

Vale S.A.  
Form 6-K  
July 25, 2012  
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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**

**July, 2012**

**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**

**June 30, 2012**

**US GAAP**

Filed at CVM, SEC and HKEx on

July 25, 2012

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Vale S.A.

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**Report of independent registered  
public accounting firm**

To the Board of Directors and Stockholders

Vale S.A.

We have reviewed the accompanying condensed consolidated balance sheet of Vale S.A. (the Company) and its subsidiaries as of June 30, 2012, and the related condensed consolidated statements of income, of comprehensive income, of cash flows and of changes in stockholders' equity, for the three-month periods ended June 30, 2012, March 31, 2012 and June 30, 2011 and for the six-month periods ended June 30, 2012 and June 30, 2011. This interim financial information is the responsibility of the Company's management.

We conducted our review in accordance with the standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States), the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying condensed consolidated interim financial information for it to be in conformity with accounting principles generally accepted in the United States of America.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet as of December 31, 2011, and the related consolidated statements of income, of comprehensive income, of cash flows and of stockholders' equity for the year then ended (not presented herein), and in our report dated February 15, 2012, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of December 31, 2011, is fairly stated in all material respects in relation to the consolidated balance sheet from which it has been derived.

PricewaterhouseCoopers

Auditores Independentes

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Rio de Janeiro, Brazil

July 25, 2012

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T: (21) 3232-6112, F: (21) 2516-6319, [www.pwc.com/br](http://www.pwc.com/br)

Table of Contents**Condensed Consolidated Balance Sheets**

Expressed in millions of United States dollars

	June 30, 2012 (unaudited)	December 31, 2011
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	4,083	3,531
Accounts receivable		
Related parties	159	288
Unrelated parties	6,866	8,217
Loans and advances to related parties	349	82
Inventories	5,281	5,251
Deferred income tax		203
Unrealized gains on derivative instruments	322	595
Advances to suppliers	303	393
Recoverable taxes	2,167	2,230
Assets held for sale	187	
Others	1,070	946
	<b>20,787</b>	<b>21,736</b>
<b>Non-current assets</b>		
Property, plant and equipment, net	90,103	88,895
Intangible assets	1,055	1,135
Investments in affiliated companies, joint ventures and others investments	8,173	8,093
Other assets:		
Goodwill on acquisition of subsidiaries	2,948	3,026
Loans and advances		
Related parties	428	509
Unrelated parties	218	210
Prepaid pension cost	1,939	1,666
Prepaid expenses	363	321
Judicial deposits	1,531	1,464
Recoverable taxes	617	587
Deferred income tax	977	594
Unrealized gains on derivative instruments		60
Deposit on incentive / reinvestment	207	229
Others	210	203
	<b>108,769</b>	<b>106,992</b>
<b>Total</b>	<b>129,556</b>	<b>128,728</b>

Table of Contents**Condensed Consolidated Balance Sheets**

Expressed in millions of United States dollars

(Except number of shares)

	June 30, 2012 (unaudited)	(Continued)	December 31, 2011
<b>Liabilities and stockholders equity</b>			
<b>Current liabilities</b>			
Suppliers	4,481		4,814
Payroll and related charges	994		1,307
Minimum annual remuneration attributed to stockholders			1,181
Current portion of long-term debt	1,503		1,495
Short-term debt	503		22
Loans from related parties	19		24
Provision for income taxes	141		507
Taxes payable and royalties	282		524
Employees postretirement benefits	110		147
Railway sub-concession agreement payable	64		66
Unrealized losses on derivative instruments	142		73
Provisions for asset retirement obligations	41		73
Liabilities associated with assets held for sale	32		
Others	908		810
	<b>9,220</b>		<b>11,043</b>
<b>Non-current liabilities</b>			
Employees postretirement benefits	2,446		2,446
Loans from related parties	81		91
Long-term debt	23,432		21,538
Provisions for contingencies (Note 16 (b))	1,748		1,686
Unrealized losses on derivative instruments	908		663
Deferred income tax	4,271		5,654
Provisions for asset retirement obligations	1,773		1,697
Debentures	1,410		1,336
Others	1,948		2,460
	<b>38,017</b>		<b>37,571</b>
<b>Redeemable noncontrolling interest</b>	412		505
<b>Commitments and contingencies (Note 16)</b>			
<b>Stockholders equity</b>			
Preferred class A stock - 7,200,000,000 no-par-value shares authorized and 2,108,579,618 (2011 - 2,108,579,618) issued	16,728		16,728
	25,837		25,837



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Common stock - 3,600,000,000 no-par-value shares authorized and 3,256,724,482 (2011 - 3,256,724,482) issued		
Treasury stock - 140,857,692 (2011 - 181,099,814) preferred and 71,071,482 (2011 - 86,911,207) common shares	(4,477)	(5,662)
Additional paid-in capital	(369)	(61)
Mandatorily convertible notes - common shares		290
Mandatorily convertible notes - preferred shares		644
Other cumulative comprehensive loss	(7,698)	(5,673)
Undistributed retained earnings	39,300	41,130
Unappropriated retained earnings	10,973	4,482
<b>Total Company stockholders equity</b>	<b>80,294</b>	<b>77,715</b>
<b>Noncontrolling interests</b>	<b>1,613</b>	<b>1,894</b>
<b>Total stockholders equity</b>	<b>81,907</b>	<b>79,609</b>
<b>Total</b>	<b>129,556</b>	<b>128,728</b>

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

Table of Contents**Condensed Consolidated Statements of Income**

Expressed in millions of United States dollars

(Except per share amounts)

	(unaudited)				
	June 30, 2012	Three-month period ended March 31, 2012	June 30, 2011	Six-month period ended June 30, 2012	June 30, 2011
<b>Operating revenues, net of discounts, returns and allowances</b>					
Sales of ores and metals	10,452	9,642	13,659	20,094	25,402
Aluminum products					383
Revenues from logistic services	408	403	476	811	804
Fertilizer products	923	830	867	1,753	1,654
Others	367	464	343	831	650
	<b>12,150</b>	<b>11,339</b>	<b>15,345</b>	<b>23,489</b>	<b>28,893</b>
Taxes on revenues	(257)	(285)	(356)	(542)	(691)
<b>Net operating revenues</b>	<b>11,893</b>	<b>11,054</b>	<b>14,989</b>	<b>22,947</b>	<b>28,202</b>
<b>Operating costs and expenses</b>					
Cost of ores and metals sold	(4,568)	(4,256)	(4,361)	(8,824)	(8,462)
Cost of aluminum products					(289)
Cost of logistic services	(331)	(353)	(376)	(684)	(665)
Cost of fertilizer products	(734)	(666)	(676)	(1,400)	(1,321)
Others	(382)	(415)	(308)	(797)	(560)
	<b>(6,015)</b>	<b>(5,690)</b>	<b>(5,721)</b>	<b>(11,705)</b>	<b>(11,297)</b>
Selling, general and administrative expenses	(615)	(529)	(434)	(1,144)	(853)
Research and development expenses	(359)	(299)	(363)	(658)	(705)
Gain (loss) on sale of assets	(377)			(377)	1,513
Others	(604)	(686)	(724)	(1,290)	(1,144)
	<b>(7,970)</b>	<b>(7,204)</b>	<b>(7,242)</b>	<b>(15,174)</b>	<b>(12,486)</b>
<b>Operating income</b>	<b>3,923</b>	<b>3,850</b>	<b>7,747</b>	<b>7,773</b>	<b>15,716</b>
<b>Non-operating income (expenses)</b>					
Financial income	120	119	226	239	391
Financial expenses	(559)	(613)	(514)	(1,172)	(1,096)
Gains (losses) on derivatives, net	(416)	296	358	(120)	597
Foreign exchange gains (losses), net	(1,748)	237	501	(1,511)	784
Indexation gains (losses), net	55	190	77	245	(126)
	<b>(2,548)</b>	<b>229</b>	<b>648</b>	<b>(2,319)</b>	<b>550</b>
<b>Income before discontinued operations, income taxes and</b>	<b>1,375</b>	<b>4,079</b>	<b>8,395</b>	<b>5,454</b>	<b>16,266</b>

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<b>equity results</b>					
<b>Income taxes</b>					
Current	(25)	(813)	(1,719)	(838)	(3,312)
Deferred					
Deferred of period	(151)	260	(688)	109	(472)
Reversal of Deferred Income Tax liabilities (see note 5.a.)	1,236			1,236	
	<b>1,060</b>	<b>(553)</b>	<b>(2,407)</b>	<b>507</b>	<b>(3,784)</b>
Equity in results of affiliates, joint ventures and other investments	158	243	406	401	686
<b>Net income</b>	<b>2,593</b>	<b>3,769</b>	<b>6,394</b>	<b>6,362</b>	<b>13,168</b>
<b>Losses attributable to noncontrolling interests</b>					
	<b>(69)</b>	<b>(58)</b>	<b>(58)</b>	<b>(127)</b>	<b>(110)</b>
<b>Net income attributable to the Company's stockholders</b>	<b>2,662</b>	<b>3,827</b>	<b>6,452</b>	<b>6,489</b>	<b>13,278</b>
<b>Earnings per share attributable to Company's stockholders:</b>					
Earnings per preferred share	0.51	0.74	1.21	1.26	2.50
Earnings per common share	0.51	0.74	1.21	1.26	2.50
Earnings per convertible note linked to preferred share		0.97	1.71		3.38
Earnings per convertible note linked to common share		1.03	1.79		3.53

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

Table of Contents**Condensed Consolidated Statements of Comprehensive Income (deficit)**

Expressed in millions of United States dollars

	(unaudited)				
	June 30, 2012	Three-month period ended March 31, 2012	June 30, 2011	Six-month period ended June 30, 2012	June 30, 2011
<b>Comprehensive income is comprised as follows:</b>					
<b>Company's stockholders:</b>					
Net income attributable to Company's stockholders	2,662	3,827	6,452	6,489	13,278
Cumulative translation adjustments	(2,820)	827	1,581	(1,993)	2,768
<b>Available-for-sale securities</b>					
Gross balance as of the period/year end	(2)		(13)	(2)	(14)
Tax (expense) benefit			11		11
	(2)		(2)	(2)	(3)
<b>Surplus (deficit) accrued pension plan</b>					
Gross balance as of the period/year end	(69)	136	(195)	67	(12)
Tax (expense) benefit	50	(44)	63	6	
	(19)	92	(132)	73	(12)
<b>Cash flow hedge</b>					
Gross balance as of the period	(142)	24	138	(118)	152
Tax (expense) benefit	30	(15)	3	15	(6)
	(112)	9	141	(103)	146
<b>Total comprehensive income (deficit) attributable to Company's stockholders</b>	<b>(291)</b>	<b>4,755</b>	<b>8,040</b>	<b>4,464</b>	<b>16,177</b>
<b>Noncontrolling interests:</b>					
Losses attributable to noncontrolling interests	(69)	(58)	(58)	(127)	(110)
Cumulative translation adjustments	24	14	40	38	(14)
Pension plan			5		5
Cash flow hedge					1
<b>Total comprehensive deficit attributable to Noncontrolling interests</b>	<b>(45)</b>	<b>(44)</b>	<b>(13)</b>	<b>(89)</b>	<b>(118)</b>
<b>Total comprehensive income</b>	<b>(336)</b>	<b>4,711</b>	<b>8,027</b>	<b>4,375</b>	<b>16,059</b>

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



Table of Contents**Condensed Consolidated Statements of Cash Flows**

Expressed in millions of United States dollars

	(unaudited)				
	June 30, 2012	Three-month period ended March 31, 2012	June 30, 2011	Six-month period ended June 30, 2012	June 30, 2011
<b>Cash flows from operating activities:</b>					
<b>Net income</b>	<b>2,593</b>	<b>3,769</b>	<b>6,394</b>	<b>6,362</b>	<b>13,168</b>
Adjustments to reconcile net income to cash from operations:					
Depreciation, depletion and amortization	1,084	1,055	979	2,139	1,936
Dividends received	112	60	343	172	593
Equity in results of affiliates, joint ventures and other investments	(158)	(243)	(406)	(401)	(686)
Deferred income taxes	151	(260)	688	(109)	472
Reversal of deferred income tax	(1,236)			(1,236)	
Loss on disposal of property, plant and equipment	207	44	19	251	191
Loss (gain) on sale of assets available for sale	377			377	(1,513)
Foreign exchange and indexation gains, net	82	(182)	257	(100)	153
Unrealized derivative losses (gains), net	642	(114)	(230)	528	(442)
Unrealized interest (income) expense, net	(29)	47	(41)	18	(34)
Others	(73)	(38)	(41)	(111)	(78)
<b>Decrease (increase) in assets:</b>					
Accounts receivable	425	645	(658)	1,070	(547)
Inventories	292	(445)	(73)	(153)	(816)
Recoverable taxes	(287)	355	(79)	68	(191)
Others	(42)	(21)	(280)	(63)	(80)
<b>Increase (decrease) in liabilities:</b>					
Suppliers	92	(391)	246	(299)	403
Payroll and related charges	284	(601)	204	(317)	(152)
Income taxes	(166)	(472)	(24)	(638)	452
Others	29	47	(233)	76	244
<b>Net cash provided by operating activities</b>	<b>4,379</b>	<b>3,255</b>	<b>7,065</b>	<b>7,634</b>	<b>13,073</b>
<b>Cash flows from investing activities:</b>					
Short term investments			540		1,793
Loans and advances receivable					
Related parties					
Others	8	(38)	(34)	(30)	(177)
Judicial deposits	(76)	(12)	(159)	(88)	(188)
Investments	(53)	(217)	(26)	(270)	(141)
Additions to property, plant and equipment	(3,228)	(2,961)	(3,480)	(6,189)	(6,293)

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Proceeds from disposal of investments	366			366	1081
<b>Net cash used in investing activities</b>	<b>(2,983)</b>	<b>(3,228)</b>	<b>(3,159)</b>	<b>(6,211)</b>	<b>(3,925)</b>
Cash flows from financing activities:					
Short-term debt					
Additions	21	507	51	528	818
Repayments		(43)	(96)	(43)	(856)
Loans					
Related parties					
Proceeds					19
Repayments					(1)
Issuances of long-term debt					
Third parties					
Proceeds	1,809	1,014	268	2,823	871
Repayments	(502)	(63)	(419)	(565)	(1,770)
Transactions of noncontrolling interest	(427)	(76)		(503)	
Dividends and interest attributed to Company's stockholders	(3,000)		(2,000)	(3,000)	(3,000)
Dividends and interest attributed to noncontrolling interest	(35)		(60)	(35)	(60)
<b>Net cash provided by (used in) financing activities</b>	<b>(2,134)</b>	<b>1,339</b>	<b>(2,256)</b>	<b>(795)</b>	<b>(3,979)</b>
Increase (decrease) in cash and cash equivalents	(738)	1,366	1,650	628	5,169
Effect of exchange rate changes on cash and cash equivalents	(101)	25	306	(76)	474
Cash and cash equivalents, beginning of period	4,922	3,531	11,271	3,531	7,584
<b>Cash and cash equivalents, end of period</b>	<b>4,083</b>	<b>4,922</b>	<b>13,227</b>	<b>4,083</b>	<b>13,227</b>
Cash paid during the period for:					
Interest on short-term debt		(1)	(1)	(1)	(2)
Interest on long-term debt	(350)	(325)	(374)	(675)	(711)
Income tax	(282)	(656)	(1,171)	(938)	(2,136)
<b>Non-cash transactions</b>					
Interest capitalized	70	56	69	126	102
Conversion of mandatorily convertible notes using 56,081,560 treasury stock (see note 13).					

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

Table of Contents**Condensed Consolidated Statements of Changes in Stockholders' Equity**

Expressed in millions of United States dollars

(Except number of shares)

	(unaudited)				
	June 30, 2012	Three-month period ended March 31, 2012	June 30, 2011	Six-month period ended June 30, 2012	June 30, 2011
<b>Preferred class A stock (including twelve golden shares)</b>					
<b>Beginning and end of the period</b>	<b>16,728</b>	<b>16,728</b>	<b>10,370</b>	<b>16,728</b>	<b>10,370</b>
Capital increase			6,358		6,358
<b>End of the period</b>	<b>16,728</b>	<b>16,728</b>	<b>16,728</b>	<b>16,728</b>	<b>16,728</b>
<b>Common stock</b>					
<b>Beginning and end of the period</b>	<b>25,837</b>	<b>25,837</b>	<b>16,016</b>	<b>25,837</b>	<b>16,016</b>
Capital increase			9,821		9,821
<b>End of the period</b>	<b>25,837</b>	<b>25,837</b>	<b>25,837</b>	<b>25,837</b>	<b>25,837</b>
<b>Treasury stock</b>					
<b>Beginning of the period</b>	(5,662)	(5,662)	(2,660)	(5,662)	(2,660)
Sales (acquisitions)	1,185			1,185	
<b>End of the period</b>	<b>(4,477)</b>	<b>(5,662)</b>	<b>(2,660)</b>	<b>(4,477)</b>	<b>(2,660)</b>
<b>Additional paid-in capital</b>					
<b>Beginning of the period</b>	(71)	(61)	2,188	(61)	2,188
Change in the period	(298)	(10)	(1,870)	(308)	(1,870)
<b>End of the period</b>	<b>(369)</b>	<b>(71)</b>	<b>318</b>	<b>(369)</b>	<b>318</b>
<b>Mandatorily convertible notes - common shares</b>					
<b>Beginning and end of the period</b>	290	290	290	290	290
Change in the period	(290)			(290)	
<b>End of the period</b>		<b>290</b>	<b>290</b>		<b>290</b>
<b>Mandatorily convertible notes - preferred shares</b>					
<b>Beginning and end of the period</b>	644	644	644	644	644
Change in the period	(644)			(644)	
<b>End of the period</b>		<b>644</b>	<b>644</b>		<b>644</b>
<b>Other cumulative comprehensive income (deficit)</b>					
<b>Cumulative translation adjustments</b>					
<b>Beginning of the period</b>	(4,411)	(5,238)	934	(5,238)	(253)
Change in the period	(2,820)	827	1,581	(1,993)	2,768
<b>End of the period</b>	<b>(7,231)</b>	<b>(4,411)</b>	<b>2,515</b>	<b>(7,231)</b>	<b>2,515</b>
<b>Unrealized gain (loss) - available-for-sale securities, net of tax</b>					
<b>Beginning of the period</b>	1	1	2	1	3
Change in the period	(2)		(2)	(2)	(3)
<b>End of the period</b>	<b>(1)</b>	<b>1</b>		<b>(1)</b>	
<b>Surplus (deficit) of accrued pension plan</b>					
<b>Beginning of the period</b>	(475)	(567)	61	(567)	(59)
Change in the period	(19)	92	(132)	73	(12)
<b>End of the period</b>	<b>(494)</b>	<b>(475)</b>	<b>(71)</b>	<b>(494)</b>	<b>(71)</b>
<b>Cash flow hedge</b>					



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<b>Beginning of the period</b>	140	131	(19)	131	(24)
Change in the period	(112)	9	141	(103)	146
<b>End of the period</b>	<b>28</b>	<b>140</b>	<b>122</b>	<b>28</b>	<b>122</b>
<b>Total other cumulative comprehensive income (deficit)</b>	<b>(7,698)</b>	<b>(4,745)</b>	<b>2,566</b>	<b>(7,698)</b>	<b>2,566</b>
<b>Undistributed retained earnings</b>					
<b>Beginning of the period</b>	42,007	41,130	43,189	41,130	42,218
Transfer from unappropriated retained earnings	(2,707)	877	1,202	(1,830)	2,173
Transfer to capitalized earnings			(14,309)		(14,309)
<b>End of the period</b>	<b>39,300</b>	<b>42,007</b>	<b>30,082</b>	<b>39,300</b>	<b>30,082</b>
<b>Unappropriated retained earnings</b>					
<b>Beginning of the period</b>	7,416	4,482	5,995	4,482	166
Net income attributable to the Company's stockholders	2,662	3,827	6,452	6,489	13,278
Remuneration of mandatorily convertible notes					
Preferred class A stock	(33)	(11)	(24)	(44)	(42)
Common stock	(14)	(5)	(10)	(19)	(18)
Dividends and interest attributed to stockholders' equity					
Preferred class A stock	(722)			(722)	
Common stock	(1,043)			(1,043)	
Appropriation to undistributed retained earnings	2,707	(877)	(1,202)	1,830	(2,173)
<b>End of the period</b>	<b>10,973</b>	<b>7,416</b>	<b>11,211</b>	<b>10,973</b>	<b>11,211</b>
<b>Total Company stockholders' equity</b>	<b>80,294</b>	<b>82,444</b>	<b>85,016</b>	<b>80,294</b>	<b>85,016</b>
<b>Noncontrolling interests</b>					
<b>Beginning of the period</b>	1,846	1,894	2,904	1,894	2,830
Disposals (acquisitions) of noncontrolling interests	(205)	(62)		(267)	117
Cumulative translation adjustments	24	14	40	38	(14)
Cash flow hedge					1
Losses attributable to noncontrolling interests	(69)	(58)	(58)	(127)	(110)
Net income attributable to redeemable noncontrolling interests	42	51	65	93	133
Dividends and interest attributable to noncontrolling interests	(35)	(4)	(59)	(39)	(65)
Capitalization of stockholders' advances	10	11	8	21	8
Pension plan			5		5
<b>End of the period</b>	<b>1,613</b>	<b>1,846</b>	<b>2,905</b>	<b>1,613</b>	<b>2,905</b>
<b>Total stockholders' equity</b>	<b>81,907</b>	<b>84,290</b>	<b>87,921</b>	<b>81,907</b>	<b>87,921</b>
<b>Number of shares issued and outstanding:</b>					
Preferred class A stock (including twelve golden shares)	2,108,579,618	2,108,579,618	2,108,579,618	2,108,579,618	2,108,579,618
Common stock	3,256,724,482	3,256,724,482	3,256,724,482	3,256,724,482	3,256,724,482
Buy-backs					
<b>Beginning of the period</b>	(268,010,734)	(268,011,021)	(147,024,956)	(268,011,021)	(147,024,965)
Conversions	56,081,560	287		56,081,847	9
<b>End of the period</b>	<b>(211,929,174)</b>	<b>(268,010,734)</b>	<b>(147,024,956)</b>	<b>(211,929,174)</b>	<b>(147,024,956)</b>
	<b>5,153,374,926</b>	<b>5,097,293,366</b>	<b>5,218,279,144</b>	<b>5,153,374,926</b>	<b>5,218,279,144</b>

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

Table of Contents**Notes to the Condensed Consolidated Financial Statements**

Expressed in millions of United States dollars, unless otherwise stated

**1 The Company and its operations**

Vale S.A., ( Vale , Company or we ) is a limited liability company incorporated in Brazil. Operations are carried out through Vale and our subsidiary companies, joint ventures and affiliates, and mainly consist of mining, basic metals production, fertilizers, logistics and steel activities.

Our principal consolidated operating subsidiaries are the following:

<b>Subsidiary</b>	<b>% ownership</b>	<b>% voting capital</b>	<b>Location</b>	<b>Principal activity</b>
Compañia Minera Miski Mayo S.A.C.	40.00	51.00	Peru	Fertilizer
Ferrovía Centro-Atlántica S. A.	99.99	99.99	Brazil	Logistics
Ferrovía Norte Sul S.A.	100.00	100.00	Brazil	Logistics
Mineração Corumbaense Reunida S.A. - MCR	100.00	100.00	Brazil	Iron Ore and Manganese
PT Vale Indonesia Tbk	59.20	59.20	Indonesia	Nickel
Sociedad Contractual Minera Tres Valles	90.00	90.00	Chile	Copper
Vale Australia Pty Ltd.	100.00	100.00	Australia	Coal
Vale International Holdings GMBH	100.00	100.00	Austria	Holding and Exploration
Vale Canada Limited	100.00	100.00	Canada	Nickel
Vale Coal Colombia Ltd. (see note 5)	100.00	100.00	Colombia	Coal
Vale Fertilizantes S.A	100.00	100.00	Brazil	Fertilizer
Vale International S.A	100.00	100.00	Switzerland	Trading
Vale Manganês S.A.	100.00	100.00	Brazil	Manganese and Ferroalloys
Vale Mina do Azul S. A.	100.00	100.00	Brazil	Manganese
Vale Moçambique S.A.	95.00	95.00	Mozambique	Coal
Vale Nouvelle-Calédonie SAS	74.00	74.00	New Caledonia	Nickel
Vale Oman Pelletizing Company LLC	100.00	100.00	Oman	Pellets
Vale Shipping Holding PTE Ltd.	100.00	100.00	Singapore	Logistics

**2 Basis of consolidation**

All majority-owned subsidiaries in which we have both share and management control are consolidated. All significant intercompany accounts and transactions are eliminated. Subsidiaries over which control is achieved through other means, such as stockholders agreement, are also

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consolidated even if we hold less than 51% of voting capital. Our variable interest entities in which we are the primary beneficiary are consolidated. Investments in unconsolidated affiliates and joint ventures are accounted under the equity method (Note 10).

We evaluate the carrying value of our equity investments in relation to publicly quoted market prices when available. If the quoted market price is lower than book value, and such decline is considered other than temporary, we write-down our equity investments to the level of the quoted market value.

We define joint ventures as businesses in which we and a small group of other partners each participate actively in the overall entity management, based on a stockholders agreement. We define affiliates as businesses in which we participate as a noncontrolling interest but with significant influence over the operating and financial policies of the investee.

Our participation in hydroelectric projects in Brazil is made via consortium contracts under which we have undivided interests in the assets, and are liable for our proportionate share of liabilities and expenses, which are based on our proportionate share of power output. We do not have joint liability for any obligations. No separate legal or tax status is granted to consortia under the Brazilian law. Accordingly, we recognize our proportionate share of costs and our undivided interest in assets relating to hydroelectric projects.

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**3 Basis of presentation**

Our condensed consolidated interim financial statements for the three-month periods ended June 30, 2012, March 31, 2012 and June 30, 2011 and six-month ended June 30, 2012 and 2011, prepared in accordance with accounting principles generally accepted in the United States of America ( USGAAP ), which differ in certain respects from the accounting practices adopted in Brazil ( BRGAAP ), and the International Financial Reporting Standards ( IFRS ) as issued by the International Accounting Standard Board ( IASB ), which are the basis for our annual statutory financial statements, are unaudited. However, in our opinion, these condensed consolidated financial statements includes all adjustments, consisting only of normal recurring adjustments, necessary for a fair statement of the results for interim periods. The results of operations for the three-month periods ended June 30, 2012, and March 31, 2012 and the Six-month period ended June 30, 2012, are not necessarily indicative of the actual results expected for the full fiscal year ending December 31, 2012.

These condensed consolidated interim financial statement should be read in conjunction with our audited consolidated financial statements as of and for the year ended December 31, 2011, prepared in accordance with US GAAP.

In preparing the condensed consolidated financial statements, we are required to use estimates to account for certain assets, liabilities, revenues and expenses. Our condensed consolidated financial statements therefore include various estimates concerning the selection of useful lives of property, plant and equipment, impairment, provisions necessary for contingent liabilities, fair values assigned to assets and liabilities acquired and assumed in business combinations, income tax uncertainties, employee post-retirement benefits and other similar evaluations. Actual results may vary from our estimates.

The Brazilian real is the parent Company s functional currency. We have selected the US dollar as our reporting currency.

All assets and liabilities have been translated into US dollars at the closing rate of exchange at each balance sheet date (or, if unavailable, the first available exchange rate). All statement of income accounts have been translated to US dollars at the average exchange rates prevailing during the respective periods. Capital accounts are recorded at historical exchange rates. Translation gains and losses are recorded in the Cumulative Translation Adjustments account ( CTA ) in stockholders equity.

The results of operations and financial position of our entities that have a functional currency other than the US dollar have been translated into US dollars and adjustments to translate those statements into US dollars are recorded in the CTA in stockholders equity.

The exchange rates used to translate the assets and liabilities of the Brazilian operations at June 30, 2012 and December 31, 2011, were R\$1.9893 and R\$1.8683, respectively.

**4 Accounting pronouncements**

**Newly issued accounting pronouncements**

The Company understands that the recently issued accounting pronouncements that are not effective as of and for the year ending December 31, 2012, are not expected to be relevant for its consolidated financial statements.

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**5 Major acquisitions and Disposals**

**a) Fertilizer Business**

In 2010, through our wholly owned subsidiary Mineração Naque S.A. ( Naque ), we acquired 78.92% of the total capital (being 99.83% the of voting capital) of Vale Fertilizantes S.A. and 100% of the total capital of Vale Fosfatados. In 2011 and beginning of 2012, we concluded several transactions including a public offer to acquire the free floating of Vale Fertilizantes and its delisting which resulted in the current ownership of 100% of the total capital of this subsidiary.

The purchase consideration of the business combination effected in 2010, when control was obtained, amounted to US\$5,795. The purchase price allocation exercise was concluded in 2011 and generated a deferred tax liability on the fair value adjustments, determined based on the temporary differences between the accounting basis of those assets and liabilities at fair values and their tax basis represented by the historical carrying values at the acquired entity. According to current Brazilian tax regulations, goodwill generated in connection with a business combination as well as the fair values of assets and liabilities acquired are only tax deductible post a legal merger between the acquirer and the acquiree.

In June 2012, we have decided to legally merge Naque and Vale Fertilizantes. As a result, the carrying amounts of acquired assets and liabilities accounted for at Naque s consolidated financial statements, represented by their amortized fair values from acquisition date, became their tax basis.

Therefore, upon concluding the merger, there are no longer differences between tax basis and carrying amounts of the net assets acquired, and consequently there is no longer deferred tax liability amount to be recognized. The outstanding balance of the initially recognized deferred tax liability (accounted for in connection with the purchase accounting) totaling US\$ 1,236 was entirely recycled through P&L for the six-month period ended June 30, 2012, in connection with the legal merger of Vale Fertilizantes into Naque.

In addition, Naque was then renamed as Vale Fertilizantes.

**b) Sale of coal**

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In June 2012, we have concluded the sale of our thermal coal operations in Colombia to CPC S.A.S., an affiliate of Colombian Natural Resources S.A.S. ( CNR ), a privately held company, which includes future compromises around of US\$ 121.

The thermal coal operations in Colombia constitute a fully-integrated mine-railway-port system consisting of a coal mine and a coal deposit; a coal port facility; and an equity participation in a railway connecting the coal mines to the port.

The loss on this transaction, of US\$355 was recorded in the income statement in the line Gain (Loss) on sale of assets

### c) **Acquisition of EBM shares**

Continuing the process of optimization its corporate structure, during 2Q12 Vale acquired additional 10.46% of Empreendimentos Brasileiros de Mineração S. A. (EBM), whose main asset is the participation in Minerações Brasileiras Reunidas S. A., which owns mines sites Itabirito, Vargem Grande and Paraopeba. As a result of the acquisition, we increased our share of the capital of EBM to 96.7% and of MBR to 98.3%, and the amount of US\$62 are recognized as a result from operations with non-controlling interest in Stockholders Equity .

Table of Contents**6 Income taxes**

There were no changes in the rates of taxes in the countries where we operate in the period. 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:

Income before discontinued operations, income taxes, equity results and noncontrolling interests	1,613	(238)	1,375	2,957	1,122	4,079	7,303	1,092	8,395
Exchange variation (not taxable) or not deductible		368	368		(200)	(200)		71	71
	<b>1,613</b>	<b>130</b>	<b>1,743</b>	<b>2,957</b>	<b>922</b>	<b>3,879</b>	<b>7,303</b>	<b>1,163</b>	<b>8,466</b>
Tax at Brazilian composite rate	(548)	(44)	(592)	(1,006)	(313)	(1,319)	(2,483)	(395)	(2,878)
<b>Adjustments to derive effective tax rate:</b>									
Tax benefit on interest attributed to stockholders	341		341	379		379	258		258
Difference on tax rates of foreign income		164	164		296	296		219	219
Tax incentives				90		90	192		192
Reversal/Constitution of provisions for loss of tax loss carryforward								(141)	(141)
Other non-taxable, income/non deductible expenses	(46)	(43)	(89)	28	(27)	1	(63)	6	(57)
	<b>(253)</b>	<b>77</b>	<b>(176)</b>	<b>(509)</b>	<b>(44)</b>	<b>(553)</b>	<b>(2,096)</b>	<b>(311)</b>	<b>(2,407)</b>
Reversal of deferred tax (see note 5.a)	1,236		1,236						
<b>Income tax per consolidated statements of income</b>	<b>983</b>	<b>77</b>	<b>1,060</b>	<b>(509)</b>	<b>(44)</b>	<b>(553)</b>	<b>(2,096)</b>	<b>(311)</b>	<b>(2,407)</b>

	Six-month period ended (unaudited)						
	Brazil	June 30, 2012		Total	June 30, 2011		
		Foreign			Foreign	Total	
Income before discontinued operations, income taxes, equity results and noncontrolling interests	4,570	884		5,454	11,821	4,445	16,266
Exchange variation (not taxable) or not deductible		168		168		118	118
	<b>4,570</b>	<b>1,052</b>		<b>5,622</b>	<b>11,821</b>	<b>4,563</b>	<b>16,384</b>
Tax at Brazilian composite rate	(1,554)	(358)		(1,911)	(4,019)	(1,551)	(5,570)



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**Adjustments to derive effective tax rate:**

Tax benefit on interest attributed to stockholders	720		720	694		694
Difference on tax rates of foreign income		460	460		967	967
Tax incentives	90		90	363		363
Other non-taxable, income/non deductible expenses	(18)	(70)	(88)	(50)	(188)	(238)
	<b>(762)</b>	<b>32</b>	<b>(729)</b>	<b>(3,012)</b>	<b>(772)</b>	<b>(3,784)</b>
Reversal of deferred tax (see note 5a)	1,236		1,236			
<b>Income tax per consolidated statements of income</b>	<b>474</b>	<b>32</b>	<b>507</b>	<b>(3,012)</b>	<b>(772)</b>	<b>(3,784)</b>

Whereas published on December 31, 2011, there were no changes in tax incentives received by the company.

The Company is subject to revision of income tax by 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.

The reconciliation of the beginning and ending balances is as follows: (see note 16(b)) tax related actions)

	Three-month period ended		(unaudited)	Six-month period ended	
	June 30, 2012	March 31, 2012	June 30, 2011	June 30, 2012	June 30, 2011
<b>Beginning of the period</b>	<b>272</b>	<b>263</b>	<b>2,623</b>	<b>263</b>	<b>2,555</b>
Increase resulting from tax positions taken	4	4	1,065	8	1,074
Decrease resulting from tax positions taken			(3,315)		(3,317)
Cumulative translation adjustments	(5)	5	(1)		60
<b>End of the period</b>	<b>271</b>	<b>272</b>	<b>372</b>	<b>271</b>	<b>372</b>

Table of Contents**7 Cash and cash equivalents**

	<b>June 30, 2012 (unaudited)</b>	<b>December 31, 2011</b>
Cash	1,038	945
Short-term investments	3,045	2,586
	<b>4,083</b>	<b>3,531</b>

All the above mentioned short-term investments are made through the use of low risk fixed income securities, in a way that those denominated in Brazilian Reais are concentrated in investments indexed to the CDI, and those denominated in US dollars are mainly time deposits, with the original due date less than three months.

The increase in cash equivalents during the 2012, is mainly related to the notes issued during the quarter ended June 30, 2012 (note 12).

**8 Inventories**

	<b>June 30, 2012 (unaudited)</b>	<b>December 31, 2011</b>
<b>Products</b>		
Nickel (co-products and by-products)	1,672	1,771
Iron ore and pellets	1,296	1,137
Manganese and ferroalloys	92	240
Fertilizer	493	387
Copper concentrate	139	72
Coal	268	277
Others	40	91
Spare parts and maintenance supplies	1,281	1,276
	<b>5,281</b>	<b>5,251</b>

On June 30, 2012 and December 31, 2011 the inventory includes provision for adjustment to market value for the products nickel and manganese in the amount of US\$ 14 and US\$ 9, respectively.

**9 Assets and liabilities held for sale**

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In July 2012 (subsequent event), we have signed a share purchase agreement to sell our manganese ferroalloys operations in Europe to subsidiaries of Glencore International Plc., a company listed on the London and Hong Kong Stock Exchanges, for US\$ 160 in cash, subject to the fulfillment of certain precedent conditions. We recognized a loss of US\$ 22 presented in our statement of income as Gain (Loss) on sale of assets .

The manganese ferroalloys operations in Europe consist of: (a) 100% of Vale Manganèse France SAS, located in Dunkerque, France; and (b) 100% of Vale Manganese Norway AS, located in Mo I Rana, Norway.

	June 30, 2012 (unaudited)
<b>Assets held for sale</b>	
Accounts receivable	46
Recoverable taxes	6
Inventories	91
Property, plant and equipment	42
Other	2
<b>Total</b>	<b>187</b>
<b>Liabilities related to assets held for sale</b>	
Suppliers	20
Deferred income tax	4
Others	8
<b>Total</b>	<b>32</b>

Table of Contents**10 Investments in affiliated companies and joint ventures**

	June 30, 2012 (unaudited)		Net income (loss) of the period	Investments June 30, 2012 (unaudited)	Equity in earnings (losses) of investee adjustments (unaudited)					
	Participation in capital Voting	equity Total			June 30, 2012 (unaudited)	December 31, 2011	Three-month period ended		Six-month period ended	
						June 30, 2012	March 31, 2012	June 30, 2011	June 30, 2012	June 30, 2011
<b>Bulk Material</b>										
<b>Iron ore and pellets</b>										
Companhia Nipo-Brasileira de Pelotização - NIBRASCO (1)	51.11	51.00	333	17	170	173	3	6	15	9
Companhia Hispano-Brasileira de Pelotização - HISPANOBRÁS (1)	51.00	50.89	248	62	126	115	29	2	5	31
Companhia Coreano-Brasileira de Pelotização - KOBRASCO (1)	50.00	50.00	198	30	100	78	8	7	8	15
Companhia Ítalo-Brasileira de Pelotização - ITABRASCO (1)	51.00	50.90	119	14	61	80	1	6	15	7
Minas da Serra Geral SA - MSG	50.00	50.00	52	6	26	29	(3)	3	(5)	
SAMARCO Mineração SA - SAMARCO (2)	50.00	50.00	1,144	697	626	528	140	209	278	349
Baovale Mineração SA - BAOVALE	50.00	50.00	58	4	29	35	2		2	2
Zhuhai YPM Pellet e Co.,Ltd - ZHUHAI	25.00	25.00	91	1	23	23			1	
Tecnored Desenvolvimento Tecnológico SA	43.04	43.04	115	(18)	51	48	(7)	(2)		(9)
					<b>1,212</b>	<b>1,109</b>	<b>173</b>	<b>231</b>	<b>319</b>	<b>404</b>
<b>Coal</b>										
Henan Longyu Resources Co Ltd	25.00	25.00	1,258	134	314	282	16	18	18	34
Shandong Yankuang International Company Ltd	25.00	25.00	(195)	(26)	(49)	(43)	(3)	(4)	(4)	(7)
					<b>265</b>	<b>239</b>	<b>13</b>	<b>14</b>	<b>14</b>	<b>27</b>
<b>Base Metals</b>										
<b>Bauxite</b>										
Mineração Rio do Norte SA - MRN	40.00	40.00	299	26	120	144	4	7	1	11

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					120	144	4	7	1	11
<b>Copper</b>										
Teal Minerals Incorporated										
	50.00	50.00	467	(6)	233	234	(2)	(1)	(2)	(3)
					<b>233</b>	<b>234</b>	<b>(2)</b>	<b>(1)</b>	<b>(2)</b>	<b>(3)</b>
<b>Nickel</b>										
Heron Resources Inc (3)										
					6	6				
Korea Nickel Corp	25.00	25.00	76	4	19	4	1			1
Others (3)						1				
					<b>25</b>	<b>11</b>	<b>1</b>			<b>1</b>
<b>Aluminium</b>										
Norsk Hydro ASA										
	22.00	22.00	14,418	127	3,172	3,227		28	50	28
					<b>3,172</b>	<b>3,227</b>		<b>28</b>	<b>50</b>	<b>28</b>
<b>Logistic</b>										
LOG-IN Logística Intermodal SA										
	31.33	31.33	278	(42)	93	114	(4)	(10)	(2)	(14)
MRS Logística SA	46.75	47.59	1,182	126	560	551	19	40	35	59
					<b>653</b>	<b>665</b>	<b>15</b>	<b>30</b>	<b>33</b>	<b>45</b>
<b>Others</b>										
<b>Steel</b>										
California Steel Industries Inc - CSI										
	50.00	50.00	352	30	176	161	9	6	7	15
CSP - Companhia Siderurgica do PECEM										
	50.00	50.00	903	(3)	452	267	(1)	(1)		(2)
THYSSENKRUPP CSA Companhia Siderúrgica do Atlântico										
	26.87	26.87	5,623	(317)	1,511	1,607	(46)	(39)	(10)	(85)
					<b>2,139</b>	<b>2,035</b>	<b>(38)</b>	<b>(34)</b>	<b>(3)</b>	<b>(72)</b>
<b>Other affiliates and joint ventures</b>										
Norte Energia S.A.										
	9.00	9.00	721	(11)	65	75	(1)			(1)
Vale Soluções em Energia S.A.(1)										
	52.77	52.77	188	(76)	110	145	(8)	(32)	(6)	(40)
Others					179	209	1			1
					<b>354</b>	<b>429</b>	<b>(8)</b>	<b>(32)</b>	<b>(6)</b>	<b>(40)</b>
<b>Total</b>					<b>8,173</b>	<b>8,093</b>	<b>158</b>	<b>243</b>	<b>406</b>	<b>401</b>

(1) Although Vale held a majority of the voting interest of investees accounted for under the equity method, existing veto rights held by noncontrolling shareholders.

(2) Investment includes goodwill of US\$ 54 in June 30, 2012 and US\$58 in December, 2011.

(3) Available for sale.

Table of Contents**11 Short-term debt**

Short-term borrowings outstanding on June 30, 2012 are from commercial banks for export financing denominated in US dollars with average annual interest rates of 2,03%.

**12 Long-term debt**

	Current liabilities		Non-current liabilities	
	June 30, 2012	December 31,	June 30, 2012	December 31,
	(unaudited)	2011	(unaudited)	2011
<b>Foreign debt</b>				
Loans and financing denominated in the following currencies:				
US dollars	788	496	3,588	2,693
Others	54	9	252	52
Fixed Rate Notes				
US dollars		410	11,378	10,073
EUR			944	970
Accrued charges	254	221		
	<b>1,096</b>	<b>1,136</b>	<b>16,162</b>	<b>13,788</b>
<b>Brazilian debt</b>				
Brazilian Reais indexed to Long-Term Interest Rate - TJLP/CDI and General Price Index-Market (IGP-M)	321	247	4,895	5,245
Non-convertible debentures			2,375	2,505
US dollars denominated				
Accrued charges	85	112		
	<b>406</b>	<b>359</b>	<b>7,270</b>	<b>7,750</b>
<b>Total</b>	<b>1,502</b>	<b>1,495</b>	<b>23,432</b>	<b>21,538</b>

The long-term portion at June 30, 2012 (unaudited) was as follows:

2013	2,544
2014	1,237
2015	994
2016	1,650
2017 and after	17,007
	23,432

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At June 30, 2012 (unaudited) annual interest rates on long-term debt were as follows:

Up to 3%	4,979
3.1% to 5% (*)	4,551
5.1% to 7%	8,780
7.1% to 9% (**)	4,991
9.1% to 11% (**)	1,105
Over 11% (**)	529
	24,935

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(\*) Includes Eurobonds. For this operation we have entered into derivative transactions at a cost of 4.71% per year in US dollars.

(\*\*) Includes non-convertible debentures and other Brazilian Real denominated debt that bear interest at the Brazilian Interbank Certificate of Deposit (CDI) and Brazilian Government Long-term Interest Rates (TJLP) plus a spread. For these operations, we have entered into derivative transactions to mitigate our exposure to the floating rate debt denominated in Brazilian Real, totaling US\$ 5,879 of which US\$ 4,698 has an original interest rate above 7.1% per year. The average cost after taking into account the derivative transactions is 2.86% per year in US dollars.

The average cost of all derivative transactions is 3.12% per year in US dollars.

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Vale has non-convertible debentures at Brazilian Real denominated as follows:

Non Convertible Debentures	Quantity as of June 30, 2012		Maturity	Interest	Balance	
	Issued	Outstanding			June 30, 2012 (unaudited)	December 31, 2011
2nd Series	400,000	400,000	November 20, 2013	100% CDI + 0.25%	2,030	2,167
Tranche B - Salobo	5	5	No date	6.5% p.a + IGP-DI	364	364
					<b>2,394</b>	<b>2,531</b>
Long-term portion					2,375	2,505
Accrued charges					19	26
					<b>2,394</b>	<b>2,531</b>

The indexation indices/ rates applied to our debt were as follows (unaudited):

	Three-month period ended		June 30, 2011	Six-month period ended	
	June 30, 2012	March 31, 2012		June 30, 2012	June 30, 2011
TJLP - Long-Term Interest Rate (effective rate)	1.5	1.5	1.5	3.0	3.0
IGP-M - General Price Index - Market	2.6	0.6	0.7	3.2	3.1
Appreciation (devaluation) of Real against US dollar	(8.6)	2.0	4.2	(6.6)	6.5

On July 10, 2012 (subsequent event) we received the amount related to the issue of 750 (US\$ 919) notes due 2023. These notes will bear a coupon of 3.75% per year, payable annually, at a price of 99.608% of the principal amount.

In April 2012, through our wholly-owned subsidiary Vale Overseas Limited, we received the amount related to the issue of US\$ 1,250 notes due 2022 that were priced in March at a price of 101.345% of the principal amount. The notes will bear a coupon of 4.375% per year, payable semi-annually and will be consolidated with, and form a single series with, Vale Overseas's US\$ 1 billion 4.375% notes due 2022 issued on January 2012. Those notes issued in January, 2012 were sold at a price of 98.804% of the principal amount.

**Credit Lines**



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In August 2011, we entered into an agreement with a syndicate of financial institutions to finance the acquisition of five large ore carriers and two capesize bulkers at two Korean shipyards. The agreement provides a credit line of up to US\$ 530. As of June 30, 2012, Vale had drawn US\$ 265 under the facility.

In October 2010, we signed an agreement with Export Development Canada ( EDC ) to finance our investment program. Under the agreement, EDC will provide a credit line of up to US\$ 1 billion. As of June 30, 2012, Vale had drawn US\$ 675.

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 comprising a facility for an amount of up to US\$ 1,229. 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 June 30, 2012, we had drawn US\$ 712 under this facility.

In June 2010, Vale established certain facilities with Banco Nacional de Desenvolvimento Econômico Social ( BNDES ) for a total amount of R\$ 774, (US\$ 389), to finance the acquisition of domestic equipments. On March 31, 2011, Vale increased this facility through a new agreement with BNDES for R\$ 103 (US\$ 52). As of June 30, 2012, we had drawn R\$ 641 (US\$ 322) under these facilities.

In May 2008, the Company has signed agreements with Japanese long term financing credit agencies in the amount of US\$ 5 billion, being US\$ 3 billion with Japan Bank for International Cooperation ( JBIC ) and US\$ 2 billion with Nippon Export and Investment Insurance ( NEXI ), to finance mining projects, logistics and energy generation. Until June 30, 2012, Vale through its subsidiary PT Vale Indonesia Tbk ( PTVI ) withdrew US\$ 300, under the credit facility from NEXI 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\$ 7.3 billion (US\$ 4 billion) with BNDES to finance its investment program. As of June 30, 2012, Vale withdrew R\$ 2,849 (US\$ 1,432) in this line.

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**Revolving credit lines**

Vale has available revolving credit lines that can be disbursed and paid at any time, during its availability period. On June 30, 2012, the total amount available under the revolving credit lines was US\$3 billion, which can be drawn by Vale S.A., Vale Canada Limited and Vale International.

**Guarantee**

On June 30, 2012, US\$ 1,088 of the total aggregate outstanding debt was secured by property, plant and equipment and receivables.

**Covenants**

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 June 30, 2012.

**13 Stockholders equity**

**Stockholders**

Each holder of common and preferred class A stock is entitled to one vote for each share on all matters brought before stockholders meetings, except for the election of the Board of Directors, which is restricted to the holders of common stock. The Brazilian Government holds twelve preferred special shares which confer permanent veto rights over certain matters.

Both common and preferred stockholders are entitled to receive a mandatory minimum dividend of 25% of annual adjusted net income under Brazilian GAAP, once declared at the annual stockholders meeting. In the case of preferred stockholders, this dividend cannot be less than 6% of the preferred capital as stated in the statutory accounting records or, if greater, 3% of the Brazilian GAAP equity value per share.

In April 2012, the Board of Directors approved the payment of interest on capital in the amount of US\$ 3 billion, corresponding to US\$ 0.588547644 per outstanding share, common or preferred shares, of Vale issuance.

In November 2011, as part of the share buy-back program approved in June 2011, we concluded the acquisition of 39,536,080 common shares, at an average price of US\$ 26.25 per share, and 81,451,900 preferred shares, at an average price of US\$ 24.09 per share (including shares of each class in the form of American Depositary Receipts), for a total aggregate purchase price of US\$ 3.0 billion.

#### **Mandatorily convertible**

In June 2012, the notes series VALE and VALE.P-2012 were converted into ADS and represent an aggregate of 15,839,592 common shares and 40,241,968 preferred class A shares respectively. The Conversion was made using 56,081,560 treasury stocks held by the Company. The difference between the conversion amount and the book value of the treasury stocks of US\$ (251) was accounted for in additional paid-in capital in the stockholder s equity.

In May 2012, Vale paid additional remuneration to holders of those mandatorily convertible notes, in the amount of US\$ 1.463648 and US\$ 1.692869 per note, respectively.

Table of Contents**Earnings per share**

Earnings per share amounts have been calculated as follows:

	(unaudited)				
	June 30, 2012	Three-month period ended March 31, 2012	June 30, 2011	Six-month period ended June 30, 2012	June 30, 2011
<b>Net income for the period</b>	<b>2,662</b>	<b>3,827</b>	<b>6,452</b>	<b>6,489</b>	<b>13,278</b>
Remuneration attributed to preferred convertible notes	(33)	(11)	(24)	(44)	(42)
Remuneration attributed to common convertible notes	(14)	(5)	(10)	(19)	(19)
<b>Net income for the period adjusted</b>	<b>2,615</b>	<b>3,811</b>	<b>6,418</b>	<b>6,426</b>	<b>13,217</b>
<b>Earnings per share</b>					
Income available to preferred stockholders	989	1,423	2,440	2,430	5,025
Income available to common stockholders	1,626	2,339	3,898	3,996	8,028
Income available to convertible notes linked to preferred		35	57		118
Income available to convertible notes linked to common		14	23		47
	<b>2,615</b>	<b>3,811</b>	<b>6,418</b>	<b>6,426</b>	<b>13,218</b>
Weighted average number of shares outstanding (thousands of shares) - preferred shares	1,928,076	1,927,480	2,008,930	1,927,627	2,008,930
Weighted average number of shares outstanding (thousands of shares) - common shares	3,170,048	3,169,813	3,209,349	3,169,871	3,209,349
<b>Total</b>	<b>5,098,124</b>	<b>5,097,293</b>	<b>5,218,279</b>	<b>5,097,498</b>	<b>5,218,279</b>
Weighted average number of convertibles outstanding (thousands of shares) - linked to preferred shares		47,285	47,285		47,285
Weighted average number of convertibles outstanding (thousands of shares) - linked to common shares		18,416	18,416		18,416
<b>Total</b>		<b>65,701</b>	<b>65,701</b>		<b>65,701</b>
<b>Total</b>					
Earnings per preferred share	0.51	0.74	1.21	1.26	2.50
Earnings per common share	0.51	0.74	1.21	1.26	2.50
Earnings per convertible note linked to preferred		0.97	1.71		3.38
		1.03	1.79		3.53

Earnings per convertible note linked to common share

The Company does not disclose a calculation for diluted earnings per share because the effect is anti-dilutive.

## 14 Pension plans

We previously disclosed in our consolidated financial statements for the year ended December 31, 2011, that we expected to contribute US\$262 to our defined benefit pension plan in 2012. As of June 30, 2012, total contributions of US\$ 151 had been made. We do not expect any significant change in our previous estimate.

	Three-month period ended in June 30, 2012 (unaudited)		
	Overfunded pension plans	Underfunded pension plans	Underfunded other benefits
Service cost - benefits earned during the period	7	17	8
Interest cost on projected benefit obligation	114	63	25
Expected return on assets	(203)	(63)	
Amortizations and (gain) / loss		12	(2)
<b>Net periodic pension cost (credit)</b>	<b>(82)</b>	<b>29</b>	<b>31</b>

	Three-month period ended in March 31, 2012 (unaudited)		
	Overfunded pension plans	Underfunded pension plans	Underfunded other benefits
Service cost - benefits earned during the period	8	15	9
Interest cost on projected benefit obligation	129	65	27
Expected return on assets	(229)	(65)	
Amortizations and (gain) / loss		10	(2)
<b>Net periodic pension cost (credit)</b>	<b>(92)</b>	<b>25</b>	<b>34</b>

	Three-month period ended in June 30, 2011 (unaudited)		
	Overfunded pension plans	Underfunded pension plans	Underfunded other benefits
Service cost - benefits earned during the period		19	8
Interest cost on projected benefit obligation	103	106	26
Expected return on assets	(175)	(99)	
Amortizations and (gain) / loss		6	(4)
Net deferral			(3)
<b>Net periodic pension cost (credit)</b>	<b>(72)</b>	<b>32</b>	<b>27</b>

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	Six-month period ended in June 30, 2012 (unaudited)		
	Overfunded pension plans	Underfunded pension plans	Underfunded other benefits
Service cost - benefits earned during the period	15	32	17
Interest cost on projected benefit obligation	243	128	52
Expected return on assets	(432)	(128)	
Amortizations and (gain) / loss		22	(4)
<b>Net periodic pension cost (credit)</b>	<b>(174)</b>	<b>54</b>	<b>65</b>

	six-month period ended in June 30, 2011 (unaudited)		
	Overfunded pension plans	Underfunded pension plans	Underfunded other benefits
Service cost - benefits earned during the period		39	16
Interest cost on projected benefit obligation	201	210	51
Expected return on assets	(341)	(192)	
Amortizations and (gain) / loss		15	(8)
<b>Net periodic pension cost (credit)</b>	<b>(140)</b>	<b>72</b>	<b>59</b>

**15 Long-term incentive compensation plan**

Under the terms of the long-term incentive compensation plan, the participants, restricted to certain executives, may elect to allocate part of their annual bonus to the plan. The allocation is applied to purchase preferred shares of Vale, through a predefined financial institution, at market conditions and with no benefit provided by Vale.

The shares purchased by each executive are unrestricted and may, at the participant's discretion, be sold at any time. However if, the shares are held for a three-year period and the executive is continually employed by Vale during that period. The participant then becomes entitled to receive from Vale a cash payment equivalent to the total amount of shares held, based on the market rates, the total shares linked to the plan at June 30, 2012 and December 31, 2011, are 4,879,815 and 3,012,538, respectively.

Additionally, as a long-term incentive certain eligible executives have the opportunity to receive at the end of the triennial cycle, a certain number of shares at market rates, based on an evaluation of their career and performance factors measured as an indicator of total return to stockholders.

We account for the compensation cost provided to our executives under this long-term incentive compensation plan, following the requirements for Accounting for Stock-Based Compensation. Liabilities are measured at each reporting date at fair value, based on market rates. Compensation costs incurred are recognized, over the defined three-year vesting period. At June 30, 2012, December 31, 2011, we recognized a

liability of US\$66, US\$109, respectively.

**16 Commitments and contingencies**

In regards to the construction and installation of our nickel and cobalt processing plant in New Caledonia, we have provided significant guarantees in respect of our financing arrangements which are outlined below.

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 regarding certain payments due from VNC, associated with the Girardin Act lease financing. We also committed that assets associated with the Girardin Act lease financing would be substantially complete by December 31, 2011. In light of the delay in the start-up of the VNC processing facilities, we proposed an extension to the previously agreed substantial completion date of December 31, 2011 to December 31, 2012. The French Government and tax investors have formally agreed to this extension. We believe the likelihood of the guarantee being called upon to be remote.

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 if the defined cost of the initial nickel cobalt development project, as measured by funding provided to VNC, in natural currencies and converted to U.S. dollars at specified rates of exchange, in the form of Girardin Act lease financing, shareholder loans and equity contributions by shareholders to VNC, exceeded \$4.6 billion and an agreement cannot be reached on how to proceed with the project. On May 27, 2010 the threshold was reached. The put option discussion and decision period was extended to July 31, 2012. In light of the delay in ramping up the Project, we are currently in discussions with Sumic pertaining to a further extension of the put option.

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In addition, in the course of our operations we have provided letters of credit and guarantees in the amount of \$743 million that are associated with items such as environment reclamation, asset retirement obligation commitments, insurance, electricity commitments, post-retirement benefits, community service commitments and import and export duties.

We and our subsidiaries are defendants in numerous legal actions in the normal course of business. Based on the advice of our legal counsel, management believes that the amounts recognized are sufficient to cover probable losses in connection with such actions.

The provision for contingencies and the related judicial deposits is as follows:

	June 30, 2012 (unaudited)		December 31, 2011	
	Provision for contingencies	Judicial deposits	Provision for contingencies	Judicial deposits
Labor and social security claims	791	900	751	895
Civil claims	267	199	248	151
Tax - related actions	656	427	654	413
Others	34	5	33	5
	<b>1,748</b>	<b>1,531</b>	<b>1,686</b>	<b>1,464</b>

Labor and social security related actions principally comprise claims by Brazilian current and former employees for (i) payment of time spent travelling from their residences to the work-place, (ii) additional health and safety related payments and (iii) various other matters, often in connection with disputes about the amount of indemnities paid upon dismissal and the one-third extra holiday pay.

Civil actions principally relate to claims made against us by contractors in Brazil in connection with losses alleged to have been incurred by them as a result of various past Government economic plans, during which full inflation indexation of contracts was not permitted, as well as for accidents and land appropriation disputes.

Tax related actions principally comprise challenges initiated by us, on certain taxes on revenues and uncertain tax positions. We continue to vigorously pursue our interests in all these actions but recognize that we probably will incur some losses in the final instance, for which we have made provisions.

Judicial deposits are made by us following court requirements in order to be entitled to either initiate or continue a legal action. These amounts are released to us upon receipt of a final favorable outcome from the legal action, and in the case of an unfavorable outcome, the deposits are transferred to the prevailing party.



Contingencies settled during the three-month periods ended June 30, 2012, March 31, 2012 and June 30, 2011, totaled US\$ 27, US\$ 13 and US\$ 130, respectively. Provisions recognized in the three-month periods ended June 30, 2012, March 31, 2012 and June 30, 2011, totaled US\$ 224, US\$ 99 and US\$ 176, respectively, classified as other operating expenses.

In addition to the contingencies for which we have made provisions, we are defendants in claims where in our opinion, and based on the advice of our legal counsel, the likelihood of loss is reasonably possible but not probable, in the total amount of US\$ 21,318 at June 30, 2012, and for which no provision has been made (December 31, 2011 US\$22,449). The primary reasonably possible tax contingencies refers to tax assessments against us regarding the payment of Income Tax and Social Contribution calculated based on the equity method in foreign subsidiaries.

At the time of our privatization in 1997, the Company issued debentures to its then-existing stockholders, including the Brazilian Government. The terms of these debentures were set to ensure that the pre-privatization stockholders, including the Brazilian Government, would participate in possible future financial benefits that could be obtained from exploiting certain mineral resources.

A total of 388,559,056 Debentures were issued at a par value of R\$ 0.01 (one cent), whose value will be restated in accordance with the variation in the General Market Price Index (IGP-M), as set forth in the Issue Deed. As at June 30, 2012 the total amount of these debentures was US\$ 1,410 (US\$ 1,336 in December 31, 2011).

The debenture holders have the right to receive premiums, paid semiannually, equivalent to a percentage of net revenues from specific mine resources as set forth in the indenture.

In April 2012 we paid remuneration on these debentures of US\$ 6.

Table of Contents**Asset retirement obligations**

We use various judgments and assumptions when measuring our asset retirement obligations.

Changes in circumstances, law or technology may affect our cash flow estimates and we periodically review the amounts accrued and adjust them as necessary. Our accruals do not reflect unasserted claims because we are currently not aware of any such issues. Also the amounts provided are not reduced by any potential recoveries under cost sharing, insurance or indemnification arrangements because such recoveries are considered uncertain.

The changes in the provisions for asset retirement obligations are as follows:

	(unaudited)				
	June 30, 2012	Three-month period ended March 31, 2012	June 30, 2011	Six-month period ended June 30, 2012	June 30, 2011
<b>Beginning of period</b>	<b>1,862</b>	<b>1,770</b>	<b>1,368</b>	<b>1,770</b>	<b>1,368</b>
Accretion expense	49	34	30	83	71
Liabilities settled in the current period		(4)	(20)	(4)	(30)
Revisions in estimated cash flows	3	29	(10)	32	(73)
Cumulative translation adjustment	(100)	33	42	(67)	74
<b>End of period</b>	<b>1,814</b>	<b>1,862</b>	<b>1,410</b>	<b>1,814</b>	<b>1,410</b>
Current liabilities	41	69	56	41	56
Non-current liabilities	1,773	1,793	1,354	1,773	1,354
<b>Total</b>	<b>1,814</b>	<b>1,862</b>	<b>1,410</b>	<b>1,814</b>	<b>1,410</b>

**17 Other expenses**

The income statement line Other operating expenses totaled in Three-month period ended US\$ 604 in June 30, 2012, US\$ 686 in March 31, 2012 and US\$ 724 in June 30, 2011 and Six-month period ended US\$ 1,290 in June 30, 2012 and 1,144 in June 30, 2011. It includes pre operational expenses US\$ 146 in June 30, 2012, US\$ 107 in March 31, 2012 and US\$ 143 in June 30, 2011 and Six-month period ended US\$ 253 in June 30, 2012 and US\$ 173 in June 30, 2011, loss of materials US\$ 26 in June 30, 2012, US\$ 21 in March 31, 2012 and US\$ 0 in June 30, 2011 and Six-month period ended US\$ 47 in June 30, 2012 and US\$ 34 June 30, 2011 and idle capacity and stoppage operations expenses US\$ 178 in June 30, 2012, US\$ 212 in March 31, 2012 and US\$ 202 in June 30, 2011 and Six-month period ended US\$ 390 in June 30, 2012 and US\$ 304 in June 30, 2011.

**18 Fair value disclosure of financial assets and liabilities**

The Financial Accounting Standards Board, through Accounting Standards Codification and Accounting Standards Updates, defines fair value and sets out a framework for measuring fair value, which refers to valuation concepts and practices and requires certain disclosures about fair value measurements.

**a) Measurements**

The pronouncements define fair value as the exchange price that would be received for an asset, or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability, in an orderly transaction between market participants on the measurement date. In determining fair value, the Company uses various methods including market, income and cost approaches. Based on these approaches, the Company often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and or the inherent risks in the inputs to the valuation technique.

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These inputs can be readily observable, market corroborated, or generally unobservable inputs. The Company utilizes techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Under this standard, those inputs used to measure the fair value are required to be classified on three levels. Based on the characteristics of the inputs used in valuation techniques the Company is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value are classified and disclosed as follows:

**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, either directly or indirectly, for the term of the asset or liability;

**Level 3** - Assets and liabilities, for 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.

**b) Measurements on a recurring basis**

The description of the valuation methodologies used for recurring assets and liabilities measured at fair value in the Company's Consolidated Balance Sheet at June 30, 2012 and December 31, 2011 are summarized below:

- **Available-for-sale securities**

They are securities that are not classified either as held-for-trading or as held-to-maturity for strategic reasons and have readily available market prices. We evaluate the carrying value of some of our investments in relation to publicly quoted market prices when available. When there is no market value, we use inputs other than quoted prices.

- **Derivatives**

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The market approach is used to estimate the fair value of the swaps discounting their cash flows using the interest rate of the currency they are denominated in. It is also used for the commodities contracts, since the fair value is computed by using forward curves for each commodity.

- **Debentures**

The fair value is measured by the market approach method, and the reference price is available on the secondary market.

The tables below presents the balances of assets and liabilities measured at fair value on a recurring basis as follows:

	Carrying amount	June 30, 2012 (unaudited)		
		Fair value	Level 1	Level 2
Available-for-sale securities	6	6	6	
Unrealized gain on derivatives	(728)	(728)		(728)
Debentures	(1,410)	(1,410)		(1,410)

	Carrying amount	December 31, 2011		
		Fair value	Level 1	Level 2
Available-for-sale securities	7	7	7	
Unrealized losses on derivatives	(81)	(81)		(81)
Debentures	(1,336)	(1,336)		(1,336)

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c) **Measurements on a non-recurring basis**

The Company also has assets under certain conditions that are subject to measurement at fair value on a non-recurring basis. These assets include goodwill and assets acquired and liabilities assumed in business combinations. During the three-month period ended June 30, 2012, we have not recognized any impairment for those items.

d) **Financial Instruments**

**Long-term debt**

The valuation method used to estimate the fair value of our debt is the market approach for the contracts that are quoted on the secondary market, such as bonds and debentures. The fair value of both fixed and floating rate debt is determined by discounting future cash flows of Libor and Vale's bonds curves (income approach).

**Time deposits**

The method used is the income approach, through the prices available on the active market. The fair value is close to the carrying amount due to the short-term maturities of the instruments.

Our long-term debt is reported at amortized cost, and the income of time deposits is accrued monthly according to the contract rate. The estimated fair value measurement is disclosed as follows:

	<b>June 30, 2012</b>			
	<b>Carrying amount</b>	<b>Fair value</b>	<b>Level 1</b>	<b>Level 2</b>
Long-term debt (less interests) (a)	(24,594)	(26,724)	(20,155)	(6,569)
Perpetual Notes (b)	(81)	(81)		(81)

  

	<b>December 31, 2011</b>			
	<b>Carrying amount</b>	<b>Fair value</b>	<b>Level 1</b>	<b>Level 2</b>

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Long-term debt (less interests) (a)	(22,700)	(24,312)	(18,181)	(6,131)
Perpetual Notes (b)	(80)	(80)		(80)

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(a) Less accrued charges of US\$ 341 and US\$ 333 as of June 30, 2012 and December 31, 2011, respectively.

(b) Classified on LT Loans and related parties (Non current liabilities).

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The information presented to the Executive Board with the respective performance of each segment are usually derived from the accounting records maintained in accordance with the best accounting practices, with some reallocation between segments.

Consolidated net income and principal assets are reconciled as follows:

**Results by segment**

	June 30, 2012					Three-month period ended (unaudited) March 31, 2012						
	Bulk Material	Base Metals	Fertilizers	Logistic	Others	Consolidated	Bulk Material	Base Metals	Fertilizers	Logistic	Others	Consolidated
<b>RESULTS</b>												
Gross revenues	8,934	1,781	923	408	104	12,150	8,240	1,775	829	403	92	11,339
Cost and expenses	(3,509)	(1,573)	(740)	(394)	(191)	(6,407)	(3,455)	(1,359)	(660)	(411)	(250)	(6,135)
Research and development	(170)	(122)	(23)	(2)	(42)	(359)	(139)	(96)	(15)	(1)	(48)	(291)
Depreciation, depletion and amortization	(508)	(402)	(114)	(57)	(3)	(1,084)	(506)	(374)	(109)	(64)	(2)	(1,055)
Loss on sale of assets	(377)					(377)						
<b>Operating income</b>	<b>4,370</b>	<b>(316)</b>	<b>46</b>	<b>(45)</b>	<b>(132)</b>	<b>3,923</b>	<b>4,140</b>	<b>(54)</b>	<b>45</b>	<b>(73)</b>	<b>(208)</b>	<b>3,850</b>
Financial Result	(2,504)	41	(57)	(21)	(7)	(2,548)	220	5	4	(9)	9	222
Equity in results of affiliates and joint ventures and others												
investments	186	3		15	(46)	158	245	34		30	(66)	247
Income taxes	(164)	14	1,209	3	(2)	1,060	(504)	(15)	(11)	(19)	(4)	(553)
Noncontrolling interests	24	54	(25)		16	69	14	59	(18)		3	59
<b>Net income attributable to the Company's stockholders</b>	<b>1,912</b>	<b>(204)</b>	<b>1,173</b>	<b>(48)</b>	<b>(171)</b>	<b>2,662</b>	<b>4,115</b>	<b>29</b>	<b>20</b>	<b>(71)</b>	<b>(266)</b>	<b>3,820</b>
<b>Sales classified by geographic destination:</b>												
Foreign market												
America, except United States	207	256	17		4	484	183	254	13	36	11	491
United States	54	344	12			410	29	356	22		1	402
Europe	1,799	475	37		10	2,321	1,357	475	44		13	1,889



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Middle													
East/Africa/Oceania	373	19	1			393	315	52					36
Japan	1,067	202			4	1,273	1,183	150				2	1,33
China	3,538	264				3,802	3,395	156					3,55
Asia, other than													
Japan and China	921	219	15			1,155	660	263	16			2	94
Brazil	975	2	841	408	86	2,312	1,118	69	734	367	63		2,35
	<b>8,934</b>	<b>1,781</b>	<b>923</b>	<b>408</b>	<b>104</b>	<b>12,150</b>	<b>8,240</b>	<b>1,775</b>	<b>829</b>	<b>403</b>	<b>92</b>		<b>11,33</b>

Table of Contents**Results by segment**

	Six-month period ended (unaudited)						Six-month period ended (unaudited)					
	June 30, 2012			June 30, 2011			June 30, 2012			June 30, 2011		
	Bulk Material	Base Metals	Fertilizers	Logistic	Others	Consolidated	Bulk Material	Base Metals	Fertilizers	Logistic	Others	Consolidated
<b>RESULTS</b>												
Gross revenues	17,174	3,556	1,752	811	196	23,489	21,201	4,979	1,654	804	255	28,895
Cost and expenses	(6,964)	(2,932)	(1,400)	(805)	(441)	(12,542)	(6,483)	(3,062)	(1,302)	(686)	(516)	(12,449)
Research and development	(309)	(218)	(38)	(3)	(90)	(658)	(242)	(172)	(34)	(51)	(206)	(703)
Depreciation, depletion and amortization	(1,014)	(776)	(223)	(121)	(5)	(2,139)	(872)	(707)	(246)	(104)	(7)	(2,906)
Loss on sale of assets	(377)					(377)		1,513				1,136
<b>Operating income</b>	<b>8,510</b>	<b>(370)</b>	<b>91</b>	<b>(118)</b>	<b>(340)</b>	<b>7,773</b>	<b>13,604</b>	<b>2,551</b>	<b>72</b>	<b>(37)</b>	<b>(474)</b>	<b>15,686</b>
Financial Result	(2,284)	46	(53)	(30)	2	(2,319)	805	(237)	44	(36)	(26)	1,239
Equity in results of affiliates and joint ventures and others												
investments	431	37		45	(112)	401	597	(5)		69	25	1,087
Income taxes	(668)	(1)	1,198	(16)	(6)	507	(3,101)	(629)	(54)			(3,890)
Noncontrolling interests	38	113	(43)		19	127	3	47	3		57	247
<b>Net income attributable to the Company's stockholders</b>	<b>6,027</b>	<b>(175)</b>	<b>1,193</b>	<b>(119)</b>	<b>(437)</b>	<b>6,489</b>	<b>11,908</b>	<b>1,727</b>	<b>65</b>	<b>(4)</b>	<b>(418)</b>	<b>13,262</b>
<b>Sales classified by geographic destination:</b>												
Foreign market												
America, except												
United States	390	510	30	36	15	981	545	720	20			1,236
United States	83	700	34		1	818	10	869	1		2	1,690
Europe	3,156	950	81		23	4,210	4,440	1,174	60		29	5,713
Middle East/Africa/Oceania	688	71	1			760	798	73			1	1,632
Japan	2,250	352			6	2,608	2,620	674			4	3,296
China	6,933	420				7,353	8,338	656			35	9,029
Asia, other than Japan and China	1,581	482	31		2	2,096	1,670	695	16		1	2,388
Brazil	2,093	71	1,575	775	149	4,663	2,780	118	1,557	804	183	5,342
	<b>17,174</b>	<b>3,556</b>	<b>1,752</b>	<b>811</b>	<b>196</b>	<b>23,489</b>	<b>21,201</b>	<b>4,979</b>	<b>1,654</b>	<b>804</b>	<b>255</b>	<b>28,895</b>



Table of Contents**Operating segment**

	Three-month period ended in June 30, 2012 (unaudited)										
	Revenue	Value added tax	Net revenues	Cost and expenses	Operating profit	Depreciation, depletion and amortization	Operating income	Property, plant and equipment	Additions to property, plant and equipment	Investment	
<b>Bulk Material</b>											
Iron ore	6,505	(58)	6,447	(2,272)	4,175	(383)	3,792	33,757	1,163	10	
Pellets	1,961	(56)	1,905	(724)	1,181	(65)	1,116	2,099	163	1,10	
Manganese	63	(1)	62	(57)	5	(3)	2	77	6		
Ferrous alloys	129	(12)	117	(97)	20	(16)	4	173	116		
Coal	276		276	(402)	(126)	(41)	(167)	4,115	442	26	
	<b>8,934</b>	<b>(127)</b>	<b>8,807</b>	<b>(3,552)</b>	<b>5,255</b>	<b>(508)</b>	<b>4,747</b>	<b>40,221</b>	<b>1,890</b>	<b>1,47</b>	
<b>Base Metals</b>											
Nickel and other products											
(a)	1,544		1,544	(1,472)	72	(385)	(313)	29,498	675	2	
Copper (b)	237	(2)	235	(221)	14	(17)	(3)	4,374	291	23	
Aluminum products										3,29	
	<b>1,781</b>	<b>(2)</b>	<b>1,779</b>	<b>(1,693)</b>	<b>86</b>	<b>(402)</b>	<b>(316)</b>	<b>33,872</b>	<b>966</b>	<b>3,55</b>	
<b>Fertilizers</b>											
Potash	81	(6)	75	(67)	8	(9)	(1)	1,425	43		
Phosphates	630	(20)	610	(508)	102	(83)	19	7,536	20		
Nitrogen	193	(26)	167	(134)	33	(22)	11	532			
Others fertilizers products	19	(2)	17		17		17	338			
	<b>923</b>	<b>(54)</b>	<b>869</b>	<b>(709)</b>	<b>160</b>	<b>(114)</b>	<b>46</b>	<b>9,831</b>	<b>63</b>		
<b>Logistics</b>											
Railroads	294	(43)	251	(270)	(19)	(44)	(63)	1,340	13	56	
Ports	114	(11)	103	(72)	31	(13)	18	594	15	9	
Ships								2,345	128		
	<b>408</b>	<b>(54)</b>	<b>354</b>	<b>(342)</b>	<b>12</b>	<b>(57)</b>	<b>(45)</b>	<b>4,279</b>	<b>156</b>	<b>65</b>	
<b>Others</b>	104	(20)	84	(213)	(129)	(3)	(132)	1,900	153	2,49	
<b>Loss on sale of assets</b>				(377)	(377)		(377)				
	<b>12,150</b>	<b>(257)</b>	<b>11,893</b>	<b>(6,886)</b>	<b>5,007</b>	<b>(1,084)</b>	<b>3,923</b>	<b>90,103</b>	<b>3,228</b>	<b>8,17</b>	

(a) Includes nickel co-products and by-products (copper, precious metals, cobalt and others).

(b) Includes copper concentrate.

Table of Contents**Operating segment**

	Three-month period ended in March 31, 2012 (unaudited)										
	Revenue	Value added tax	Net revenues	Cost and expenses	Operating profit	Depreciation, depletion and amortization	Operating income	Property, plant and equipment	Additions to property, plant and equipment	Investment	
<b>Bulk Material</b>											
Iron ore	5,987	(78)	5,909	(2,147)	3,762	(373)	3,389	34,950	1,678	11	
Pellets	1,698	(71)	1,627	(745)	882	(55)	827	2,100	97	1,26	
Manganese	42	(2)	40	(32)	8	(4)	4	85			
Ferrous alloys	124	(12)	112	(110)	2	(15)	(13)	257			
Coal	389		389	(397)	(8)	(59)	(67)	4,470	108	25	
	<b>8,240</b>	<b>(163)</b>	<b>8,077</b>	<b>(3,431)</b>	<b>4,646</b>	<b>(506)</b>	<b>4,140</b>	<b>41,862</b>	<b>1,883</b>	<b>1,63</b>	
<b>Base Metals</b>											
Nickel and other products											
(a)	1,555		1,555	(1,242)	313	(355)	(42)	29,742	552	2	
Copper (b)	220		220	(213)	7	(19)	(12)	4,418	235	23	
Aluminum products										3,57	
	<b>1,775</b>		<b>1,775</b>	<b>(1,455)</b>	<b>320</b>	<b>(374)</b>	<b>(54)</b>	<b>34,160</b>	<b>787</b>	<b>3,83</b>	
<b>Fertilizers</b>											
Potash	70	(4)	66	(52)	14	(6)	8	2,369	20		
Phosphates	548	(18)	530	(409)	121	(74)	47	7,043	73		
Nitrogen	192	(24)	168	(165)	3	(29)	(26)	447	7		
Others fertilizers products	19	(3)	16		16		16	315	1		
	<b>829</b>	<b>(49)</b>	<b>780</b>	<b>(626)</b>	<b>154</b>	<b>(109)</b>	<b>45</b>	<b>10,174</b>	<b>101</b>		
<b>Logistics</b>											
Railroads	265	(52)	213	(239)	(26)	(48)	(74)	1,395	20	60	
Ports	138	(15)	123	(106)	17	(16)	1	621	46	10	
Ships								2,163			
	<b>403</b>	<b>(67)</b>	<b>336</b>	<b>(345)</b>	<b>(9)</b>	<b>(64)</b>	<b>(73)</b>	<b>4,179</b>	<b>66</b>	<b>70</b>	
<b>Others</b>	92	(6)	86	(292)	(206)	(2)	(208)	2,156	124	2,59	
	<b>11,339</b>	<b>(285)</b>	<b>11,054</b>	<b>(6,149)</b>	<b>4,905</b>	<b>(1,055)</b>	<b>3,850</b>	<b>92,531</b>	<b>2,961</b>	<b>8,76</b>	

(a) Includes nickel co-products and by-products (copper, precious metals, cobalt and others).

(b) Includes copper concentrate.



Table of Contents**Operating segment**

	Three-month period ended in June 30, 2011 (unaudited)										
	Revenue	Value added tax	Net revenues	Cost and expenses	Operating profit	Depreciation, depletion and amortization	Operating income	Property, plant and equipment	Additions to property, plant and equipment	Investment	
<b>Bulk Material</b>											
Iron ore	9,102	(134)	8,968	(2,157)	6,811	(347)	6,464	33,602	1,259	12	
Pellets	2,122	(73)	2,049	(778)	1,271	(31)	1,240	2,678		1,09	
Manganese	52	(2)	50	(48)	2	(4)	(2)	25	1		
Ferrous alloys	150	(15)	135	(96)	39	(16)	23	321	10		
Coal	256		256	(276)	(20)	(40)	(60)	3,686	218	26	
	<b>11,682</b>	<b>(224)</b>	<b>11,458</b>	<b>(3,355)</b>	<b>8,103</b>	<b>(438)</b>	<b>7,665</b>	<b>40,312</b>	<b>1,488</b>	<b>1,47</b>	
<b>Base Metals</b>											
Nickel and other products											
(a)	1,966		1,966	(1,411)	555	(326)	229	29,801	613	1	
Copper (b)	264	(1)	263	(214)	49	(24)	25	4,206	348	13	
Aluminum products											
	<b>2,230</b>	<b>(1)</b>	<b>2,229</b>	<b>(1,625)</b>	<b>604</b>	<b>(350)</b>	<b>254</b>	<b>34,007</b>	<b>961</b>	<b>3,68</b>	
<b>Fertilizers</b>											
Potash	68	(3)	65	(66)	(1)	(18)	(19)	1,846	293		
Phosphates	586	(22)	564	(404)	160	(62)	98	7,132	96		
Nitrogen	194	(25)	169	(151)	18	(49)	(31)	1,592	45		
Others fertilizers products											
	19	(3)	16		16		16				
	<b>867</b>	<b>(53)</b>	<b>814</b>	<b>(621)</b>	<b>193</b>	<b>(129)</b>	<b>64</b>	<b>10,570</b>	<b>434</b>		
<b>Logistics</b>											
Railroads	357	(54)	303	(277)	26	(45)	(19)	1,464	66	56	
Ports	119	(14)	105	(81)	24	(15)	9	739	23		
Ships											
	<b>476</b>	<b>(68)</b>	<b>408</b>	<b>(358)</b>	<b>50</b>	<b>(60)</b>	<b>(10)</b>	<b>3,685</b>	<b>229</b>	<b>70</b>	
<b>Others</b>											
	90	(10)	80	(304)	(224)	(2)	(226)	3,103	368	2,53	
	<b>15,345</b>	<b>(356)</b>	<b>14,989</b>	<b>(6,263)</b>	<b>8,726</b>	<b>(979)</b>	<b>7,747</b>	<b>91,677</b>	<b>3,480</b>	<b>8,55</b>	

(a) Includes nickel co-products and by-products (copper, precious metals, cobalt and others).

(b) Includes copper concentrate.





Table of Contents**Operating segment**

	Six-month period ended in June 30, 2012 (unaudited)										
	Revenue	Value added tax	Net revenues	Cost and expenses	Operating profit	Depreciation, depletion and amortization	Operating income	Property, plant and equipment	Additions to property, plant and equipment	Investment	
<b>Bulk Material</b>											
Iron ore	12,492	(136)	12,356	(4,419)	7,937	(756)	7,181	33,757	2,841	10	
Pellets	3,659	(127)	3,532	(1,469)	2,063	(120)	1,943	2,099	260	1,10	
Manganese	105	(3)	102	(89)	13	(7)	6	77	6		
Ferrous alloys	253	(24)	229	(207)	22	(31)	(9)	173	116		
Coal	665		665	(799)	(134)	(100)	(234)	4,115	550	26	
	<b>17,174</b>	<b>(290)</b>	<b>16,884</b>	<b>(6,983)</b>	<b>9,901</b>	<b>(1,014)</b>	<b>8,887</b>	<b>40,221</b>	<b>3,773</b>	<b>1,47</b>	
<b>Base Metals</b>											
Nickel and other products (a)	3,099		3,099	(2,714)	385	(740)	(355)	29,498	1,227	2	
Copper (b)	457	(2)	455	(434)	21	(36)	(15)	4,374	526	23	
Aluminum products										3,29	
	<b>3,556</b>	<b>(2)</b>	<b>3,554</b>	<b>(3,148)</b>	<b>406</b>	<b>(776)</b>	<b>(370)</b>	<b>33,872</b>	<b>1,753</b>	<b>3,55</b>	
<b>Fertilizers</b>											
Potash	151	(10)	141	(119)	22	(15)	7	1,425	63		
Phosphates	1,178	(38)	1,140	(917)	223	(157)	66	7,536	93		
Nitrogen	385	(50)	335	(299)	36	(51)	(15)	532	7		
Others fertilizers products	38	(5)	33		33		33	338	1		
	<b>1,752</b>	<b>(103)</b>	<b>1,649</b>	<b>(1,335)</b>	<b>314</b>	<b>(223)</b>	<b>91</b>	<b>9,831</b>	<b>164</b>		
<b>Logistics</b>											
Railroads	559	(95)	464	(509)	(45)	(92)	(137)	1,340	33	56	
Ports	252	(26)	226	(178)	48	(29)	19	594	61	9	
Ships								2,345	128		
	<b>811</b>	<b>(121)</b>	<b>690</b>	<b>(687)</b>	<b>3</b>	<b>(121)</b>	<b>(118)</b>	<b>4,279</b>	<b>222</b>	<b>65</b>	
<b>Others</b>	196	(26)	170	(505)	(335)	(5)	(340)	1,900	277	2,49	
<b>Loss on sale of assets</b>				(377)	(377)		(377)				
	<b>23,489</b>	<b>(542)</b>	<b>22,947</b>	<b>(13,035)</b>	<b>9,912</b>	<b>(2,139)</b>	<b>7,773</b>	<b>90,103</b>	<b>6,189</b>	<b>8,17</b>	

(a) Includes nickel co-products and by-products (copper, precious metals, cobalt and others).

(b) Includes copper concentrate.

Table of Contents**Operating segment**

	Six-month period ended in June 30, 2011 (unaudited)										
	Revenue	Value added tax	Net revenues	Cost and expenses	Operating profit	Depreciation, depletion and amortization	Operating income	Property, plant and equipment	Additions to property, plant and equipment	Investment	
<b>Bulk Material</b>											
Iron ore	16,389	(244)	16,145	(3,893)	12,252	(704)	11,548	33,602	2,436	12	
Pellets	4,000	(134)	3,866	(1,618)	2,248	(67)	2,181	2,678	353	1,09	
Manganese	95	(4)	91	(69)	22	(9)	13	25	1		
Ferrous alloys	307	(27)	280	(207)	73	(27)	46	321	21		
Coal	410		410	(529)	(119)	(65)	(184)	3,686	606	26	
	<b>21,201</b>	<b>(409)</b>	<b>20,792</b>	<b>(6,316)</b>	<b>14,476</b>	<b>(872)</b>	<b>13,604</b>	<b>40,312</b>	<b>3,417</b>	<b>1,47</b>	
<b>Base Metals</b>											
Nickel and other products											
(a)	4,081		4,081	(2,561)	1,520	(664)	856	29,801	984	1	
Copper (b)	515	(18)	497	(346)	151	(42)	109	4,206	518	13	
Aluminum products											
	383	(5)	378	(304)	74	(1)	73		16	3,68	
	<b>4,979</b>	<b>(23)</b>	<b>4,956</b>	<b>(3,211)</b>	<b>1,745</b>	<b>(707)</b>	<b>1,038</b>	<b>34,007</b>	<b>1,518</b>	<b>3,83</b>	
<b>Fertilizers</b>											
Potash	130	(7)	123	(135)	(12)	(25)	(37)	1,846	300		
Phosphates	1,122	(50)	1,072	(812)	260	(149)	111	7,132	223		
Nitrogen	366	(48)	318	(278)	40	(72)	(32)	1,592	45		
Others fertilizers products											
	36	(6)	30		30		30				
	<b>1,654</b>	<b>(111)</b>	<b>1,543</b>	<b>(1,225)</b>	<b>318</b>	<b>(246)</b>	<b>72</b>	<b>10,570</b>	<b>568</b>		
<b>Logistics</b>											
Railroads	607	(99)	508	(474)	34	(82)	(48)	1,464	102	56	
Ports	197	(23)	174	(141)	33	(22)	11	739	60		
Ships											
								1,482	163	14	
	<b>804</b>	<b>(122)</b>	<b>682</b>	<b>(615)</b>	<b>67</b>	<b>(104)</b>	<b>(37)</b>	<b>3,685</b>	<b>325</b>	<b>70</b>	
<b>Others</b>	255	(26)	229	(696)	(467)	(7)	(474)	3,103	465	2,53	
<b>Gain on sale of assets</b>											
			1,513		1,513		1,513				
	<b>28,893</b>	<b>(691)</b>	<b>28,202</b>	<b>(10,550)</b>	<b>17,652</b>	<b>(1,936)</b>	<b>15,716</b>	<b>91,677</b>	<b>6,293</b>	<b>8,55</b>	

(a) Includes nickel co-products and by-products (copper, precious metals, cobalt and others).

(b) Includes copper concentrate.

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**20 Derivative financial instruments**

**Risk management policy**

Vale considers that the effective management of risks is a key objective to support its growth strategy, 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 of market risk factors in the business results (market risk), but also the risk arising from third party obligations with Vale (credit risk), those inherent to inadequate or failed internal processes, people, systems or external events (operational risk), those arising from liquidity risk, among others.

The Board of Directors established the corporate risk management policy in order to support the growth strategy, strategic planning and business continuity of the Company, strengthening its capital structure and asset management, ensure flexibility and consistency on the financial management and strengthen corporate governance practices.

The corporate risk management policy determines that Vale measures and monitors 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 analysis 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 deployment 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.

The Company may, when necessary, allocate specific risk limits to management activities that need them, including but not limited to, market risk limit, corporate and sovereign credit limit, in accordance with the acceptable corporate risk limit.

## Market Risk Management

Vale is exposed to the behavior of various market risk factors that can impact its cash flow. The assessment of this potential impact arising from the volatility of risk factors and their correlations is performed periodically to support the decision making process and the growth strategy of the Company, ensure its financial flexibility and monitor the volatility of future cash flows.

When necessary, market risk mitigation strategies are evaluated and implemented in line with these objectives. Some strategies may incorporate financial instruments, including derivatives. The portfolios of the financial instruments are monitored on a monthly basis, enabling financial results surveillance and its impact on cash flow, and ensuring strategies adherence to the proposed objectives.

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

- Interest rates;
- Foreign exchange and;
- Product prices and input costs

### Foreign exchange rate and interest rate risk

Vale's cash flows are exposed to volatility of several currencies. While most of the product prices are indexed to US dollars, most of the costs, disbursements and investments are indexed to currencies other than the US dollar, namely the Brazilian real and the Canadian dollar.

Derivative instruments may be used to reduce Vale's potential cash flow volatility arising from its currency mismatch.

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For hedging revenues, costs, expenses and investment cash flows, the main risk mitigation strategies used are currency forward transactions and swaps.

Vale implemented hedge transactions to protect its cash flow against the market risks that arises from its debt obligations – mainly currency volatility. We use swap transactions to convert debt linked to Brazilian real into US dollar that have similar - or sometimes shorter - settlement dates than the final maturity of the debt instruments. Their notional amounts are similar to the principal and interest payments, subjected to liquidity market conditions.

Swaps with shorter settlement dates are renegotiated through time so that their final maturity matches - or becomes closer - to the debts' final maturity. At each settlement date, the results of the swap transactions partially offset the impact of the foreign exchange rate in Vale's obligations, contributing to stabilize the cash disbursements in US dollar.

In the event of an appreciation (depreciation) of the Brazilian real against the US dollar, the negative (positive) impact on Brazilian real denominated debt obligations (interest and/or principal payment) measured in US dollars will be partially offset by a positive (negative) effect from a swap transaction, regardless of the US dollar / Brazilian real exchange rate in the payment date. The same rationale applies to debt denominated in other currencies and their respective swaps.

Vale is also exposed to interest rate risks on loans and financings. Its floating rate debt consists mainly of loans including export pre-payments, commercial banks and multilateral organizations loans. In general, the US dollar floating rate debt is subject to changes in the LIBOR (London Interbank Offer Rate in US dollar). To mitigate the impact of the interest rate volatility on its cash flows, Vale considers the natural hedges resulting from the correlation of commodities prices and US dollar floating rates. If such natural hedges are not present, Vale may search for the same effect by using financial instruments.

**Product price and Input Cost risk**

Vale is also exposed to several market risks associated with commodities prices volatility. In line with the risk management policy, risk mitigation strategies involving commodities can also be used to adjust its risk profile and reduce the volatility of cash flow. In these cases, the mitigation strategies used are primarily forward transactions, futures contracts or zero-cost collars.

**Embedded derivatives**



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The cash flow of the Company is also exposed to market risks associated with contracts that contain embedded derivatives or behave as derivatives. The derivatives may be embedded in, but are not limited to, commercial contracts, purchase agreements, leases, bonds, insurance policies and loans.

Vale's wholly-owned subsidiary Vale Canada limited has nickel concentrate and raw materials purchase agreements, in which there are provisions based on the movement of nickel and copper prices. These provisions are considered embedded derivatives.

Table of Contents**Hedge Accounting**

Under the Standard Accounting for Derivative Financial Instruments and Hedging Activities, all derivatives, whether designated in hedging relationships or not, are required to be recorded in the balance sheet at fair value and the gain or loss in fair value is included in current earnings, unless if qualified as hedge accounting. A derivative must be designated in a hedging relationship in order to qualify for hedge accounting. These requirements include a determination of what portions of hedges are deemed to be effective versus ineffective. In general, a hedging relationship is effective when a change in the fair value of the derivative is offset by an equal and opposite change in the fair value of the underlying hedged item. In accordance with these requirements, effectiveness tests are performed in order to assess effectiveness and quantify ineffectiveness for all designated hedges.

At June 30, 2012, Vale had outstanding positions designated as cash flow hedge. A cash flow hedge is a hedge of the exposure to variability in expected future cash flows that is attributable to a particular risk, such as a forecasted purchase or sale. If a derivative is designated as cash flow hedge, the effective portion of the changes in the fair value of the derivative is recorded in other comprehensive income and recognized in earnings when the hedged item affects earnings. However, the ineffective portion of changes in the fair value of the derivatives designated as hedges is recognized in earnings. If a portion of a derivative contract is excluded for purposes of effectiveness testing, the value of such excluded portion is included in earnings.

	Assets				Liabilities			
	June 30, 2012 (unaudited)		December 31, 2011		June 30, 2012 (unaudited)		December 31, 2011	
	Short-term	Long-term	Short-term	Long-term	Short-term	Long-term	Short-term	Long-term
<b><u>Derivatives not designated as hedge</u></b>								
<b><u>Foreign exchange and interest rate risk</u></b>								
CDI & TJLP vs. USD fixed and floating rate swap	205		410	60	85	793	49	590
EuroBond Swap					5	45	4	32
Pre Dollar Swap	17		19			50		41
Treasury future							5	
	<b>222</b>		<b>429</b>	<b>60</b>	<b>90</b>	<b>888</b>	<b>58</b>	<b>663</b>
<b><u>Commodities price risk</u></b>								
Nickel								
Fixed price program	4		1				1	
Bunker Oil Hedge			4					
	<b>4</b>		<b>5</b>				<b>1</b>	
<b><u>Embedded derivatives: Derivatives designated as hedge</u></b>								
Bunker Oil Hedge					13			
Strategic Nickel	96		161		8	20		
Foreign exchange cash flow hedge							14	
	<b>96</b>		<b>161</b>		<b>52</b>	<b>20</b>	<b>14</b>	
<b>Total</b>	<b>322</b>		<b>595</b>	<b>60</b>	<b>142</b>	<b>908</b>	<b>73</b>	<b>663</b>



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	Amount of gain or (loss) recognized as financial income (expense)					Financial settlement (Inflows)/ Outflows				
	Three-month period ended (unaudited)		Six-month period ended			Three-month period ended (unaudited)		Six-month period ended		
	June 30, 2012	March 31, 2012	June 30, 2011	June 30, 2012	June 30, 2011	June 30, 2012	March 31, 2012	June 30, 2011	June 30, 2012	June 30, 2011
<b><u>Derivatives</u></b>										
<b><u>not</u></b>										
<b><u>designated</u></b>										
<b><u>as hedge</u></b>										
<b><u>Foreign</u></b>										
<b><u>exchange</u></b>										
<b><u>and interest</u></b>										
<b><u>rate risk</u></b>										
CDI & TJLP vs. USD fixed and floating rate swap	(407)	208	389	(199)	564	(180)	(129)	(112)	(309)	(1)
USD floating rate vs. fixed USD rate swap								1		
EuroBond Swap	(36)	19	11	(17)	53		4		4	
Pre Dollar Swap	(16)	12	6	(4)	8	(5)	(4)		(9)	
Swap USD fixed rate vs. CDI			(47)		(47)					
South African Rande Forward			2		2					
AUD floating rate vs. fixed USD rate swap										
Treasury Future	(459)	9	361	(211)	580	(185)	(3)	(111)	(317)	(3)
<b><u>Commodities</u></b>										
<b><u>price risk</u></b>										
Nickel Fixed price program	8	(4)	12	4	25	(5)	6	(19)	1	
Strategic program					15					
Aluminum Bunker Oil Hedge			2		34		(4)	(15)	(4)	
Coal Maritime Freight Hiring Protection Program	8	(4)	14	4	74	(5)	2	(34)	(3)	
<b><u>Embedded</u></b>										
<b><u>derivatives:</u></b>										

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Energy -  
Aluminum  
options

(7)  
(7)

**Derivatives  
designated  
as hedge**

Bunker Oil  
Hedge

Aluminum

Strategic

Nickel

35

52

(17)

87

(50)

(36)

(52)

17

(88)

Foreign  
exchange  
cash flow  
hedge

**35**

**52**

**(17)**

**87**

**(50)**

**(36)**

**(52)**

**17**

**(88)**

**Total**

**(416)**

**296**

**358**

**(120)**

**597**

**(226)**

**(182)**

**(128)**

**(408)**

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Unrealized gains (losses) in the period are included in our income statement under the caption of gains (losses) on derivatives, net.

Final maturity dates for the above instruments are as follows:

Interest rates / Currencies	December 2019
Bunker Oil	December 2012
Nickel	December 2012

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**21 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  
Nelson Henrique Barbosa Filho  
Oscar Augusto de Camargo Filho  
Paulo Soares de Souza  
Renato da Cruz Gomes  
Robson Rocha

**Alternate**

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

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**Controlling Committee**

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Paulo Ricardo Ultra Soares  
Paulo Roberto Ferreira de Medeiros

**Executive Development Committee**

José Ricardo Sasseron  
Luiz Maurício Leuzinger  
Oscar Augusto de Camargo Filho

**Strategic Committee**

**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  
Oswaldo Mário Pêgo de Amorim Azevedo  
Paulo Fontoura Valle

**Executive Officers**

Murilo Pinto de Oliveira Ferreira  
**President & CEO**

Vânia Lucia Chaves Somavilla  
**Executive Director, HR, Health & Safety, Sustainability and Energy**

Tito Botelho Martins  
**Chief Financial Officer**

Roger Allan Downey  
**Executive Director, Fertilizers and Coal**

José Carlos Martins  
**Executive Director, Ferrous and Strategy**

Galib Abrahão Chaim  
**Executive Director, Capital Projects Implementation**

Humberto Ramos de Freitas  
**Executive Director, Logistics and Mineral Research**

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

**Finance Committee**

Tito Botelho Martins  
Eduardo de Oliveira Rodrigues Filho  
Luciana Freitas Rodrigues  
Luiz Maurício Leuzinger

Gerd Peter Poppinga  
**Executive Director, Base Metals and IT**

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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**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.

Vale S.A.  
(Registrant)

Date: July 25, 2012

By:

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

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