Vale S.A.
Form 6-K
October 26, 2011


# United States
# Securities and Exchange Commission

**Washington, D.C. 20549**

# FORM 6-K

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

**For the month of**

**October 2011**

# Vale S.A.

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

(Address of principal executive office)

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

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

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 o No x

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 o No x

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 o No x

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

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**Financial Statements - September 30, 2011**

**BR GAAP/IFRS**

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

**Gerência Geral de Controladoria - GECOL**

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**Vale S.A.**

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(A free translation of the original in Portuguese)

**Report on Review of Interim Financial Information**

To the Board of Directors and Stockholders

Vale S.A.

**Introduction**

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

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

**Scope of review**

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

**Conclusion on the parent company interim information**

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

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

T: (21) 3232-6112, F: (21) 3232-6113, www.pwc.com/br

PricewaterhouseCoopers, Rua da Candelária 65, 20º, Rio de Janeiro, RJ, Brasil 20091-020, Caixa Postal 949,

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

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**Conclusion on the consolidated interim information**

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

**Other matters Interim statements of value added**

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

Rio de Janeiro, October 26, 2011

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

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

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**Balance Sheet**

**In thousands of reais**

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

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

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(A free translation from the original in Portuguese)

**Balance Sheet**

**In thousands of reais, except number of shares**

**(Continued)**

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

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

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

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(A free translation from the original in Portuguese)

**Statement of Income Consolidated**

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

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

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

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

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(A free translation from the original in Portuguese)

**Statement of Income Parent Company (unaudited)**

**In thousands of reais, except as otherwise stated**

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

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

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

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(A free translation from the original in Portuguese)

**Statement of Comprehensive Income**

**(unaudited)** **In thousands of reais**

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

| | | PARENT COMPANY | | | | |
|---|---|---|---|---|---|---|
| | | THREE-MONTH PERIOD ENDED | | | NINE-MONTH PERIOD ENDED | |
| | NOTES | SEPTEMBER 30, 2011 | JUNE 30, 2011 | SEPTEMBER 30, 2010 | SEPTEMBER 30, 2011 | SEPTEMBER 30, 2010 |
| **NET INCOME OF THE PERIOD** | | **7,892,936** | **10,275,359** | **10,553,688** | **29,459,278** | **20,067,815** |

| | | | | | | |
|---|---|---|---|---|---|---|
| **OTHER COMPREHENSIVE INCOME** | | | | | | |
| CUMULATIVE TRANSLATION ADJUSTMENTS | | 10,708,417 | (2,725,674) | (1,022,347) | 7,278,129 | (866,623) |
| | | | | | | |
| **UNREALIZED GAIN (LOSS) ON AVAILABLE-FOR-SALE SECURITIES** | | | | | | |
| GROSS BALANCE AS OF THE PERIOD/YEAR END | | (299) | 5,397 | (72,625) | 4,285 | (66,756) |
| TAX (EXPENSE) BENEFIT | | | | | | (6,327) |
| | | **(299)** | **5,397** | **(72,625)** | **4,285** | **(73,083)** |
| **CASH FLOW HEDGE** | | | | | | |
| GROSS BALANCE AS OF THE PERIOD/YEAR END | | 214,528 | 241,177 | 7,201 | 479,746 | 313,666 |
| TAX (EXPENSE) BENEFIT | | 43,659 | (18,602) | (50,289) | 11,658 | (119,355) |
| | | **258,187** | **222,575** | **(43,088)** | **491,404** | **194,311** |
| **TOTAL COMPREHENSIVE INCOME OF THE PERIOD** | 23 | **18,859,241** | **7,777,657** | **9,415,628** | **37,233,096** | **19,322,420** |

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

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(A free translation from the original in Portuguese)

**Statement of Changes in Stockholders Equity**

**In thousands of reais**

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

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

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

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(A free translation from the original in Portuguese)

**Statement of Cash Flow Consolidated**

**Period ended in (unaudited)** **In thousands of reais**

| | | THREE-MONTH PERIOD ENDED | | | NINE-MONTH PERIOD ENDED | |
|---|---|---|---|---|---|---|
| | NOTES | SEPTEMBER 30, 2011 | JUNE 30, 2011 | SEPTEMBER 30, 2010 | SEPTEMBER 30, 2011 | SEPTEMBER 30, 2010 |
| **CASH FLOW FROM OPERATING ACTIVITIES:** | | | | | | |
| NET INCOME OF THE PERIOD | | 7,850,044 | 10,180,051 | 10,668,033 | 29,230,982 | 20,210,913 |
| **ADJUSTMENTS TO RECONCILE NET INCOME TO CASH FROM OPERATIONS** | | | | | | |
| RESULTS OF EQUITY INVESTMENTS | | (28,414) | (81,176) | 56,183 | (127,264) | 12,015 |
| REALIZED GAIN ON ASSETS HELD FOR SALE | | | | (14,610) | (2,492,175) | |
| RESULTS FROM DISCONTINUED OPERATIONS | | | | | | 221,708 |
| DEPRECIATION, AMORTIZATION AND DEPLETION | | 1,666,180 | 1,553,128 | 1,230,753 | 4,818,346 | 3,946,919 |
| DEFERRED INCOME TAX AND SOCIAL CONTRIBUTION | | (1,497,244) | 1,138,707 | (753,800) | (647,943) | (1,543,473) |
| MONETARY AND EXCHANGE RATE CHANGES, NET | | 3,494,664 | (349,856) | 1,343,867 | 3,638,994 | 821,615 |
| LOSS ON DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT | | 64,812 | 74,077 | 417,505 | 440,409 | 704,871 |
| NET UNREALIZED LOSSES (GAINS) ON DERIVATIVES | 23 | 1,094,454 | (368,678) | (687,030) | 372,224 | 115,332 |
| OTHERS | | 110,846 | (197,208) | 363,932 | (134,798) | 548,127 |
| **DECREASE (INCREASE) IN ASSETS:** | | | | | | |
| ACCOUNTS RECEIVABLE FROM | | (1,370,973) | (955,191) | (3,322,076) | (2,037,229) | (7,365,036) |

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

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

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

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(A free translation from the original in Portuguese)

**Statement of Cash Flow Parent Company**

**Period ended in (unaudited)** **In thousands of reais**

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

| | | | |
|---|---|---|---|
| **CASH FLOW FROM FINANCING ACTIVITIES:** | | | |
| **SHORT-TERM DEBT** | | | |
| ADDITIONS | | 1,054,457 | 3,938,815 |
| REPAYMENTS | | (4,682,177) | (7,890,936) |
| **LONG-TERM DEBT** | | | |
| ADDITIONS | | 3,375,976 | 3,032,339 |
| FINANCIAL INSTITUTIONS | | (769,702) | (380,639) |
| DIVIDENDS AND INTEREST ON CAPITAL PAID TO STOCKHOLDERS | | (9,699,000) | (2,198,000) |
| TREASURY STOCK | | (3,320,125) | (585,313) |
| **NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES** | | **(14,040,571)** | **(4,083,734)** |
| | | | |
| INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | | (642,546) | 3,378,706 |
| CASH AND CASH EQUIVALENTS OF CASH, BEGINNING OF THE PERIOD | | 4,823,377 | 1,249,980 |
| **CASH AND CASH EQUIVALENTS, END OF THE PERIOD** | 7 | **4,180,831** | **4,628,686** |
| **CASH PAID DURING THE PERIOD FOR:** | | | |
| SHORT-TERM INTEREST | | (1,173) | (63,345) |
| LONG-TERM INTEREST | | (1,517,800) | (1,193,866) |
| INCOME TAX AND SOCIAL CONTRIBUTION | | (8,443,748) | (1,559,906) |
| **NON-CASH TRANSACTIONS:** | | | |
| ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT - INTEREST CAPITALIZATION | | (63,029) | (70,605) |

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

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(A free translation from the original in Portuguese.)

**Statement of Added Value**

**Period ended in (unaudited)** **In thousands of reais**

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

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

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

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

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(A free translation from the original in Portuguese.)

**Notes to the Interim Financial Statements**

**In thousands of real, unless otherwise stated**.

## 1- Operational Context

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

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

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

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

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

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

### a) Basis of presentation

- **Interim consolidated financial statements**

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

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

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

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

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

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

• **Transactions and balances**

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

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

**Major currencies impacting our operations:**

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

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

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

**b) Principles of consolidation**

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

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

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

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

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

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

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

**c) Business combinations**

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

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

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

**Non-controlling stockholders interests**

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

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

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

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

**e) Financial assets**

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

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

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• Loans and receivables non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Company s loans and receivables comprise of the accounts receivables, other receivables, and cash and cash equivalents. Loans and receivables are measured at fair value and subsequently carried at amortized cost using the effective interesting rate method, less impairment. The interest income is recognized with the effective tax rate application, except for short-term credits, because the interest recognition would be immaterial.

• Available for sale are non-derivative assets not classified in other categories. They are initially recorded at their acquisition value, which is the fair value of the price paid, including transaction costs. After initial recognition, they are reassessed by their fair values by reference to their market value at the date of the financial statement, without any deduction related to the transaction costs that may occur up to your sale.

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

**f) Accounts receivables**

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

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

**g) Inventories**

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

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

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

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

**i) Non-current**

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

**j) Property, plant and equipment**

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

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

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

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

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

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

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

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

**k) Intangible assets**

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

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

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

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

**l) Biological assets**

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

**m) Impairment**

**Financing assets**

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

**Long-term non-financial assets**

The Company assesses impairment of non financial assets annually to assess whether there is evidence that the book value of a long-term non-financial asset will not be recoverable. Regardless of existing indication of non recoverability of its carrying amount, goodwill balances from business combinations and intangible assets with indefinite useful lives are tested for recovery at least once a year. When the residual value book of this non-financial asset exceeds its recoverable value, the Company recognizes a reduction in the carrying balance of its non-financial asset (impairment), and also in this moment review the non-financial assets, except goodwill, that have suffered reduction of the accounting balance for non-recovery for a possible reversal of these write-down values. If it is not possible to determine the recoverable amount of a nonfinancial asset individually, the recoverable value of non-financial assets grouped at the lowest levels for which there are separately identifiable cash flows of the cash-generating unit - CGU, which the asset belongs is realized.

**n) Expenditures on research**

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

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

**o) Leasing**

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

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

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

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

**q) Loans and financing**

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

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

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

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

**r) Provisions**

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

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

**Provision for asset retirement obligations**

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

**Provisions for contingent liabilities**

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

**s) Employee benefits**

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

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

**Current benefit - profit sharing**

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

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

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

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

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

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

**Current benefit - current incentive**

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

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

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

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

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

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

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

The changes in fair value of derivatives designated as cash flow hedge are recorded as comprehensive income and recognized in shareholders equity in their effective component and as a result of the period in terms of its ineffective component. The values recorded in comprehensive income are only transferred to the result of the period, in the appropriated account (cost, operating expense, financial expense, etc.), when the hedged item is actually performed.

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

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

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

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

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

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

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

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

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

**v) Revenue recognition**

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

- **Product sales**

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

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

- **Sales of services**

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

- **Financial income**

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

**w) Government grants and support**

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

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

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

**y) Capital**

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

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

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

**z) Statements of added value**

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

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

## 3 Critical Accounting Estimates and Assumptions

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

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

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

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

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

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

**b) Environmental costs of reclamation**

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

**c) Income tax and social contribution**

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

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

**d) Contingencies**

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

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

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

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

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

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

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

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

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

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

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

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

## 4 Accounting pronouncements

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

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

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**5 Risk Management**

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

**a) Risk management policy**

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

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

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

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

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

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

**b) Liquidity risk management**

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

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

**c) Credit risk management**

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

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

- **Commercial Credit Risk Management**

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

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

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

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

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

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

- **Treasury Credit Risk Management**

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

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

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

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

**d) Market risk management**

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

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

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

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

**Foreign exchange and interest rate risk**

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

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

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

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

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

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

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

**Products prices and input and other costs**

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

**e) Operational risk**

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

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

**f) Insurance**

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

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

## 6 Acquisitions

**a) Fertilizers Acquisitions**

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

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

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

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

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

**b) Others acquisitions**

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

## 7 Cash and Cash Equivalents

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

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

## 8 Short-term investments

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

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

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## 9 Accounts Receivables

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

## 10 Inventories

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

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

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

## 11 Assets and Liabilities Non Current Held for Sale

- Aluminum

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

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

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

- Kaolin

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

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## 12 Recoverable Taxes

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

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

## 13 Investments

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

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

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Mineração Corumbá Reunidas S.A | 1,027,924 | 912,533 | 186,265 | 16,571 | 47,459 | 212,623 | 21,603 | | |
| Mineração Paragominas | | 1,812,936 | | | | (45,810) | | | |
| Minerações Brasileiras Reunidas S.A. - MBR (c) | 3,408,390 | 3,291,156 | (28,079) | (115,233) | (156,311) | (214,779) | (168,665) | | |
| Compañia Minera Miski Mayo S.A.C | 396,929 | 355,525 | 23,335 | (7,366) | (4,417) | 2,388 | (4,417) | | |
| MRS Logística S.A. | 949,264 | 851,202 | 51,523 | 55,790 | 45,850 | 167,805 | 108,129 | | 10,892 |
| Salobo Metais S.A. (b) | 4,241,414 | 3,270,948 | (13,021) | 48,826 | (25,470) | 30,966 | (41,601) | | |
| Samarco Mineração S.A. | 620,644 | 676,146 | 330,052 | 443,959 | 430,253 | 1,120,730 | 955,859 | 407,925 | 356,220 |
| Sociedad Contractual Minera Tres Valles (b) | 392,396 | 394,076 | (26,923) | (9,120) | | (36,814) | | | |
| Urucum Mineração S.A. (e) | | 120,006 | (22,572) | 42,323 | 7,946 | 29,577 | 32,499 | | |
| Vale Australia Pty Ltd. | 1,209,475 | 1,334,793 | (42,295) | (108,398) | (63,262) | (200,352) | (159,855) | | |
| Vale Austria Holdings GMBH (c) | 3,083,859 | 1,549,736 | (142,050) | (57,375) | (21,103) | 1,174,085 | 1,606 | | |
| Vale Canada Limited | 10,881,603 | 9,250,155 | (250,912) | 23,935 | (119,240) | 281,387 | (763,864) | | |
| Vale Colombia Ltd | 1,179,830 | 825,860 | 11,923 | 21,685 | (19,080) | 6,905 | (19,080) | | |
| Vale Fertilizantes S.A | 10,663,609 | 7,384,350 | 5,461 | 66,407 | 7,055 | 130,749 | (52) | | |
| Vale Florestar | 231,381 | 235,366 | (1,529) | (364) | (6,649) | (3,985) | (6,649) | | |
| Vale Fosfatados S.A. (d) | | 3,217,447 | | | 4,836 | 1,018 | (101) | | |
| Vale International S.A. (c) | 47,220,232 | 39,181,065 | 1,260,036 | 1,713,072 | 1,096,326 | 6,195,441 | 5,022,558 | | |
| Vale Manganês S.A. | 830,690 | 890,074 | 24,599 | (5,009) | 36,264 | 59,014 | 120,613 | | |
| Vale Mina do Azul S.A. | 81,692 | | (59,351) | | | (59,351) | | | |
| Vale Moçambique Ltda. | 857,851 | 325,697 | (92,964) | (161,213) | (4,858) | (317,123) | (5,564) | | |
| Vale Shipping Holding Pte. Ltd. | 3,161,578 | 1,244,667 | 26,827 | 34,869 | | 60,644 | | | |
| Vale Soluções em Energia | 224,798 | 198,622 | (3,749) | (8,398) | | (26,594) | | | |
| Outras | 316,516 | 833,646 | (35,181) | 7,896 | (22,066) | 11,794 | 50,790 | | |
| | **97,801,074** | **88,166,796** | **1,205,595** | **2,043,259** | **1,445,544** | **8,612,399** | **5,456,332** | **434,925** | **463,346** |
| | | | | | | | | | |
| **Affiliated companies** | | | | | | | | | |
| LOG-IN - Logística Intermodal S/A | 219,946 | 223,908 | (634) | (3,328) | (331) | (3,962) | (331) | | |
| Henan Longyu Energy Resources | 609,926 | 416,092 | 41,975 | 29,066 | (48,825) | 110,336 | 20,960 | | |
| Thyssenkrupp CSA Companhia Siderúrgica do Atlântico | 2,769,477 | 3,064,924 | (126,564) | (11,059) | (16,809) | (151,801) | (17,138) | | |
| Norsk Hydro ASA | 6,657,882 | | 119,710 | 79,446 | | 199,156 | | | 84,079 |

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

(a) Investments sold in 2011

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

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

(d) Incorporated on Vale fertilizantes  in 2011

(e) Incorporated on Mineração Corumba in 2011

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## 14 Intangible

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

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

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

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**15 Property, Plant and Equipment**

**Consolidated (Unaudited)**
**Three-month period ended**