b>  | <b>(1,230,743)</b> | <b>10,668,033</b>   |
| <b>Net income (loss) attributable to non-controlling interests</b> | 32,459                          | 83,752              |                    |                 | (1,866)            | 114,345             |
| <b>Income attributable to the company's stockholders</b>           | <b>11,671,450</b>               | <b>(87,489)</b>     | <b>(7,285)</b>     | <b>205,889</b>  | <b>(1,228,877)</b> | <b>10,553,688</b>   |
| <b>Sales classified by geographic area:</b>                        |                                 |                     |                    |                 |                    |                     |
| America, except United States                                      | 493,261                         | 529,498             | 18,722             |                 | 4,892              | 1,046,373           |
| United States of America   | 73,132                          | 284,919             |                    |                 | 274,635            | 632,686             |
| Europa   | 3,715,879                       | 794,549             |                    |                 | 6,783              | 4,517,211           |
| Middle East/Africa/Oceania   | 1,043,601                       | 67,804              |                    |                 | 294                | 1,111,699           |
| Japan  | 2,341,612                       | 628,933             |                    |                 | 4,817              | 2,975,362           |
| China  | 8,799,262                       | 337,399             |                    |                 |                    | 9,136,661           |
| Asia, except Japan and China                                       | 1,814,943                       | 575,320             |                    |                 | 38                 | 2,390,301           |
| Brazil   | 1,610,584                       | 135,977             | 1,287,298          | 754,762         | 79,410             | 3,868,031           |
| <b>Net revenue</b>   | <b>19,892,274</b>               | <b>3,354,399</b>    | <b>1,306,020</b>   | <b>754,762</b>  | <b>370,869</b>     | <b>25,678,324</b>   |
| <b>Assets in June 30, 2010</b>                                     |                                 |                     |                    |                 |                    |                     |
| Fixed assets and intangibles                                       | 56,360,632                      | 56,088,732          | 15,792,346         | 5,864,866       | 8,168,188          | 142,274,764         |
| Investments  | 718,610                         | 42,126              |                    | 217,732         | 3,721,421          | 4,699,889           |

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|  | <b>Consolidated (unaudited)</b> |                     |                    |                  |                    |                     |
|--|---------------------------------|---------------------|--------------------|------------------|--------------------|---------------------|
|  | <b>Nine-month period ended</b>  |                     |                    |                  |                    |                     |
|  | <b>September 30, 2011</b>       |                     |                    |                  |                    |                     |
|  | <b>Bulk Materials</b>           | <b>Basic Metals</b> | <b>Fertilizers</b> | <b>Logistic</b>  | <b>Others</b>      | <b>Consolidated</b> |
| <b>RESULTS</b>   |                                 |                     |                    |                  |                    |                     |
| Net revenue  | <b>56,267,944</b>               | <b>11,857,677</b>   | <b>4,110,164</b>   | <b>2,311,212</b> | <b>1,510,730</b>   | <b>76,057,727</b>   |
| Cost and expenses  | (16,059,681)                    | (8,108,817)         | (3,259,481)        | (1,910,916)      | (2,865,187)        | (32,204,082)        |
| Realized gain on assets available for sale                         |                                 | 2,492,175           |                    |                  |                    | 2,492,175           |
| Depreciation, depletion and amortization                           | (2,037,761)                     | (1,774,875)         | (620,520)          | (342,004)        | (43,186)           | (4,818,346)         |
|  | <b>38,170,502</b>               | <b>4,466,160</b>    | <b>230,163</b>     | <b>58,292</b>    | <b>(1,397,643)</b> | <b>41,527,474</b>   |
| <b>Financial results</b>   | (4,162,809)                     | (1,044,419)         | (70,450)           | (40,859)         | (153,558)          | (5,472,095)         |
| Equity results from associates                                     | 91,758                          | 2,430               |                    | (3,962)          | 37,038             | 127,264             |
| Income tax and social contribution                                 | (5,504,357)                     | (1,231,435)         | (96,142)           | (95,955)         | (23,772)           | (6,951,661)         |
| <b>Income from continuing operations</b>                           | <b>28,595,094</b>               | <b>2,192,736</b>    | <b>63,571</b>      | <b>(82,484)</b>  | <b>(1,537,935)</b> | <b>29,230,982</b>   |
| <b>Net income of the period</b>                                    | <b>28,595,094</b>               | <b>2,192,736</b>    | <b>63,571</b>      | <b>(82,484)</b>  | <b>(1,537,935)</b> | <b>29,230,982</b>   |
| <b>Net income (loss) attributable to non-controlling interests</b> | (10,122)                        | (63,778)            | 1,688              |                  | (156,084)          | (228,296)           |
| <b>Income attributable to the company's stockholders</b>           | <b>28,605,216</b>               | <b>2,256,514</b>    | <b>61,883</b>      | <b>(82,484)</b>  | <b>(1,381,851)</b> | <b>29,459,278</b>   |
| <b>Sales classified by geographic area:</b>                        |                                 |                     |                    |                  |                    |                     |
| America, except United States                                      | 1,871,324                       | 1,655,951           | 71,137             |                  | 15,755             | <b>3,614,167</b>    |
| United States of America   | 96,665                          | 2,088,781           | 921                |                  | 927,802            | <b>3,114,169</b>    |
| Europa   | 11,870,472                      | 2,822,817           | 175,831            |                  | 69,088             | <b>14,938,208</b>   |
| Middle East/Africa/Oceania   | 2,584,063                       | 173,358             | 464                |                  | 904                | <b>2,758,789</b>    |
| Japan  | 7,165,341                       | 1,554,414           |                    |                  | 10,120             | <b>8,729,875</b>    |
| China  | 23,220,764                      | 1,514,493           |                    |                  | 133,899            | <b>24,869,156</b>   |
| Asia, except Japan and China                                       | 4,319,463                       | 1,853,941           | 25,225             |                  | 1,126              | <b>6,199,755</b>    |
| Brazil   | 5,139,852                       | 193,922             | 3,836,586          | 2,311,212        | 352,036            | <b>11,833,608</b>   |
| <b>Net revenue</b>   | <b>56,267,944</b>               | <b>11,857,677</b>   | <b>4,110,164</b>   | <b>2,311,212</b> | <b>1,510,730</b>   | <b>76,057,727</b>   |
| <b>Assets in June 30, 2011</b>                                     |                                 |                     |                    |                  |                    |                     |
| Fixed assets and intangibles                                       | 69,178,311                      | 63,581,408          | 18,189,346         | 10,201,559       | 5,702,754          | <b>166,853,378</b>  |
| Investments  | 666,077                         | 6,929,316           | 38,422             | 219,946          | 2,956,524          | <b>10,810,285</b>   |

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|  | <b>Consolidated (unaudited)<br/>Nine-month period ended<br/>September 30, 2010</b> |                     |                    |                  |                    |                     |
|--|--|---------------------|--------------------|------------------|--------------------|---------------------|
|  | <b>Bulk Materials</b>  | <b>Basic Metals</b> | <b>Fertilizers</b> | <b>Logistic</b>  | <b>Others</b>      | <b>Consolidated</b> |
| <b>RESULTS</b>   |  |                     |                    |                  |                    |                     |
| Net revenue  | 42,497,699   | 9,239,128           | 1,765,059          | 2,149,957        | 1,079,918          | 56,731,761          |
| Cost and expenses  | (13,637,485)   | (7,207,633)         | (1,668,009)        | (1,438,822)      | (1,185,337)        | (25,137,286)        |
| Realized gain on assets available for sale                         |  |                     |                    |                  |                    |                     |
| Depreciation, depletion and amortization                           | (1,930,869)  | (1,630,170)         | (126,305)          | (232,187)        | (27,388)           | (3,946,919)         |
|  | <b>26,929,345</b>  | <b>401,325</b>      | <b>(29,255)</b>    | <b>478,948</b>   | <b>(132,807)</b>   | <b>27,647,556</b>   |
| <b>Financial results</b>   | 114,299  | (1,154,169)         | 32,193             | (36,440)         | (1,243,655)        | (2,287,772)         |
| Equity results from associates                                     | 5,456  | 20,112              |                    | (331)            | (37,252)           | (12,015)            |
| Income tax and social contribution                                 | (5,103,958)  | 219,358             | (2,832)            | (55,099)         | 27,383             | (4,915,148)         |
| <b>Income from continuing operations</b>                           | <b>21,945,142</b>  | <b>(513,374)</b>    | <b>106</b>         | <b>387,078</b>   | <b>(1,386,331)</b> | <b>20,432,621</b>   |
| Results on discontinued operations                                 |  | (221,708)           |                    |                  |                    | (221,708)           |
| <b>Net income of the period</b>                                    | <b>21,945,142</b>  | <b>(735,082)</b>    | <b>106</b>         | <b>387,078</b>   | <b>(1,386,331)</b> | <b>20,210,913</b>   |
| <b>Net income (loss) attributable to non-controlling interests</b> | 34,883   | 110,076             |                    |                  | (1,861)            | 143,098             |
| <b>Income attributable to the company's stockholders</b>           | <b>21,910,259</b>  | <b>(845,158)</b>    | <b>106</b>         | <b>387,078</b>   | <b>(1,384,470)</b> | <b>20,067,815</b>   |
| <b>Sales classified by geographic area:</b>                        |  |                     |                    |                  |                    |                     |
| America, except United States                                      | 1,246,426  | 1,271,538           | 18,722             |                  |                    | 2,536,686           |
| United States of America   | 84,954   | 797,430             |                    |                  | 777,782            | 1,660,166           |
| Europa   | 9,134,447  | 2,283,599           |                    | 18,844           | 54,608             | 11,491,498          |
| Middle East/Africa/Oceania   | 2,381,320  | 231,257             |                    |                  | 470                | 2,613,047           |
| Japan  | 4,740,497  | 1,689,279           |                    |                  | 14,721             | 6,444,497           |
| China  | 17,294,315   | 966,331             |                    |                  | 3,709              | 18,264,355          |
| Asia, except Japan and China                                       | 3,544,353  | 1,708,538           |                    | 10,757           | 2,602              | 5,266,250           |
| Brazil   | 4,071,387  | 291,156             | 1,746,337          | 2,120,356        | 226,026            | 8,455,262           |
| <b>Net revenue</b>   | <b>42,497,699</b>  | <b>9,239,128</b>    | <b>1,765,059</b>   | <b>2,149,957</b> | <b>1,079,918</b>   | <b>56,731,761</b>   |
| <b>Assets in June 30, 2010</b>                                     |  |                     |                    |                  |                    |                     |
| Fixed assets and intangibles                                       | 56,360,632   | 56,088,732          | 15,792,346         | 5,864,866        | 8,168,188          | 142,274,764         |
| Investments  | 718,610  | 42,126              |                    | 217,732          | 3,721,421          | 4,699,889           |

## 25 Cost of Goods Sold and Services Rendered, and Sales and Administrative Expenses by Nature, Other Operational Expenses (incomes), net and Financial Results

The costs of goods sold and services rendered are as follows (unaudited):

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| Cost of<br>goods sold<br>and services<br>rendered | Consolidated             |                  |                         |                    | Parent Company          |                    |                    |
|---|--------------------------|------------------|-------------------------|--------------------|-------------------------|--------------------|--------------------|
|   | Three-month period ended |                  | Nine-month period ended |                    | Nine-month period ended |                    |                    |
|   | September 30, 2011       | June 30, 2011    | September 30, 2010      | September 30, 2011 | September 30, 2010      | September 30, 2011 | September 30, 2010 |
| Personnel   | 1,411,248                | 1,259,432        | 970,597                 | 3,881,601          | 2,663,995               | 1,736,317          | 1,409,013          |
| Material  | 2,013,447                | 1,832,590        | 1,591,719               | 5,714,121          | 4,405,900               | 2,439,961          | 2,284,157          |
| Fuel oil and<br>gas                               | 988,982                  | 866,930          | 1,031,685               | 2,837,277          | 2,717,325               | 1,466,008          | 1,203,320          |
| Outsourcing<br>services                           | 1,888,073                | 1,660,116        | 1,217,887               | 5,026,238          | 3,230,734               | 3,179,888          | 2,647,337          |
| Energy  | 402,603                  | 369,290          | 588,698                 | 1,273,881          | 1,562,603               | 591,718            | 812,231            |
| Aquisition<br>of products                         | 862,832                  | 695,207          | 464,961                 | 2,115,421          | 1,319,220               | 1,655,293          | 924,214            |
| Depreciation<br>and<br>depletion                  | 1,499,894                | 1,406,860        | 1,079,988               | 4,347,994          | 3,380,052               | 1,231,552          | 1,264,140          |
| Others  | 1,376,150                | 1,306,415        | 2,058,380               | 4,157,307          | 4,091,660               | 2,768,411          | 2,239,637          |
| <b>Total</b>                                      | <b>10,443,229</b>        | <b>9,396,840</b> | <b>9,003,915</b>        | <b>29,353,840</b>  | <b>23,371,489</b>       | <b>15,069,148</b>  | <b>12,784,049</b>  |



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The expenses are demonstrated in the tables as follows (unaudited):

|  | Consolidated             |                  |                    | Parent Company          |                    |                    |                    |
|--|--------------------------|------------------|--------------------|-------------------------|--------------------|--------------------|--------------------|
|  | Three-month period ended |                  | September 30, 2010 | Nine-month period ended |                    |                    |                    |
|  | September 30, 2011       | June 30, 2011    |                    | September 30, 2011      | September 30, 2010 |                    |                    |
| Selling and Administrative expenses              |                          |                  |                    |                         |                    |                    |                    |
| Personnel  | (311,390)                | (276,654)        | (212,125)          | (837,974)               | (578,245)          | (521,674)          | (354,714)          |
| Services (consulting, infrastructure and others) | (219,071)                | (140,899)        | (168,412)          | (492,524)               | (393,363)          | (303,650)          | (241,425)          |
| Advertising and publicity                        | (39,986)                 | (33,238)         | (65,349)           | (103,795)               | (130,218)          | (86,844)           | (120,584)          |
| Depreciation                                     | (85,344)                 | (84,454)         | (98,749)           | (265,714)               | (299,763)          | (188,920)          | (233,164)          |
| Travel expenses                                  | (24,289)                 | (16,141)         | (11,652)           | (56,113)                | (28,016)           | (30,033)           | (12,537)           |
| Taxes and rents                                  | (22,592)                 | (23,626)         | (32,120)           | (58,456)                | (75,323)           | (16,411)           | (25,146)           |
| Rouanet law                                      | (20,495)                 | (4,018)          |                    | (25,356)                |                    | (29,374)           |                    |
| Others   | (134,263)                | (77,911)         | (57,589)           | (322,473)               | (160,189)          | (147,147)          | (67,077)           |
| Sales  | (281,898)                | (87,227)         | (134,221)          | (477,145)               | (344,440)          | (4,596)            | (11,999)           |
| <b>Total</b>                                     | <b>(1,139,328)</b>       | <b>(744,168)</b> | <b>(780,217)</b>   | <b>(2,639,550)</b>      | <b>(2,009,557)</b> | <b>(1,328,649)</b> | <b>(1,066,646)</b> |

|  | Consolidated (unaudited) |                    |                    | Parent Company (unaudited) |                    |                    |                    |
|--|--------------------------|--------------------|--------------------|----------------------------|--------------------|--------------------|--------------------|
|  | Three-month period ended |                    | September 30, 2010 | Nine-month period ended    |                    |                    |                    |
|  | September 30, 2011       | June 30, 2011      |                    | September 30, 2011         | September 30, 2010 |                    |                    |
| <b>Others operational expenses (incomes), net</b>  |                          |                    |                    |                            |                    |                    |                    |
| Provision for loss with taxes credits (ICMS)       | (26,300)                 | (10,437)           | (75,689)           | (55,123)                   | (187,748)          | (5,280)            | (93,018)           |
| Provision for variable remuneration                | (182,593)                | (153,754)          | (83,143)           | (495,524)                  | (285,410)          | (478,769)          | (210,891)          |
| Vale do Rio Doce Foundation - FVRD                 | (55,565)                 | (80,485)           | (59,387)           | (181,508)                  | (59,964)           | (156,314)          | (59,577)           |
| Provision for losses on materials/inventory        | (23,797)                 |                    | (18,839)           | (80,999)                   | (188,052)          | (33,307)           | (169,213)          |
| Pre operational, plant stoppages and idle capacity | (608,295)                | (549,842)          | (281,322)          | (1,377,365)                | (1,155,125)        | (123,033)          | (97,069)           |
| Others   | (357,766)                | (377,011)          | (373,614)          | (951,158)                  | (767,225)          | (265,080)          | (48,310)           |
| Research and development                           | (728,098)                | (585,726)          | (387,064)          | (1,887,361)                | (1,059,635)        | (978,218)          | (774,338)          |
| <b>Total</b>                                       | <b>(1,982,414)</b>       | <b>(1,757,255)</b> | <b>(1,279,058)</b> | <b>(5,029,038)</b>         | <b>(3,703,159)</b> | <b>(2,040,001)</b> | <b>(1,452,416)</b> |

|                           | Consolidated             |               |                    | Parent Company (Unaudited) |                    |             |             |
|---------------------------|--------------------------|---------------|--------------------|----------------------------|--------------------|-------------|-------------|
|                           | Three-month period ended |               | September 30, 2010 | Nine-month period ended    |                    |             |             |
|                           | September 30, 2011       | June 30, 2011 |                    | September 30, 2011         | September 30, 2010 |             |             |
| <b>Financial expenses</b> |                          |               |                    |                            |                    |             |             |
| Interest                  | (594,869)                | (538,546)     | (586,834)          | (1,714,527)                | (1,546,287)        | (1,633,003) | (1,566,973) |
|                           | (37,216)                 | 1,087         | (77,805)           | (46,145)                   | (244,226)          | (28,547)    | (215,752)   |

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|                                    |                    |                    |                    |                    |                    |                    |                    |
|------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Labor, tax and civil contingencies |                    |                    |                    |                    |                    |                    |                    |
| Derivatives                        | (1,364,849)        | (100,537)          | (166,898)          | (428,568)          | (308,853)          | (246,380)          | (907)              |
| Monetary and exchange rate changes | (4,371,451)        | (330,789)          | (1,474,464)        | (4,783,335)        | (2,217,843)        | (3,952,985)        | (1,346,385)        |
| Stockholders debentures            | (70,842)           | 32,367             | (268,291)          | (158,392)          | (377,526)          | (158,392)          | (377,526)          |
| IOF                                | (3,422)            | (3,974)            | (17,361)           | (9,132)            | (121,505)          | (3,714)            | (54,099)           |
| Others                             | (692,644)          | (345,774)          | (309,984)          | (1,325,552)        | (811,307)          | (692,001)          | (433,568)          |
|                                    | <b>(7,135,293)</b> | <b>(1,286,166)</b> | <b>(2,901,637)</b> | <b>(8,465,651)</b> | <b>(5,627,547)</b> | <b>(6,715,022)</b> | <b>(3,995,210)</b> |
| <b>Financial income</b>            |                    |                    |                    |                    |                    |                    |                    |
| Related parties                    |                    |                    | (34)               | 4,202              | 775                | 13,563             | 17,285             |
| Short-term investments             | 260,527            | 316,411            | 114,341            | 830,917            | 268,981            | 596,968            | 113,986            |
| Derivatives                        | 390,853            | 675,874            | 1,020,732          | 429,187            | 551,073            | 246,491            | 464,853            |
| Monetary and exchange rate changes | 300,704            | 1,178,082          | 1,789,739          | 1,611,791          | 2,420,909          | 1,059,325          | 1,617,002          |
| Others                             | 54,086             | 40,710             | 41,584             | 117,459            | 98,037             | 32,768             | 460,719            |
|                                    | <b>1,006,170</b>   | <b>2,211,077</b>   | <b>2,966,362</b>   | <b>2,993,556</b>   | <b>3,339,775</b>   | <b>1,949,115</b>   | <b>2,673,845</b>   |
| <b>Financial results, net</b>      | <b>(6,129,123)</b> | <b>924,911</b>     | <b>64,725</b>      | <b>(5,472,095)</b> | <b>(2,287,772)</b> | <b>(4,765,907)</b> | <b>(1,321,365)</b> |

## 26 Commitments

### Nickel Project New Caledonia

In connection with the Girardin Act tax advantaged lease financing arrangement sponsored by the French government, we provided guarantees to BNP Paribas for the benefit of the tax investors associated with the Girardin Act lease financing certain payments due from VNC. We also committed that assets associated with the Girardin Act lease financing would be substantially complete by December 31, 2010. Both y mutual agreements with both the French government and the tax investors have agreed to extend this date has been extended to December 31, 2011.

Sumic Nickel Netherlands B.V. (Sumic), a 21% stockholder of VNC, has a put option to sell to us 25%, 50%, or 100% of the shares they own of VNC. This option may be exercised if the defined cost of the initial nickel cobalt development project, exceed US\$ 4.2 billion (equivalent to R\$ 6.7 billion in June 30, 2011) and an agreement in not reached. In February 15, 2010, we added formally to our agreement with Sumic to increase the limit to approximately US\$ 4.6 billion (equivalent to R\$ 7.3 billion in June 30, 2011). On May 27, 2010 the threshold was reached and in October 22, 2010, an agreement has been reached with Sumic extending the put option to the first semester of 2011. In 2011, a new agreement was reached extending the put option to 2012.

In addition, in the course of our operations we have provided letters of credit and guarantees in the amount of R\$ 764,939 that are associated with items such as environment reclamation, asset retirement obligation commitments, electricity commitments, and community service commitments.

## 27 Related Parties

In the normal course of operations, Vale contract rights and obligations with related parties (subsidiaries, associated companies,

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jointly controlled entities and Stockholders), derived from operations of sale and purchase of products and services, leasing of assets, sale of raw material, so as rail transport services, with prices agreed between the parties and also mutual transactions with interest rate of 94% of CDI.

Transactions with related parties are made by the Company in a strictly commutative manner, observing the price and usual market conditions and therefore do not generate any undue benefit to their counterparties or loss to the Company.

The balances of these related party transactions and their effect on financial statements may be identified as follows:

|   | Consolidated<br>Assets         |                 |                   |                 |
|---|--------------------------------|-----------------|-------------------|-----------------|
|   | September 30, 2011 (Unaudited) |                 | December 31, 2010 |                 |
|   | Customers                      | Related parties | Customers         | Related parties |
| Baovale Mineração S.A.                                    | 4,887                          |                 | 1,026             |                 |
| Companhia Coreano-Brasileira de Pelotização - KOBRASCO    | 436                            |                 | 304               | 210             |
| Companhia Hispano-Brasileira de Pelotização - HISPANOBRÁS | 143,915                        | 130             | 215,566           | 134             |
| Companhia Ítalo-Brasileira de Pelotização - ITABRASCO     | 350                            |                 | 338               |                 |
| Korea Nickel Corporation                                  |                                |                 | 19,656            |                 |
| Minas da Serra Geral S.A.                                 | 4                              |                 |                   |                 |
| Mineração Rio do Norte S.A.                               |                                | 84              |                   |                 |
| MRS Logística S.A.  | 8,924                          | 360             | 1,370             | 360             |
| Samarco Mineração S.A.                                    | 33,529                         | 6,325           | 44,182            | 6,343           |
| Other   | 120,955                        | 76,062          | 188,176           | 91,151          |
| <b>Total</b>  | <b>313,000</b>                 | <b>82,961</b>   | <b>470,618</b>    | <b>98,198</b>   |
| Recorded as:  |                                |                 |                   |                 |
| Current   | 313,000                        | 67,250          | 470,618           | 90,166          |
| Non-Current   |                                | 15,711          |                   | 8,032           |
|   | <b>313,000</b>                 | <b>82,961</b>   | <b>470,618</b>    | <b>98,198</b>   |

|   | Consolidated<br>Liabilities    |                 |                   |                 |
|---|--------------------------------|-----------------|-------------------|-----------------|
|   | September 30, 2011 (unaudited) |                 | December 31, 2010 |                 |
|   | Suppliers                      | Related parties | Suppliers         | Related parties |
| Baovale Mineração S.A.                                    | 34,130                         |                 | 25,395            |                 |
| Companhia Coreano-Brasileira de Pelotização - KOBRASCO    | 56,335                         |                 | 4,641             | 1,068           |
| Companhia Hispano-Brasileira de Pelotização - HISPANOBRÁS | 31,103                         |                 | 245,447           | 32              |
|   | 80,370                         |                 | 8,013             |                 |

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Companhia Ítalo-Brasileira de Pelotização -  
ITABRASCO

Companhia Nipo-Brasileira de Pelotização -

|                             |                |               |                |               |
|-----------------------------|----------------|---------------|----------------|---------------|
| NIBRASCO                    | 102,711        | 10,389        | 8,662          | 9,519         |
| Log-in S.A.                 | 5,378          |               | 8,068          |               |
| Minas da Serra Geral S.A.   |                |               | 24,534         |               |
| Mineração Rio do Norte S.A. | 2,087          |               | 8,073          |               |
| Mitsui & CO, LTD            | 79,112         |               | 101,038        |               |
| Other                       | 106,462        | 23,642        | 118,064        | 16,994        |
| <b>Total</b>                | <b>497,688</b> | <b>34,031</b> | <b>551,935</b> | <b>27,613</b> |

**Recorded as:**

|             |                |               |                |               |
|-------------|----------------|---------------|----------------|---------------|
| Current     | 497,688        | 34,031        | 551,935        | 24,251        |
| Non-current |                |               |                | 3,362         |
|             | <b>497,688</b> | <b>34,031</b> | <b>551,935</b> | <b>27,613</b> |

**Parent Company  
Assets**

|  | September 30, 2011 (unaudited) |                  | December 31, 2010 |                  |
|--|--------------------------------|------------------|-------------------|------------------|
|  | Customers                      | Related parties  | Customers         | Related parties  |
| Baovale Mineração S.A.                                       | 9,774                          | 3,323            | 2,053             | 3,323            |
| Companhia Portuária Baía de Sepetiba - CPBS                  | 1,706                          | 155,040          | 804               | 6,029            |
| CVRD OVERSEAS Ltd.   |                                |                  | 1,244,415         | 144              |
| Ferrovias Centro - Atlântica S.A.                            | 116,859                        | 34,714           | 49,738            | 44,232           |
| Companhia Coreano-Brasileira de Pelotização -<br>KOBRASCO    | 868                            | 40               |                   |                  |
| Companhia Hispano-Brasileira de Pelotização -<br>HISPANOBRÁS | 290,844                        | 265              | 438,329           | 273              |
| Minerações Brasileiras Reunidas S.A. - MBR                   | 19,054                         | 412,963          | 4,212             | 676,768          |
| MRS Logística S.A.   | 147,684                        | 463,403          |                   |                  |
| Companhia Nipo-Brasileira de Pelotização -<br>NIBRASCO       | 15,258                         | 26,033           | 941               | 20,894           |
| Salobo Metais S.A.   | 412                            |                  |                   |                  |
| Samarco Mineração S.A.                                       | 12,813                         | 5,167            | 6,678             | 5,167            |
| Vale International S.A.                                      | 67,059                         | 12,650           | 88,364            | 12,685           |
| Vale Manganês S.A.   | 16,010,585                     | 1,533,344        | 15,614,231        | 1,552,782        |
| Other  | 82,488                         | 125,310          | 32,495            | 182,054          |
|  | 273,544                        | 409,333          | 275,598           | 555,160          |
| <b>Total</b>   | <b>17,048,948</b>              | <b>3,181,585</b> | <b>17,757,858</b> | <b>3,059,511</b> |

**Recorded as:**

|             |                   |                  |                   |                  |
|-------------|-------------------|------------------|-------------------|------------------|
| Current     | 17,048,948        | 2,730,547        | 17,757,858        | 1,123,183        |
| Non-current |                   | 451,038          |                   | 1,936,328        |
|             | <b>17,048,948</b> | <b>3,181,585</b> | <b>17,757,858</b> | <b>3,059,511</b> |

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|   | Parent Company<br>Liabilities  |                   |                   |                   |
|---|--------------------------------|-------------------|-------------------|-------------------|
|   | September 30, 2011 (unaudited) |                   | December 31, 2010 |                   |
|   | Suppliers                      | Related parties   | Suppliers         | Related parties   |
| Companhia Portuária Baía de Sepetiba - CPBS               | 68,261                         |                   | 50,790            |                   |
| CVRD OVERSEAS Ltd.  | 35,933                         |                   | 27,512            | 213               |
| Ferrovias Centro - Atlântica S.A.                         |                                |                   | 3                 | 217,150           |
| Companhia Coreano-Brasileira de Pelotização - KOBRASCO    | 16,993                         | 6                 | 18,564            | 59                |
| Companhia Hispano-Brasileira de Pelotização - HISPANOBRÁS | 112,670                        | 1,693             | 9,281             |                   |
| Minerações Brasileiras Reunidas S.A. - MBR                | 63,334                         |                   | 499,791           | 65                |
| MRS Logística S.A.  | 191,778                        | 155               | 31,778            | 270,775           |
| Companhia Nipo-Brasileira de Pelotização - NIBRASCO       | 13,707                         |                   | 25,121            |                   |
| Salobo Metais S.A.  | 209,615                        | 21,201            | 17,678            | 21,201            |
| Vale Manganês S.A.  | 8,358                          | 33,814,190        | 3,972             | 32,412,197        |
| Mitsui & CO, LTD  |                                | 22                |                   |                   |
| Others  | 79,112                         |                   | 101,038           |                   |
| <b>Total</b>  | <b>299,930</b>                 | <b>12,771</b>     | <b>213,854</b>    | <b>1,323</b>      |
|   | <b>1,099,691</b>               | <b>33,850,038</b> | <b>999,382</b>    | <b>32,922,983</b> |
| <b>Recorded as:</b>                                       |                                |                   |                   |                   |
| Current   | 1,099,691                      | 4,864,492         | 999,382           | 5,325,746         |
| Non-current   |                                | 28,985,546        |                   | 27,597,237        |
|   | <b>1,099,691</b>               | <b>33,850,038</b> | <b>999,382</b>    | <b>32,922,983</b> |

|   | Consolidated (unaudited)<br>Income |                          |                    |                         |                    |
|---|------------------------------------|--------------------------|--------------------|-------------------------|--------------------|
|   | September 30,<br>2011              | Three-month period ended |                    | Nine-month period ended |                    |
|   |                                    | June 30, 2011            | September 30, 2010 | September 30,<br>2011   | September 30, 2010 |
| Baovale Mineração S.A.                                    |                                    | 865                      | 3,199              | 1,717                   | 7,187              |
| Companhia Hispano-Brasileira de Pelotização - HISPANOBRÁS | 159,141                            | 139,066                  | 62,463             | 450,260                 | 187,594            |
| Log-in S.A.   | 5,289                              | 1,850                    |                    | 8,781                   | 7,475              |
| Mineração Rio do Norte S.A.                               |                                    |                          | 11                 | 22                      | 28                 |
| MRS Logística S.A.  | 3,712                              | 3,919                    | 4,778              | 11,269                  | 12,630             |
| Samarco Mineração S.A.                                    | 109,061                            | 96,049                   | 110,820            | 318,552                 | 263,381            |
| Outras  | 61,693                             | 168,620                  | 4,005              | 254,783                 | 4,152              |
| <b>Total</b>  | <b>338,896</b>                     | <b>410,369</b>           | <b>185,276</b>     | <b>1,045,384</b>        | <b>482,447</b>     |

|  | Consolidated (unaudited)<br>Cost/Expense |                         |
|--|--|-------------------------|
|  | Three-month period ended                 | Nine-month period ended |

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|   | September 30,<br>2011 | June 30, 2011  | September 30, 2010 | September 30,<br>2011 | September 30, 2010 |
|---|-----------------------|----------------|--------------------|-----------------------|--------------------|
| Baovale Mineração S.A. Companhia Coreano-Brasileira de Pelotização - KOBRASCO | 4,873                 | 4,873          | 4,524              | 14,619                | 13,570             |
| Companhia Hispano-Brasileira de Pelotização - HISPANOBRÁS                     | 13,492                | 18,522         | 64,289             | 55,556                | 82,359             |
| Companhia Ítalo-Brasileira de Pelotização - ITABRASCO                         | 124,956               | 171,156        | 36,031             | 474,549               | 200,256            |
| Companhia Nipo-Brasileira de Pelotização - NIBRASCO                           | 35,005                | 34,024         | 3,502              | 97,986                | 12,257             |
| Mineração Rio do Norte S.A.   | 33,046                | 37,570         | 16,947             | 100,957               | 37,145             |
| Mitsui e Co Ltd   |                       |                | 30,590             | 17,552                | 105,059            |
| MRS Logística S.A.  | 79,111                | 7,338          | 56,097             | 183,806               | 77,792             |
| Outras  | 209,783               | 212,442        | 154,279            | 560,992               | 431,042            |
| <b>Total</b>  | <b>2,687</b>          | <b>2,682</b>   | <b>9,268</b>       | <b>13,161</b>         | <b>34,388</b>      |
|   | <b>502,953</b>        | <b>488,607</b> | <b>375,527</b>     | <b>1,519,178</b>      | <b>993,868</b>     |

Consolidated (unaudited)  
Financial

|   | Three-month period ended |                  | September<br>30,<br>2010 | Nine-month period ended |                       |
|---|--------------------------|------------------|--------------------------|-------------------------|-----------------------|
|   | September 30,<br>2011    | June 30,<br>2011 |                          | September 30,<br>2011   | September 30,<br>2010 |
| ALUNORTE - Alumina do Norte do Brasil S.A. Companhia Coreano-Brasileira de Pelotização - KOBRASCO | (8)                      |                  | 186                      | 4,668                   | 259                   |
| Companhia Hispano-Brasileira de Pelotização - HISPANOBRÁS   |                          |                  | (640)                    | (1,814)                 | 93                    |
| Companhia Ítalo-Brasileira de Pelotização - ITABRASCO   |                          |                  | 67                       |                         | 143                   |
| Companhia Nipo-Brasileira de Pelotização - NIBRASCO   |                          |                  | 85                       |                         | 195                   |
| Log-in S.A.   |                          |                  |                          |                         | (63)                  |
| Mineração Rio do Norte S.A.   |                          |                  | 94                       |                         | (51)                  |
| MRS Logística S.A.  |                          |                  | (3,324)                  |                         | (16,257)              |
| Samarco Mineração S.A.  |                          |                  | 6                        |                         | 55                    |
| Outras  | (98,542)                 | (14,027)         | (7,976)                  | (45,568)                | 4,550                 |
| <b>Total</b>  | <b>(98,550)</b>          | <b>(14,027)</b>  | <b>(11,502)</b>          | <b>(42,714)</b>         | <b>(11,076)</b>       |

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|  | Consolidated (unaudited)<br>Income |                          |                    |                         |                    |
|--|------------------------------------|--------------------------|--------------------|-------------------------|--------------------|
|  | September 30,<br>2011              | Three-month period ended |                    | Nine-month period ended |                    |
|  |                                    | June 30, 2011            | September 30, 2010 | September 30,<br>2011   | September 30, 2010 |
| ALBRAS - Alumínio Brasileiro S.A.  |                                    |                          |                    | 31,019                  | 31,877             |
| ALUNORTE - Alumina do Norte do Brasil S.A.                                       |                                    |                          |                    | 402                     | 95,978             |
| Baovale Mineração S.A. Companhia Hispano-Brasileira de Pelotização - HISPANOBRÁS |                                    | 1,730                    | 216                | 3,434                   | 5,586              |
| CVRD Overseas Ltd.   | 314,490                            | 275,343                  | 49,760             | 892,208                 | 175,229            |
| Ferrovias Centro - Atlântica S.A.  |                                    |                          | 525,621            |                         | 2,276,813          |
| Ferrovias Norte Sul S.A.   | 57,787                             | 48,320                   |                    | 154,437                 | 45,042             |
| Vale Canada Limited  | 2,282                              | 403                      |                    | 8,032                   |                    |
| MRS Logística S.A.   | 6,742                              |                          |                    | 12,362                  |                    |
| Samarco Mineração S.A.   | 4,895                              | 5,402                    | 2,240              | 15,341                  | 5,761              |
| Vale Energia S.A.  | 212,637                            | 186,618                  | 35,122             | 622,588                 | 221,607            |
| Vale International S.A.  |                                    |                          |                    |                         | 303                |
| Vale Manganês S.A.   | 16,178,327                         | 14,111,193               | 4,417,826          | 41,659,725              | 12,608,113         |
| Vale Overseas  | 23,081                             | 22,936                   |                    | 68,403                  | 20,044             |
| Outras   | 90,093                             |                          |                    |                         |                    |
| Total  | 19,471                             | 11,184                   | 3,100              | 30,845                  | 8,489              |
|  | <b>16,909,805</b>                  | <b>14,663,129</b>        | <b>5,033,885</b>   | <b>43,498,796</b>       | <b>15,494,842</b>  |

|  | Consolidated (unaudited)<br>Cost/Expense |                          |                    |                         |                    |
|--|--|--------------------------|--------------------|-------------------------|--------------------|
|  | September 30,<br>2011                    | Three-month period ended |                    | Nine-month period ended |                    |
|  |  | June 30, 2011            | September 30, 2010 | September 30,<br>2011   | September 30, 2010 |
| ALBRAS - Alumínio Brasileiro S.A.  |  | 163                      | 14,396             | 163                     |                    |
| ALUNORTE - Alumina do Norte do Brasil S.A.                                   |  | 1,278                    | 2,837              | 28,217                  | 35,849             |
| Baovale Mineração S.A. Companhia Coreano-Brasileira de Pelotização - KOBASCO | 9,745                                    | 9,745                    | (1)                | 29,235                  | 9,046              |
| Companhia Hispano-Brasileira de Pelotização - HISPANOBRÁS                    |  |                          |                    |                         |                    |
| Companhia Ítalo-Brasileira de Pelotização - ITABRASCO                        | 26,985                                   | 37,044                   | 113,700            | 111,113                 | 128,579            |
| Companhia Nipo-Brasileira de Pelotização - NIBRASCO                          | 254,441                                  | 348,515                  | 158,118            | 966,297                 | 280,456            |
|  | 71,293                                   | 69,296                   | 7,132              | 199,564                 | 14,265             |
|  | 67,440                                   | 76,674                   | 138,910            | 206,035                 | 161,330            |



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|   |                  |                  |                |                  |                  |
|---|------------------|------------------|----------------|------------------|------------------|
| Companhia Portuária Baía de Sepetiba - CPBS | 80,653           | 70,324           | 10,477         | 235,503          | 88,673           |
| Ferrovias Centro - Atlântica S.A.           | 40,340           | 18,999           | 39,239         | 71,867           | 32,240           |
| Vale Canada Limited                         |                  | 1,388            |                | 1,388            |                  |
| Mitsui e Co Ltd                             | 79,111           | 7,338            | 56,097         | 183,806          | 77,792           |
| MRS Logística S.A.                          | 355,237          | 361,085          |                | 952,035          | 261,368          |
| Vale Energia S.A.                           | 46,298           | 26,862           | 14,826         | 109,280          | 132,207          |
| Vale Manganês S.A.                          |                  |                  | 7,665          |                  |                  |
| Outras                                      | 90,630           | 79,887           | 6,208          | 255,341          | 11,587           |
| <b>Total</b>                                | <b>1,122,173</b> | <b>1,108,598</b> | <b>569,604</b> | <b>3,349,844</b> | <b>1,233,392</b> |

|   | Parent Company (unaudited) |                    |                    |                         |                  |
|---|----------------------------|--------------------|--------------------|-------------------------|------------------|
|   | Financial                  |                    |                    |                         |                  |
|   | Three-month period ended   |                    | September 30, 2010 | Nine-month period ended |                  |
| September 30, 2011  | June 30, 2011              | September 30, 2011 |                    | September 30, 2010      |                  |
| ALUNORTE - Alumina do Norte do Brasil S.A. Companhia      |                            |                    | 310                | 4,668                   | (7)              |
| Coreano-Brasileira de Pelotização - KOBRASCO Companhia    |                            |                    | 279                |                         | 371              |
| Hispano-Brasileira de Pelotização - HISPANOBRÁS Companhia |                            |                    | (10,254)           | (3,694)                 | (8,681)          |
| Companhia Ítalo-Brasileira de Pelotização - ITABRASCO     |                            |                    | 303                |                         | 477              |
| Companhia Nipo-Brasileira de Pelotização - NIBRASCO       |                            |                    | 172                |                         | 341              |
| Companhia Portuária Baía de Sepetiba - CPBS               |                            |                    | 51                 | 3                       | (60)             |
| CVRD Overseas Ltd.  |                            |                    | (91,780)           |                         | (88,599)         |
| Ferrovias Centro - Atlântica S.A.                         | 13,572                     | (12,118)           | 6,425              | (12,410)                | 5,026            |
| Vale Canada Limited                                       | 20,575                     | (4,341)            |                    | (4,341)                 |                  |
| MRS Logística S.A.  |                            |                    | 5,966              |                         | (3,684)          |
| Samarco Mineração S.A.                                    |                            |                    | (98)               |                         | 12               |
| Vale Energia S.A.   |                            |                    | 1                  |                         |                  |
| Vale International S.A.                                   | (161,424)                  | (203,985)          | 1,932,431          | (578,591)               | 1,149,514        |
| Vale Manganês S.A.  |                            |                    | 8                  |                         | 6                |
|   | 4,458                      |                    |                    |                         |                  |
|   | 6,607                      |                    |                    |                         |                  |
|   |                            | 25,109             |                    | 25,109                  |                  |
| Outras  | 14,236                     | 6,961              | 8,652              | (1,397)                 | 9,289            |
| <b>Total</b>  | <b>(101,976)</b>           | <b>(188,374)</b>   | <b>1,852,466</b>   | <b>(570,653)</b>        | <b>1,064,005</b> |

Additionally, Vale retains with its Stockholders, Banco Nacional de Desenvolvimento Social and the BNDES Participações S. A., in the amount of R\$ 3,795,637 and R\$ 1,252,503, respectively, as at September 30, 2011, relating to operations of interest-bearing loans at market interest rates, whose maturity is September 2029. The operations generated interest expense in the amount of R\$ 68,422. And financial transactions with Bradesco in the amount of R\$ 2,821,858 as at September 30, 2011, generated in income interest expenses in the amount of R\$ 52,140.

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Remuneration of key management personnel:

|                                | Three-month period ended |                | Nine-month period ended |                    |                    |
|--------------------------------|--------------------------|----------------|-------------------------|--------------------|--------------------|
|                                | September 30, 2011       | June 30, 2011  | September 30, 2010      | September 30, 2011 | September 30, 2010 |
| Short-term benefits:           | <b>7,253</b>             | <b>62,476</b>  | <b>6,667</b>            | <b>108,405</b>     | <b>80,282</b>      |
| - Wages or pro-labor           | 4,614                    | 9,195          | 4,419                   | 18,660             | 13,394             |
| - Direct and indirect benefits | 2,639                    | 28,577         | 1,885                   | 40,338             | 14,707             |
| - Bonus                        |                          | 24,704         | 363                     | 49,407             | 52,181             |
| Long-term benefits:            |                          | <b>17,678</b>  |                         | <b>28,863</b>      |                    |
| - Based on stock               |                          | 17,678         |                         | 28,863             |                    |
| Termination of position        | <b>3,045</b>             | <b>61,051</b>  | <b>2,826</b>            | <b>64,666</b>      | <b>3,584</b>       |
|                                | <b>10,298</b>            | <b>141,205</b> | <b>9,493</b>            | <b>201,934</b>     | <b>83,867</b>      |

Table of Contents**28 Correlation of explanatory notes of interim financial statements as of September 30, 2011 with the financial statements as of December 31, 2010**

| <b>September 2011</b>  | <b>December 2010</b> |
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| note   | note                 |
| 1 Operational Context  | 1                    |
| 2 Summary of the Main Accounting Practices and Accounting Estimates                            | 2                    |
| 3 Critical Accounting Estimates and Assumptions  | 3                    |
| 4 Amendments and Interpretations to Existing International Standards that are not yet in Force | 4                    |
| 5 Risk Management  | 6                    |
| 6 Acquisitions and Disposals   | 7                    |
| 7 Cash and Cash Equivalents  | 8                    |
| 8 Short-term Investments   | 9                    |
| 9 Accounts Receivables   | 11                   |
| 10 Inventories   | 12                   |
| 11 Assets and Liabilities Held for Sale  | 13                   |
| 12 Recoverable Tax   | 14                   |
| 13 Investments   | 15                   |
| 14 Intangible Assets   | 16                   |
| 15 Property, Plant and Equipment   | 17                   |
| 16 Loans and Financing   | 19                   |
| 17 Provision   | 20                   |
| 18 Income Tax and Social Contribution  | 21                   |
| 19 Employee Benefits Obligations   | 22                   |
| 20 Classification of Financial Instruments   | 23                   |

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| 22 | Stockholders' Equity   | 25    |
| 23 | Derivatives  | 26    |
| 24 | Information by Business Segment and Consolidated Revenues by Geographic Area | 27    |
| 25 | Costs of Goods Sold and Services Rendered and Expenses by Nature             | 28/29 |
| 26 | Commitments  | 30    |
| 27 | Related Parties  | 31    |
| 28 | Subsequent events  | N/D   |

**N/D Not disclosed**

The note 10 - Financial Assets Available for Sales and note 8 - Impairment, of the Financial Statements as of December 2010 are not being disclosed because there is no relevant changes in the period. Regarding note 5 - First-time Adoption of the Consolidated Financial Statements in Accordance with IFRS and Individual Financial Statements in Accordance with CPC, of the same financial statements, was applicable only for the first adoption.

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**29 Board of Directors, Fiscal Council, Advisory committees and Executive Officers**

**Board of Directors**

Ricardo José da Costa Flores

**Chairman**

Mário da Silveira Teixeira Júnior

**Vice-President**

Fuminobu Kawashima

José Mauro Mettrau Carneiro da Cunha

José Ricardo Sasseron

Luciano Galvão Coutinho

Oscar Augusto de Camargo Filho

Paulo Soares de Souza

Renato da Cruz Gomes

Robson Rocha

Nelson Henrique Barbosa Filho

**Alternate**

Eduardo de Oliveira Rodrigues Filho

Estáquio Wagner Guimarães Gomes

Deli Soares Pereira

Hajime Tonoki

João Moisés de Oliveira

Luiz Carlos de Freitas

Marco Geovanne Tobias da Silva

Paulo Sergio Moreira da Fonseca

Raimundo Nonato Alves Amorim

Sandro Kohler Marcondes

**Advisory Committees of the Board of Directors**

**Controlling Committee**

Luiz Carlos de Freitas

Paulo Ricardo Ultra Soares

Paulo Roberto Ferreira de Medeiros

**Executive Development Committee**

João Moisés de Oliveira

José Ricardo Sasseron

Oscar Augusto de Camargo Filho

**Strategic Committee**

Murilo Pinto de Oliveira Ferreira

**Governance and Sustainability Committee**

Gilmar Dalilo Cezar Wanderley

Renato da Cruz Gomes

Ricardo Simonsen

**Fiscal Council**

Marcelo Amaral Moraes

**Chairman**

Aníbal Moreira dos Santos

Antonio Henrique Pinheiro Silveira

Arnaldo José Vollet

**Alternate**

Cícero da Silva

Marcus Pereira Aucélio

Oswaldo Mário Pêgo de Amorim Azevedo

**Executive Officers**

Murilo Pinto de Oliveira Ferreira

**Chief Executive Officer**

Vania Lucia Chaves Somavilla

**Executive Officer for Human Resources and Corporate Services**

Eduardo de Salles Bartolomeo

**Executive Officer for Integrated Bulk Operations**

Eduardo Jorge Ledsham

**Executive Office for Exploration, Energy and Projects**

Guilherme Perboyre Cavalcanti

**Chief Financial Officer and Investor Relations**

José Carlos Martins

**Executive Officer for Marketing, Sales and Strategy**

Mario Alves Barbosa Neto

**Executive Officer for Fertilizers**

Tito Botelho Martins

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Luciano Galvão Coutinho  
Mário da Silveira Teixeira Júnior  
Oscar Augusto de Camargo Filho  
Ricardo José da Costa Flores

**Finance Committee**

Guilherme Perboyre Cavalcanti  
Eduardo de Oliveira Rodrigues Filho  
Luciana Freitas Rodrigues  
Luiz Maurício Leuzinger

**Executive Officer for Base Metals Operations**

Marcus Vinicius Dias Severini  
**Chief Officer of Accounting and Control Department**

Vera Lucia de Almeida Pereira Elias  
**Chief Accountant**  
**CRC-RJ - 043059/O-8**

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**29      Conselho, Membros dos Comitês e Diretores**

**Conselho de Administração**

Ricardo José da Costa Flores  
**Presidente**

Mário da Silveira Teixeira Júnior  
**Vice-Presidente**

Fuminobu Kawashima  
José Mauro Mettrau Carneiro da Cunha  
José Ricardo Sasseron  
Luciano Galvão Coutinho  
Oscar Augusto de Camargo Filho  
Paulo Soares de Souza  
Renato da Cruz Gomes  
Robson Rocha  
Nelson Henrique Barbosa Filho

**Suplentes**

Eduardo de Oliveira Rodrigues Filho  
Estáquio Wagner Guimarães Gomes  
Deli Soares Pereira  
Hajime Tonoki  
João Moisés de Oliveira  
Luiz Carlos de Freitas  
Marco Geovanne Tobias da Silva  
Paulo Sergio Moreira da Fonseca  
Raimundo Nonato Alves Amorim  
Sandro Kohler Marcondes

**Comitês de Assessoramento ao Conselho de Administração**

**Comitê de Controladoria**

Luiz Carlos de Freitas  
Paulo Ricardo Ultra Soares  
Paulo Roberto Ferreira de Medeiros

**Comitê de Desenvolvimento Executivo**

João Moisés de Oliveira  
José Ricardo Sasseron  
Oscar Augusto de Camargo Filho

**Comitê Estratégico**

Murilo Pinto de Oliveira Ferreira

**Comitê de Governança e Sustentabilidade**

Gilmar Dalilo Cezar Wanderley  
Renato da Cruz Gomes  
Ricardo Simonsen

**Conselho Fiscal**

Marcelo Amaral Moraes  
**Presidente**

Aníbal Moreira dos Santos  
Antonio Henrique Pinheiro Silveira  
Arnaldo José Vollet

**Suplentes**

Cícero da Silva  
Marcus Pereira Aucélio  
Oswaldo Mário Pêgo de Amorim Azevedo

**Diretoria Executiva**

Murilo Pinto de Oliveira Ferreira  
**Diretor-Presidente**

Vania Lucia Chaves Somavilla  
**Diretora-Executiva da Área de Recursos Humanos e Serviços Corporativos**

Eduardo de Salles Bartolomeo  
**Diretor-Executivo da Área de Operações Integradas**

Eduardo Jorge Ledsham  
**Diretor Executivo da Área de Exploração, Energia e Projetos**

Guilherme Perboyre Cavalcanti  
**Diretor-Executivo da Área de Finanças e de Relações com Investidores**

José Carlos Martins  
**Diretor-Executivo da Área Marketing, Vendas e Estratégia**

Mario Alves Barbosa Neto  
**Diretor Executivo da Área de Fertilizantes**

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Luciano Galvão Coutinho  
Mário da Silveira Teixeira Júnior  
Oscar Augusto de Camargo Filho  
Ricardo José da Costa Flores

**Comitê Financeiro**

Guilherme Perboyre Cavalcanti  
Eduardo de Oliveira Rodrigues Filho  
Luciana Freitas Rodrigues  
Luiz Maurício Leuzinger

Tito Botelho Martins  
**Diretor-Executivo da Área de Operações de Metais Básicos**

Marcus Vinicius Dias Severini  
**Diretor do Departamento de Controladoria**

Vera Lucia de Almeida Pereira Elias  
**Gerente Geral de Controladoria**  
**CRC-RJ - 043059/O-8**



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**Signatures**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: October 26, 2011

By:

Vale S.A.  
(Registrant)

/s/ Roberto Castello Branco  
Roberto Castello Branco  
Director of Investor Relations