

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

Washington, D.C. 20549

FORM 6-K

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

For the month of

October 2011

Vale S.A.

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

(Address of principal executive office)

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

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

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

(Check One) Yes No

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

(Check One) Yes No

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

(Check One) Yes No

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

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Vale S.A.

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders

Vale S.A.

We have reviewed the accompanying condensed consolidated balance sheet of Vale S.A. and its subsidiaries as of September 30, 2011, and the related condensed consolidated statements of income, of cash flows, of comprehensive income and of stockholders' equity for each of the three-month periods ended September 30 and June 30, 2011 and September 30, 2010 and for the nine-month periods ended September 30, 2011 and September 30, 2010. This interim financial information is the responsibility of the Company's management.

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

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

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet as of December 31, 2010, and the related consolidated statements of income, of cash flows, of comprehensive income and of stockholders' equity for the year then ended (not presented herein), and in our report dated February 24, 2011, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of December 31, 2010, is fairly stated in all material respects in relation to the consolidated balance sheet from which it has been derived.

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PricewaterhouseCoopers
Auditores Independentes

Rio de Janeiro, Brazil
October 26, 2011

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

Table of Contents**Condensed Consolidated Balance Sheets**

Expressed in millions of United States dollars

	September 30, 2011 (unaudited)	December 31, 2010
Assets		
Current assets		
Cash and cash equivalents	7,565	7,584
Short-term investments		1,793
Accounts receivable		
Related parties	274	435
Unrelated parties	8,421	7,776
Loans and advances to related parties	201	96
Inventories	5,056	4,298
Deferred income tax	517	386
Unrealized gains on derivative instruments	835	52
Advances to suppliers	623	188
Recoverable taxes	2,017	1,603
Assets held for sale	61	6,987
Others	1,208	593
	26,778	31,791
Non-current assets		
Property, plant and equipment, net	84,273	83,096
Intangible assets	1,138	1,274
Investments in affiliated companies, joint ventures and others investments	7,837	4,497
Other assets:		
Goodwill on acquisition of subsidiaries	3,005	3,317
Loans and advances		
Related parties	10	29
Unrelated parties	288	165
Prepaid pension cost	1,737	1,962
Prepaid expenses	206	222
Judicial deposits	1,614	1,731
Recoverable taxes	490	361
Deferred income tax	611	
Unrealized gains on derivative instruments	56	301
Tax Incentive / reinvestment	291	144
Others	664	249
	8,972	8,481
Total	128,998	129,139

Table of Contents**Condensed Consolidated Balance Sheets**

Expressed in millions of United States dollars

(Except number of shares)

	September 30, 2011 (unaudited)	(Continued) December 31, 2010
Liabilities and stockholders equity		
Current liabilities		
Suppliers	4,777	3,558
Payroll and related charges	1,088	1,134
Minimum annual remuneration attributed to stockholders	1,779	4,842
Current portion of long-term debt	1,567	2,823
Short-term debt	59	139
Loans from related parties	14	9
Provision for income taxes	1,085	751
Taxes payable and royalties	189	257
Employees postretirement benefits	208	168
Unrealized losses on derivative instruments	6	35
Provisions for asset retirement obligations	54	75
Liabilities associated with assets held for sale	30	3,152
Others	1,118	969
	11,974	17,912
Non-current liabilities		
Employees postretirement benefits	2,126	2,442
Long-term debt	21,355	21,591
Provisions for contingencies (Note 16 (b))	1,909	2,043
Unrealized losses on derivative instruments	547	61
Deferred income tax	5,991	8,085
Provisions for asset retirement obligations	1,219	1,293
Debentures	1,276	1,284
Others	2,161	1,987
	36,584	38,786
Redeemable noncontrolling interest	556	712
Commitments and contingencies (Note 16)		
Stockholders equity		
Preferred class A stock - 7,200,000,000 no-par-value shares authorized and 1,955,824,156 (2010 - 2,108,579,618) issued	16,728	10,370
Common stock - 3,600,000,000 no-par-value shares authorized and 3,183,360,475 (2010 - 3,256,724,482) issued	25,837	16,016

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Treasury stock - 152,755,462 (2010 - 99,649,571) preferred and 73,364,007 (2010 - 47,375,394) common shares	(4,661)	(2,660)
Additional paid-in capital	318	2,188
Mandatorily convertible notes - common shares	290	290
Mandatorily convertible notes - preferred shares	644	644
Other cumulative comprehensive loss	(5,088)	(333)
Undistributed retained earnings	25,685	42,218
Unappropriated retained earnings	17,487	166
Total Company stockholders equity	77,240	68,899
Noncontrolling interests	2,644	2,830
Total stockholders equity	79,884	71,729
Total	128,998	129,139

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

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

Expressed in millions of United States dollars

(Except per share amounts)

	(unaudited)				
	Three-month period ended		Nine-month period ended		
	September 30, 2011	June 30, 2011	September 30, 2010	September 30, 2011	September 30, 2010
Operating revenues, net of discounts, returns and allowances					
Sales of ores and metals	14,783	13,659	12,350	40,185	26,401
Aluminum products			609	383	1,863
Revenues from logistic services	503	476	408	1,307	1,131
Fertilizer products	1,037	867	802	2,691	1,077
Others	418	343	327	1,068	802
	16,741	15,345	14,496	45,634	31,274
Taxes on revenues	(380)	(356)	(394)	(1,071)	(910)
Net operating revenues	16,361	14,989	14,102	44,563	30,364
Operating costs and expenses					
Cost of ores and metals sold	(4,737)	(4,361)	(3,503)	(13,199)	(9,068)
Cost of aluminum products			(491)	(289)	(1,543)
Cost of logistic services	(391)	(376)	(263)	(1,056)	(755)
Cost of fertilizer products	(788)	(676)	(669)	(2,109)	(882)
Others	(335)	(308)	(187)	(895)	(526)
	(6,251)	(5,721)	(5,113)	(17,548)	(12,774)
Selling, general and administrative expenses	(654)	(434)	(418)	(1,507)	(1,054)
Research and development expenses	(440)	(363)	(216)	(1,145)	(577)
Gain on sale of assets				1,513	
Others	(643)	(724)	(519)	(1,787)	(1,431)
	(7,988)	(7,242)	(6,266)	(20,474)	(15,836)
Operating income	8,373	7,747	7,836	24,089	14,528
Non-operating income (expenses)					
Financial income	188	226	56	579	173
Financial expenses	(822)	(514)	(741)	(1,918)	(1,720)

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Gains (losses) on derivatives, net	(568)	358	500	29	158
Foreign exchange and indexation gains (losses), net	(2,191)	578	257	(1,533)	293
	(3,393)	648	72	(2,843)	(1,096)
Income before discontinued operations, income taxes and equity results	4,980	8,395	7,908	21,246	13,432
Income taxes					
Current	(1,197)	(1,719)	(2,589)	(4,509)	(3,447)
Deferred	846	(688)	443	374	879
	(351)	(2,407)	(2,146)	(4,135)	(2,568)
Equity in results of affiliates, joint ventures and other investments	282	406	305	968	684
Net income from continuing operations	4,911	6,394	6,067	18,079	11,548
Discontinued operations, net of tax			8		(143)
Net income	4,911	6,394	6,075	18,079	11,405
Net income (loss) attributable to noncontrolling interests	(24)	(58)	37	(134)	58
Net income attributable to the Company's stockholders	4,935	6,452	6,038	18,213	11,347
Basic and diluted earnings per share attributable to Company's stockholders					
Earnings per preferred share	0.93	1.21	1.13	3.43	2.12
Earnings per common share	0.93	1.21	1.13	3.43	2.12
Earnings per preferred share linked to mandatorily convertible notes (*)	1.78	1.71	1.35	5.16	3.15
Earnings per common share linked to mandatorily convertible notes (*)	1.79	1.79	1.36	5.32	4.94

(*) Basic earnings per share only, as dilution assumes conversion

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

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

Expressed in millions of United States dollars

	(Unaudited)				
	Three-month period ended		Nine-month period ended		
	September 30, 2011	June 30, 2011	September 30, 2010	September 30, 2011	September 30, 2010
Comprehensive income is comprised as follows:					
Company's stockholders:					
Net income attributable to Company's stockholders	4,935	6,452	6,038	18,213	11,347
Cumulative translation adjustments	(7,486)	1,581	3,352	(4,718)	1,507
Available-for-sale securities					
Gross balance as of the period/year end		(13)	1	(14)	5
Tax (expense) benefit		11		11	(4)
		(2)	1	(3)	1
Surplus (deficit) accrued pension plan					
Gross balance as of the period/year end	(467)	(195)	344	(479)	294
Tax (expense) benefit	150	63	(126)	150	(102)
	(317)	(132)	218	(329)	192
Cash flow hedge					
Gross balance as of the period	123	138	20	275	148
Tax (expense) benefit	26	3	(33)	20	(41)
	149	141	(13)	295	107
Total comprehensive income attributable to Company's stockholders	(2,719)	8,040	9,596	13,458	13,154
Noncontrolling interests:					
Net income attributable to noncontrolling interests	(24)	(58)	37	(134)	58
Cumulative translation adjustments	(269)	40	211	(283)	189

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Pension plan	(1)	5		4	
Cash flow hedge				1	35
Total comprehensive income (deficit) attributable to Noncontrolling interests	(294)	(13)	248	(412)	282
Total comprehensive income	(3,013)	8,027	9,844	13,046	13,436

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

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

Expressed in millions of United States dollars

	(Unaudited)				
	Three-month period ended		September 30, 2010	Nine-month period ended	
	September 30, 2011	June 30, 2011	September 30, 2010	September 30, 2011	September 30, 2010
Cash flows from operating activities:					
Net income	4,911	6,394	6,075	18,079	11,405
Adjustments to reconcile net income to cash from operations:					
Depreciation, depletion and amortization	1,018	979	696	2,954	2,187
Dividends received	240	343	283	833	532
Equity in results of affiliates, joint ventures and other investments	(282)	(406)	(305)	(968)	(684)
Deferred income taxes	(846)	688	(443)	(374)	(879)
Loss on disposal of property, plant and equipment	17	19	229	208	375
Gain on sale of assets available for sale				(1,513)	
Discontinued operations, net of tax			(8)		143
Foreign exchange and indexation gains, net	2,218	257	(150)	2,371	(229)
Unrealized derivative losses (gains), net	642	(230)	(403)	200	63
Unrealized interest (income) expense, net	78	(41)	225	44	230
Others	(37)	(41)	(17)	(115)	84
Decrease (increase) in assets:					
Accounts receivable	(730)	(658)	(776)	(1,277)	(3,161)
Inventories	(324)	(73)	(441)	(1,140)	(829)
Recoverable taxes	(392)	(79)	142	(583)	112
Others	(219)	(280)	(467)	(299)	(402)
Increase (decrease) in liabilities:					
Suppliers	829	246	876	1,232	1,373
Payroll and related charges	212	204	160	60	10
Income taxes	(2,745)	(24)	1,093	(2,293)	1,404

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Others	(379)	(233)	110	(135)	227
Net cash provided by operating activities	4,211	7,065	6,879	17,284	11,961
Cash flows from investing activities:					
Short term investments		540		1,793	3,747
Loans and advances receivable					
Related parties					
Loan proceeds					(28)
Repayments			(1)		
Others	57	(34)	(17)	(120)	(13)
Judicial deposits	(239)	(159)	(27)	(427)	(190)
Investments	(18)	(26)		(159)	(51)
Additions to property, plant and equipment	(3,711)	(3,480)	(3,852)	(10,004)	(7,905)
Proceeds from disposal of investments available for sale				1,081	
Acquisition (sale) of subsidiaries			(1,018)		(6,252)
Net cash used in investing activities	(3,911)	(3,159)	(4,915)	(7,836)	(10,692)
Cash flows from financing activities:					
Short-term debt					
Additions	20	51	147	838	2,004
Repayments	(63)	(96)	(130)	(919)	(1,985)
Loans					
Related parties					
Proceeds			7	19	22
Repayments				(1)	(3)
Issuances of long-term debt					
Third parties					
Proceeds	479	268	2,017	1,350	3,545
Repayments	(769)	(419)	(1,288)	(2,539)	(1,671)
Treasury stock	(2,001)		(341)	(2,001)	(341)
Transactions of noncontrolling interest			660		660
Dividends and interest attributed to Company's stockholders	(3,000)	(2,000)		(6,000)	(1,250)
Dividends and interest attributed to noncontrolling interest		(60)		(60)	(59)
Net cash provided by (used in) financing activities	(5,334)	(2,256)	1,072	(9,313)	922
Increase (decrease) in cash and cash equivalents	(5,034)	1,650	3,036	135	2,191
Effect of exchange rate changes on cash and cash equivalents	(628)	306	452	(154)	239
Cash and cash equivalents, beginning of period	13,227	11,271	6,235	7,584	7,293
Cash and cash equivalents, end of period	7,565	13,227	9,723	7,565	9,723
Cash paid during the period for:					

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Interest on short-term debt		(1)	(2)	(2)	(3)
Interest on long-term debt	(234)	(374)	(242)	(945)	(783)
Income tax	(4,097)	(1,171)	(705)	(6,233)	(872)
Non-cash transactions					
Interest capitalized	54	69	24	156	126

Conversion of mandatorily convertible notes using 75,435,238 treasury stock (see note 13).

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

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

Expressed in millions of United States dollars

(Except number of shares)

	(Unaudited)				
	September 30, 2011	Three-month period ended June 30, 2011	September 30, 2010	Nine-month period ended September 30, 2011	September 30, 2010
Preferred class A stock (including twelve golden shares)					
Beginning of the period	16,728	10,370	10,370	10,370	9,727
Capital increase		6,358		6,358	
Transfer from undistributed retained earnings					643
End of the period	16,728	16,728	10,370	16,728	10,370
Common stock					
Beginning of the period	25,837	16,016	16,016	16,016	15,262
Capital increase		9,821		9,821	
Transfer from undistributed retained earnings					754
End of the period	25,837	25,837	16,016	25,837	16,016
Treasury stock					
Beginning of the period	(2,660)	(2,660)	(660)	(2,660)	(1,150)
Sales (acquisitions)	(2,001)		(868)	(2,001)	(378)
End of the period	(4,661)	(2,660)	(1,528)	(4,661)	(1,528)
Additional paid-in capital					
Beginning of the period	318	2,188	1,790	2,188	411
Change in the period		(1,870)	398	(1,870)	1,777
End of the period	318	318	2,188	318	2,188
Mandatorily convertible notes - common shares					
Beginning of the period	290	290	290	290	1,578
Change in the period					(1,288)
End of the period	290	290	290	290	290
Mandatorily convertible notes - preferred shares					
Beginning of the period	644	644	644	644	1,225
Change in the period					(581)
End of the period	644	644	644	644	644

Other cumulative comprehensive income (deficit)					
Cumulative translation adjustments					
Beginning of the period	2,515	934	(3,617)	(253)	(1,772)
Change in the period	(7,486)	1,581	3,352	(4,718)	1,507
End of the period	(4,971)	2,515	(265)	(4,971)	(265)
Unrealized gain (loss) - available-for-sale securities, net of tax					
Beginning of the period		2		3	
Change in the period		(2)	1	(3)	1
End of the period			1		1
Surplus (deficit) accrued pension plan					
Beginning of the period	(71)	61	(64)	(59)	(38)
Change in the period	(317)	(132)	218	(329)	192
End of the period	(388)	(71)	154	(388)	154
Cash flow hedge					
Beginning of the period	122	(19)	122	(24)	2
Change in the period	149	141	(13)	295	107
End of the period	271	122	109	271	109
Total other cumulative comprehensive income (deficit)					
	(5,088)	2,566	(1)	(5,088)	(1)
Undistributed retained earnings					
Beginning of the period	30,082	43,189	26,086	42,218	28,508
Transfer from/to unappropriated retained earnings	(4,397)	1,202	1,644	(2,224)	619
Transfer to capitalized earnings		(14,309)		(14,309)	(1,397)
End of the period	25,685	30,082	27,730	25,685	27,730
Unappropriated retained earnings					
Beginning of the period	11,211	5,995	9,234	166	3,182
Net income attributable to the stockholders					
Company	4,935	6,452	6,038	18,213	11,347
Interest on mandatorily convertible debt					
Preferred class A stock	(40)	(24)	(11)	(82)	(49)
Common stock	(16)	(10)	(5)	(34)	(51)
Dividends and interest attributed to stockholders equity					
Preferred class A stock	(1,231)			(1,231)	(77)
Common stock	(1,769)			(1,769)	(121)
Appropriation from/to undistributed retained earnings	4,397	(1,202)	(1,644)	2,224	(619)
End of the period	17,487	11,211	13,612	17,487	13,612
Total Company stockholders equity					
	77,240	85,016	69,321	77,240	69,321
Noncontrolling interests					
Beginning of the period	2,905	2,904	3,485	2,830	2,831
Disposals (acquisitions) of noncontrolling interests			(680)	117	1,629

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Cumulative translation adjustments	(269)	40	211	(283)	189
Cash flow hedge				1	35
Net income (loss) attributable to noncontrolling interests	(24)	(58)	37	(134)	58
Net income (loss) attributable to redeemable noncontrolling interests	22	65		155	
Dividends and interest attributable to noncontrolling interests		(59)	(80)	(65)	(86)
Capitalization of stockholders advances	11	8		19	
Pension plan	(1)	5		4	
Assets and liabilities held for sale			(147)		(1,830)
End of the period	2,644	2,905	2,826	2,644	2,826
Total stockholders equity	79,884	87,921	72,147	79,884	72,147
Number of shares issued and outstanding:					
Preferred class A stock (including twelve golden shares)	2,108,579,618	2,108,579,618	2,108,579,618	2,108,579,618	2,108,579,618
Common stock	3,256,724,482	3,256,724,482	3,256,724,482	3,256,724,482	3,256,724,482
Buy-backs					
Beginning of the period	(147,024,956)	(147,024,956)	(77,144,565)	(147,024,965)	(152,579,803)
Acquisitions	(79,094,780)		(31,155,000)	(79,094,780)	(31,155,000)
Conversions	267			276	75,435,238
End of the period	(226,119,469)	(147,024,956)	(108,299,565)	(226,119,469)	(108,299,565)
	5,139,184,631	5,218,279,144	5,257,004,535	5,139,184,631	5,257,004,535

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

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

Expressed in millions of United States dollars, unless otherwise stated

1 The Company and its operations

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

At September 30, 2011, our principal consolidated operating subsidiaries are the following:

Subsidiary	% ownership	% voting capital	Location	Principal activity
Compañia Minera Miski Mayo S.A.C.	40.00	51.00	Peru	Fertilizer
Ferrovias Centro-Atlântica S. A.	99.99	99.99	Brazil	Logistics
Ferrovias Norte Sul S.A.	100.00	100.00	Brazil	Logistics
Mineraçao Corumbaense Reunida S.A. - MCR	100.00	100.00	Brazil	Iron ore
PT International Nickel Indonesia Tbk	59.14	59.14	Indonesia	Nickel
Sociedad Contractual Minera Tres Valles	90.00	90.00	Chile	Copper
Vale Australia Pty Ltd.	100.00	100.00	Australia	Coal
Vale Austria Holdings GMBH	100.00	100.00	Austria	Holding and Exploration
Vale Canada Limited	100.00	100.00	Canada	Nickel
Vale Coal Colombia Ltd.	100.00	100.00	Colombia	Coal
Vale Fertilizantes S.A	84.27	99.90	Brazil	Fertilizer
Vale International S.A	100.00	100.00	Switzerland	Trading
Vale Manganês S.A.	100.00	100.00	Brazil	Manganese and Ferroalloys
Vale Moçambique, Limitada	100.00	100.00	Mozambique	Coal
Vale Nouvelle-Calédonie SAS	74.00	74.00	New Caledonia	Nickel
Vale Oman Pelletizing Company LLC	100.00	100.00	Oman	Pellets
Vale Shipping Holding PTE Ltd.	100.00	100.00	Singapore	Logistics

2 Basis of consolidation

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All majority-owned subsidiaries in which we have both share and management control are consolidated. All significant intercompany accounts and transactions are eliminated. Subsidiaries over which control is achieved through other means, such as stockholders agreement, are also consolidated even if we hold less than 51% of voting capital. Our variable interest entities in which we are the primary beneficiary are consolidated. Investments in unconsolidated affiliates and joint ventures are accounted for under the equity method (Note 10).

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

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

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

3 Basis of presentation

Our condensed consolidated 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, prepared in accordance with accounting principles generally accepted in the United States of America (US GAAP), are unaudited. However, in our opinion, such condensed consolidated financial information includes all adjustments, consisting only of normal recurring adjustments, necessary for a fair statement of the results for interim periods. The results of operations for the three-month and nine-month periods ended September 30, 2011, are not

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necessarily indicative of the actual results expected for the full fiscal year ending December 31, 2011. This condensed consolidated interim financial statement should be read in conjunction with our audited consolidated financial statements as of and for the year ended December 31, 2010, prepared in accordance with US GAAP.

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

Since December 2007, significant modifications have been made to (Brazilian GAAP) as part of a convergence project with International Financial Reporting Standards (IFRS) and as from December 31, 2010, the convergence was completed and therefore the (IFRS) is the accounting practice adopted in Brazil. The Company does expect to continue the (US GAAP) reporting during 2011.

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

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

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

The exchange rates used to translate the assets and liabilities of the Brazilian operations at September 30, 2011 and December 31, 2010, were R\$ 1.8544 and R\$1.6662, respectively.

a) Newly issued accounting pronouncements

Accounting Standards Update (ASU) number 2011-08 Intangibles - Goodwill and Other (Topic 350). The objective of this Update is to simplify how entities, both public and nonpublic, test goodwill for impairment. The amendments in the Update permit an entity to first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount as a basis for determining whether it is necessary to perform the two-step goodwill impairment test described in Topic 350. We are currently studying the future impact of this statement. We do not expect any significant change in the disclosure of any financial statements.

Accounting Standards Update (ASU) number 2011-04: Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in USGAAP and IFRSs. The amendments in this Update generally represent clarifications of Topic 820, but also include some instances where a particular principle or requirement for measuring fair value or disclosing information about fair value measurements has changed. This Update results in common principles and requirements for measuring fair value and for disclosing information about fair value measurements in accordance with US GAAP and IFRSs. We are currently studying the future impact of this statement.

Accounting Standards Update (ASU) number 2011-03: Transfers and Servicing (Topic 860): Reconsideration of Effective Control for Repurchase Agreements. The amendments in this Update remove from the assessment of effective control (1) the criterion requiring the transferor to have the ability to repurchase or redeem the financial assets on substantially the agreed terms, even in the event of default by the transferee, and (2) the collateral maintenance implementation guidance related to that criterion. We do not expect any significant change in the disclosure of our financial statements.

The Company understands that the other recently issued accounting pronouncements that are not effective as of and for the period ending September 30, 2011, are not expected to be relevant for its consolidated financial statements.

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b) Accounting standards adopted in 2011

Accounting Standards Update (ASU) number 2011-05 Comprehensive Income (Topic 220): Presentation of Comprehensive Income. The objective of this Update is to improve the comparability, consistency, and transparency of financial reporting and to increase the prominence of items reported in other comprehensive income, so an entity has the option to present the total of comprehensive income, the components of net income, and the components of other comprehensive income. The Company adopted this standard with no impact on our financial position, results of operations or liquidity.

Accounting Standards Update (ASU) number 2011-02: Receivables (Topic 310) - A Creditor's Determination of Whether a Restructuring Is a Troubled Debt Restructuring. The amendments in this Update would provide additional guidance to assist creditors in determining whether a restructuring of a receivable meets the criteria to be considered a troubled debt restructuring. The Company adopted this standard with no impact on our financial position, results of operations or liquidity.

Accounting Standards Update (ASU) number 2010-29 Disclosure of Supplementary Pro Forma Information for Business Combinations a consensus of the FASB Emerging Issues Task Force. The objective of this Update is to address diversity in practice about the interpretation of the pro forma revenue and earnings disclosure requirements for business combinations. The amendments in this Update specify that if a public entity presents comparative financial statements, the entity should disclose revenue and earnings of the combined entity as though the business combination(s) that occurred during the current year had occurred as of the beginning of the comparable prior annual reporting period only. The amendments also expand the supplemental pro forma disclosures to include a description of the nature and amount of material, nonrecurring pro forma adjustments directly attributable to the business combination included in the reported pro forma revenue and earnings. The Company fully adopted this standard in 2011. This codification does not impact our financial position, results of operations or liquidity.

5 Major acquisitions and disposals

a) Sale of aluminum assets

In February 2011, we concluded the transaction announced in May, 2010 with Norsk Hydro ASA (Hydro), to transfer all of our stakes 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 its respective off-take rights and outstanding commercial contracts, and 60% of Mineração Paragominas S.A. and all our other Brazilian bauxite mineral rights.

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For this transaction we received US\$ 1,081 in cash and 22% equivalent to 447,834,465 shares of Hydro's common shares outstanding (approximately US\$ 3.5 billion according to Hydro's closing share price at the date of the transaction). Three and five years after the closing of the transaction, we will receive two equal tranches of US\$ 200 each in cash, related to the remaining payment of 40% of Mineração Paragominas S.A. From the date of the transaction, Hydro has been accounted for by the equity method.

The gain on this transaction, of US\$ 1,513 was recorded in the income statement in the line Gain on sale of assets.

b) Fertilizers Businesses

In May 2010, we acquired 78.92% of the total capital and 99.83% of the 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, our total participation reaches 84.27%.

The purchase price allocation based on the fair values of acquired assets and liabilities was based on studies performed by us with the assistance of external valuation specialists.

Purchase price	5,795
Noncontrolling consideration	767
Book value of property, plant and equipment and mining rights	(1,987)
Book value of other assets acquired and liabilities assumed, net	(395)
Adjustment to fair value of property, plant and equipment and mining rights	(5,146)
Adjustment to fair value of inventories	(98)
Deferred taxes on the above adjustments	1,783
Goodwill	719

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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 June 2011, we announced a public offer to acquire up to 100% of the free float of our subsidiary Vale Fertilizantes S.A. The public offer involves a cash price of R\$ 25.00 per share, for both common and preferred shares, amounting a total disbursement by Vale of up to R\$ 2.2 billion (equivalent to US\$ 1.2 billion as at September 30, 2011) representing 0.09% of the common shares and 31.77% of the preferred shares issued by Vale Fertilizantes. In July 2011, we filed with Comissão de Valores Mobiliários (CVM) the Prospect (Edital) and a request for registration of a public offer to acquire up to 100% of the free float shares of its subsidiary Vale Fertilizantes S.A. (Vale Fertilizantes), in order to subsequently cancel the public company registration, as previously disclosed.

c) Others transactions

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 US\$ 1.4 billion to repay Gaia by capital contributions made in NESA and commitments of future capital contributions arising from the acquired stake. Until September 2011, the total amount of the invested was US\$ 70.

6 Income taxes

Income taxes in Brazil comprise federal income tax and social contribution, which is an additional federal tax. The statutory composite enacted tax rate applicable in the periods presented is 34%. In other countries where we have operations, we are subject to various taxes rates depending on the jurisdiction.

We analyze the potential tax impact associated with undistributed earnings by each of our subsidiaries. For those subsidiaries in which the undistributed earnings would be taxable when remitted to the parent company, no deferred tax is recognized, based on generally accepted accounting principles.

The amount reported as income tax expense in our condensed consolidated financial statements is reconciled to the statutory rates as follows:

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(Unaudited)

	September 30, 2011			Three-month period ended June 30, 2011			September 30, 2010			Nine-month period ended September 30, 2011			September 30, 2010		
	Brazil	Foreign	Total	Brazil	Foreign	Total	Brazil	Foreign	Total	Brazil	Foreign	Total	Brazil	Foreign	Total
Income before discontinued operations, income taxes, equity results and noncontrolling interests	4,187	793	4,980	7,303	1,092	8,395	7,378	530	7,908	16,008	5,238	21,246	11,005	2,427	13,432
Exchange variation (not taxable) or not deductible		(188)	(188)		71	71		751	751		(70)	(70)		151	151
	4,187	605	4,792	7,303	1,163	8,466	7,378	1,281	8,659	16,008	5,168	21,176	11,005	2,578	13,583
Tax at Brazilian composite rate	(1,424)	(207)	(1,631)	(2,483)	(395)	(2,878)	(2,509)	(436)	(2,945)	(5,443)	(1,758)	(7,201)	(3,742)	(877)	(4,619)
Adjustments to derive effective tax rate:															
Tax benefit on interest attributed to stockholders	578		578	258		258	208		208	1,272		1,272	626		626
Difference on tax rates of foreign income		331	331		219	219		411	411		1,298	1,298		974	974
Tax incentives	67		67	192		192	215		215	430		430	444		444
Social contribution contingency payment	506		506							506		506			
Reversal of deferred income tax					(141)	(141)					(141)	(141)			
Other non-taxable, income/non deductible expenses	36	(238)	(202)	(63)	6	(57)	(38)	3	(35)	(14)	(285)	(299)	(68)	75	7
Income tax per consolidated statements of income	(237)	(114)	(351)	(2,096)	(311)	(2,407)	(2,124)	(22)	(2,146)	(3,249)	(886)	(4,135)	(2,740)	172	(2,568)

Vale and some subsidiaries in Brazil were granted with tax incentives that provide for a partial reduction of the income tax due related to certain regional operations of iron ore, railroad, manganese, copper, bauxite, alumina, aluminum, kaolin and potash. The tax benefit is calculated based on taxable profit adjusted by the tax incentive (so-called exploration profit) taking into consideration the operational profit of the projects that benefit from the tax incentive during a fixed period. In general, such tax incentives expire in 2018. Part of the northern railroad and iron ore operations have been granted with tax incentives for a period of 10 years starting from 2009. The tax savings must be registered in a special capital (profit) reserve in the net equity of the entity that benefits from the tax incentive and cannot be distributed as dividends to the stockholders.

We are also allowed to reinvest part of the tax savings in the acquisition of new equipment to be used in the operations that enjoy the tax benefit subject to subsequent approval from the Brazilian regulatory agencies Superintendência de Desenvolvimento da Amazônia - SUDAM and Superintendência de Desenvolvimento do Nordeste - SUDENE. When the reinvestment is approved, the corresponding tax benefit must also be accounted for in a special profit reserve and is also subject to the same restrictions with respect to future dividend distributions to the stockholders.

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We also have income tax incentives related to our Goro project under development in New Caledonia (The Goro Project). These incentives include an income tax holiday during the construction phase of the project and throughout a 15-year period commencing in the first year in which commercial production, as defined by the applicable legislation, is achieved followed by a five-year, 50 per cent income tax holiday. The Goro Project also qualifies for certain exemptions from indirect taxes such as import duties during the construction phase and throughout the commercial life of the project. Certain of these tax benefits, including the income tax holiday, are subject to an earlier phase out, should the project achieves a specified cumulative rate of return. We are subject to a branch profit tax commencing in the first year in which commercial production is achieved, as defined by the applicable legislation. To date, we have not recorded any taxable income for New Caledonian tax purposes. The benefits of this legislation are expected to apply with respect to taxes payable once the Goro Project is in operation. We obtained tax incentives for our projects in Mozambique, Oman and Malaysia, that will take effects when those projects start their commercial operation.

We are subject to an examination by the tax authorities for up to five years regarding our operations in Brazil, up to ten years for Indonesia, and up to seven years for Canada for income taxes.

Tax loss carry forwards in Brazil and in most of the jurisdictions where we have tax loss carry forwards have no expiration date, though in Brazil, offset is restricted to 30% of annual taxable income.

Companies adopt the provision accounting for Uncertainty in Income Taxes.

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

	(Unaudited)					
	September 30, 2011	Three-month period ended		September 30, 2010	Nine-month period ended	
	September 30, 2011	June 30, 2011	September 30, 2010	September 30, 2011	September 30, 2010	September 30, 2010
Beginning of the period	372	2,623	369	2,555	396	396
Increase resulting from tax positions taken	1	1,065	5	1,075	9	9
Decrease resulting from tax positions taken (a)	(2)	(3,315)	3	(3,319)	(22)	(22)
Cumulative translation adjustments	(33)	(1)	15	27	9	9
End of the period	338	372	392	338	392	392

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

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	September 30, 2011 (unaudited)	December 31, 2010
Cash	1,007	560
Short-term investments	6,558	7,024
	7,565	7,584

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

8 Short-term investments

	September 30, 2011 (Unaudited)	December 31, 2010
Time deposit		1,793

Represent low risk investments with original due date over three months.

9 Inventories

	September 30, 2011 (Unaudited)	December 31, 2010
Products		
Nickel (co-products and by-products)	2,007	1,310
Iron ore and pellets	1,055	825
Manganese and ferroalloys	178	203
Fertilizer	313	171
Copper concentrate	70	28
Coal	189	74
Others	88	143
Spare parts and maintenance supplies	1,156	1,544
	5,056	4,298

In September 30, 2011, the inventory includes provision for adjustment to market value for the products nickel in the amount of US\$ 145 (US\$ 0 at December 31, 2010).

10 Investments in affiliated companies and joint ventures

	September 30, 2011 (unaudited)		Net income		Investments		Equity in earnings (losses) of investee adjustments (unaudited)				
	Participation in capital (%)	Net equity	(loss) of the period	September 30, 2011	December 31, 2010	September 30, 2011	Three-month period ended June 30, 2011	September 30, 2010	September 30, 2011	September 30, 2010	
	Voting	Total		(Unaudited)							
Bulk Material											
Iron ore and pellets											
Companhia Nipo-Brasileira de Pelotização - NIBRASCO (1)											
	51.11	51.00	333	76	168	171	16	15	30	39	36
Companhia Hispano-Brasileira de Pelotização - HISPANOBRÁS (1)											
	51.00	50.89	179	(13)	91	128	(14)	5	1	(6)	5
Companhia Coreano-Brasileira de Pelotização - KOBRASCO (1)											
	50.00	50.00	134	46	69	87	5	8	25	23	34
Companhia Ítalo-Brasileira de Pelotização - ITABRASCO (1)											
	51.00	50.90	152	79	78	86	16	15		41	4
Minas da Serra Geral SA - MSG											
	50.00	50.00	56	5	28	36	1	(5)	1	(3)	1
SAMARCO Mineração SA - SAMARCO (2)											
	50.00	50.00	821	1,384	468	561	207	278	245	692	534
Baovale Mineração SA - BAOVALE											
	50.00	50.00	67	13	33	31	2	2		6	2
Zhuhai YPM Pellet e Co.,Ltd - ZHUHAI											
	25.00	25.00	90		22	25	(1)	1	1	(1)	5
Tecnored Desenvolvimento Tecnológico SA											
	43.04	43.04	100	(7)	43	40	(2)			(3)	(11)
					1,000	1,165	230	319	303	788	610
Coal											
Henan Longyu Resources Co Ltd Shandong Yankuang International Company Ltd											
	25.00	25.00	1,316	269	329	250	26	18	(27)	68	12
	25.00	25.00	(155)	(47)	(39)	(27)	(2)	(4)	(5)	(11)	(12)
					290	223	24	14	(32)	57	
Base Metals											
Bauxite											
Mineração Rio do Norte SA - MRN											
	40.00	40.00	341	4	136	152	(1)	1	5	2	7
					136	152	(1)	1	5	2	7

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Copper											
Teal Minerals Incorporated											
	50.00	50.00	264	(18)	132	90	(2)	(2)		(9)	(13)
					132	90	(2)	(2)		(9)	(13)
Nickel											
Heron Resources Inc (3)											
					6	7					
Korea Nickel Corp	25.00	25.00	(16)		(4)	11					
Others (3)					1	5					
					3	23					
Aluminium											
Norsk Hydro ASA (4)											
	22.00	22.00	16,320	547	3,590		70	50		120	
					3,590		70	50		120	
Logistic											
LOG-IN Logística Intermodal SA											
	31.33	31.33	353	(8)	119	135		(2)		(2)	
MRS Logística SA	37.86	41.50	1,211	249	502	511	32	35	26	103	62
					621	646	32	33	26	101	62
Others											
Steel											
California Steel Industries Inc - CSI											
	50.00	50.00	338	28	169	155	2	7	(2)	15	13
THYSSENKRUPP CSA Companhia Siderúrgica											
	26.87	26.87	5,518	(337)	1,483	1,840	(72)	(10)	(10)	(90)	(10)
					1,652	1,995	(70)	(3)	(12)	(75)	3
Other affiliates and joint ventures											
Vale Soluções em Energia (1)											
	51.00	51.00	230	(29)	121	115	(1)	(6)		(16)	
Others					292	88			15		15
					413	203	(1)	(6)	15	(16)	15
Total					7,837	4,497	282	406	305	968	684

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

(2) Investment includes goodwill of US\$64 in December, 2010 and US\$58 in September, 2011;

(3) Available for sale.

(4) The net equity is adjusted based on our acquisition and the net income refers to the period from March onwards

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Short-term borrowings outstanding on September 30, 2011 are from commercial banks for import financing denominated in US dollars with average annual interest rates of 1.78%.

12 Long-term debt

	Current liabilities		Non-current liabilities	
	September 30, 2011 (unaudited)	December 31, 2010	September 30, 2011 (unaudited)	December 31, 2010
Foreign debt				
Loans and financing denominated in the following currencies:				
US dollars	570	2,384	2,745	2,530
Others	23	18	238	217
Fixed Rate Notes				
US dollars	400		9,831	10,242
EUR			1,009	1,003
Perpetual notes			78	78
Accrued charges	216	233		
	1,209	2,635	13,901	14,070
Brazilian debt				
Brazilian Reais indexed to Long-Term Interest Rate - TJLP/CDI and General Price Index-Market (IGP-M)				
Basket of currencies	180	76	4,937	3,891
Non-convertible debentures		1	4	125
US dollars denominated			2,513	2,767
Accrued charges	178	110		738
	358	188	7,454	7,521
Total	1,567	2,823	21,355	21,591

The long-term portion at September 30, 2011 was as follows (unaudited):

2012	206
2013	3,164
2014	1,172
2015	879
2016 and after	15,500

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No due date	434
	21,355

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

Up to 3%	4,365
3.1% to 5% (*)	2,198
5.1% to 7%	8,816
7.1% to 9% (**)	3,394
9.1% to 11% (**)	93
Over 11% (**)	3,976
Variable	80
	22,922

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

(**) Includes non-convertible debentures and other Brazilian Real denominated debt that bear interest at the Brazilian Interbank Certificate of Deposit (CDI) and Brazilian Government Long-term Interest Rates (TJLP) plus a spread. For these operations we, have entered into derivative transactions to mitigate our exposure to the floating rate debt denominated in Brazilian Real, totaling US\$ 6.137 of which US\$ 5.154 has an original interest rate above 7.1% per year. The average cost after taking into account the derivative transactions is 3.08% per year in US dollars.

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

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

Non Convertible Debentures	Quantity as of September 30, 2011		Maturity	Interest	Balance	
	Issued	Outstanding			September 30, 2011 include: (unaudited)	December 31, 2010
2nd Series	400,000	400,000	November-2013	100% CDI + 0.25%	2,252	2,429
Tranche B	5	5	No due date	6.5% p.a + IGP-DI	356	367
					2,608	2,796
Long-term portion					2,513	2,767
Accrued charges					95	29
					2,608	2,796

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

	(Unaudited)			(Unaudited)	
	September 30, 2011	Three-month period ended June 30, 2011	September 30, 2010	September 30, 2011	Nine-month period ended September 30, 2010
TJLP - Long-Term Interest Rate (effective rate)	1.5	1.5	1.5	(1.5)	4.5
IGP-M - General Price Index - Market Appreciation (devaluation) of Real against US dollar	1.0	0.7	2.1	4.1	7.8
	18.8	4.2	6.3	25.3	2.8

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

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

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

Credit Lines

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

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

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

In June 2010, Vale established some credit lines totaling US\$ 430 with the Banco Nacional de Desenvolvimento Econômico Social - BNDES, in order to finance the acquisition of domestic equipments. In March 31, 2011, Vale increased the amount of credit lines through a new agreement with BNDES in R\$ 103 (US\$ 62). Until September 30, 2011, US\$ 184 was disbursed in this agreement.

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

In April 2008, Vale has signed a credit line in the amount of R\$ 7,300 (US\$ 4 billion) with Banco Nacional de Desenvolvimento Econômico e Social - BNDES to finance its investment program. Until September 30, 2011, Vale withdrew R\$ 2,391 (US\$ 1,289) in this line.

Guarantee

On September 30, 2011, US\$ 560 of the total aggregate outstanding debt was secured by fixed assets.

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

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13 Stockholders equity

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

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

In October 2011 (subsequent period) the Board of Directors approved the payment on October 31, 2011 of US\$ 3 billions to shareholders. The amount of US\$ 1,859 will be paid as interest on capital and the total amount of US\$ 1,141 will be paid as dividends.

In August 2011, we paid additional dividend to Vale's shareholders amounting to US\$ 3 billion, equivalent to US\$ 0.576780063 per outstanding share, common or preferred, of Vale issuance.

On June 2011 the Board of Directors approved a share buy-back program. The shares are to be held in treasury for subsequent sale or cancellation, amounting up to US\$ 3 billion and involving up to 84,814,902 common shares and up to 102,231,122 preferred shares. As of September 30, 2011 we had acquired 25,988,880 common shares and 53,105,900 preferred shares. The share buy-back program will be completely executed in November 2011.

In April 2011, we paid the first installment of interest on capital, in the amount of US\$ 2 billion, corresponding to US\$0.383268113 per outstanding share, common or preferred shares, of Vale issuance.

In January 2011, we made an extraordinary payment through interest of capital, in the total gross amount of US\$ 1 billion, which corresponds to approximately US\$0.191634056 per outstanding share, common or preferred, of Vale issuance.

On October 14, 2010, the Board of Directors approved the following proposals: (i) payment of the second tranche of the minimum dividend of US\$1,250 and (ii) payment of an additional dividend of US\$500. The payments were made on October 29, 2010.

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On September 23, 2010, the Board of Directors approved a share buy-back program. The shares are to be held in treasury for subsequent sale or cancellation, amounting up to US\$2 billion and involving up to 64,810,513 common shares and up to 98,367,748 preferred shares. As of December 31, 2010 we had acquired 21,682,700 common shares and 48,197,700 preferred shares.

In June 2010, the notes series Rio and Rio P were converted into ADS and represent an aggregate of 49,305,205 common shares and 26,130,033 preferred class A shares respectively. The conversion was made using 75,435,238 treasury stocks held by the Company. The difference between the conversion amount and the book value of the treasury stocks of US\$ 1,379 was accounted for in additional paid-in capital in the stockholders equity.

The outstanding issued mandatory convertible notes as of September 30, 2011, are as follows:

Headings	Emission	Date	Expiration	Gross	Value	Net of charges	Coupon
Tranches Vale and Vale P - 2012	July/2009		June/2012	942		934	6.75%p.a.

The notes pay a coupon quarterly and are entitled to an additional remuneration equivalent to the cash distribution paid to ADS holders. These notes were classified as a capital instrument, mainly due to the fact that neither the Company nor the holders have the option to settle the operation, whether fully or partially, with cash, and the conversion is mandatory, consequently, they were recognized as a specific component of shareholders equity, net of financial charges.

The funds linked to future mandatory conversion, net of charges are equivalent to the maximum of common shares and preferred shares, as follows. All the shares are currently held in treasury.

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Headings	Maximum amount of action		Value	
	Common	Preferred	Common	Preferred
Tranches Vale and Vale P - 2012	18,415,859	47,284,800	293	649

In September 2011, Vale paid additional remuneration to holders of mandatorily convertible notes, series VALE-2012 and VALE P-2012, in the amount of US\$ 1.824525 and US\$ 2.110263 per note, respectively.

In April 2011, Vale paid additional remuneration to holders of mandatorily convertible notes, series VALE-2012 and VALE P-2012, in the amount of US\$ 0.985344 and US\$ 1.139659 per note, respectively.

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

Basic and diluted earnings per share

Basic and diluted earnings per share amounts have been calculated as follows:

	Three-month period ended (unaudited)			Nine-month period ended (unaudited)	
	September 30, 2011	June 30, 2011	September 30, 2010	September 30, 2011	September 30, 2010
Net income from continuing operations attributable to Company's stockholders	4,935	6,452	6,030	18,213	11,490
Discontinued operations, net of tax			8		(143)
Net income attributable to Company's stockholders	4,935	6,452	6,038	18,213	11,347
Interest attributed to preferred convertible notes	(40)	(24)	(11)	(82)	(49)
Interest attributed to common convertible notes	(16)	(10)	(5)	(34)	(51)
Net income for the period adjusted	4,879	6,418	6,022	18,097	11,247

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Basic and diluted earnings per share					
Income available to preferred stockholders	1,846	2,440	2,314	6,871	4,324
Income available to common stockholders	2,972	3,898	3,635	11,000	6,783
Income available to convertible notes linked to preferred shares	44	57	53	162	100
Income available to convertible notes linked to common shares	17	23	20	64	40
Weighted average number of shares outstanding (thousands of shares) - preferred shares	1,986,461	2,008,930	2,056,473	2,002,352	2,043,102
Weighted average number of shares outstanding (thousands of shares) - common shares	3,197,984	3,209,349	3,230,765	3,206,032	3,204,885
Treasury preferred shares linked to mandatorily convertible notes	47,285	47,285	47,285	47,285	47,285
Treasury common shares linked to mandatorily convertible notes	18,416	18,416	18,416	18,416	18,416
Total	5,250,146	5,283,980	5,352,939	5,274,085	5,313,688
Earnings per preferred share	0.93	1.21	1.13	3.43	2.12
Earnings per common share	0.93	1.21	1.13	3.43	2.12
Earnings per convertible notes linked to preferred share (*)	1.78	1.71	1.35	5.16	3.15
Earnings per convertible notes linked to common share (*)	1.79	1.79	1.36	5.32	4.94
Continuous operations					
Earnings per preferred share	0.93	1.21	1.13	3.43	2.14
Earnings per common share	0.93	1.21	1.13	3.43	2.14
Earnings per convertible notes linked to preferred share (*)	1.78	1.71	1.35	5.16	3.17
Earnings per convertible notes linked to common share (*)	1.79	1.79	1.36	5.32	4.96
Discontinued operations					
Earnings per preferred share					(0.02)
Earnings per common share					(0.02)
Earnings per convertible notes linked to preferred share (*)					(0.02)
Earnings per convertible notes linked to common					(0.02)

share (*)

(*) Basic earnings per share only, as dilution assumes conversion

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If the conversion of the convertible notes had been included in the calculation of diluted earnings per share they would have generated the following effect as shown below:

	Three-month period ended (unaudited)			Nine-month period ended (unaudited)	
	September 30, 2011	June 30, 2011	September 30, 2010	September 30, 2011	September 30, 2010
Income available to preferred stockholders	1,930	2,521	2,378	7,115	4,473
Income available to common stockholders	3,005	3,931	3,660	11,098	6,874
Weighted average number of shares outstanding (thousands of shares) - preferred shares	2,033,746	2,056,215	2,103,758	2,049,637	2,090,387
Weighted average number of shares outstanding (thousands of shares) - common shares	3,216,400	3,227,765	3,249,181	3,224,448	3,223,301
Earnings per preferred share	0.95	1.23	1.13	3.47	2.14
Earnings per common share	0.93	1.22	1.13	3.44	2.13
Continuous operations					
Earnings per preferred share	0.95	1.23	1.13	3.47	2.17
Earnings per common share	0.93	1.22	1.13	3.44	2.16
Discontinued operations					
Earnings per preferred share					(0.03)
Earnings per common share					(0.03)

14 Pension plans

We previously disclosed in our consolidated financial statements for the year ended December 31, 2010, that we expected to contribute US\$310 to our defined benefit pension plan in 2011. As of September 30, 2011, total contributions of US\$ 254 had been made. We do not expect any significant change in our previous estimate.

A special contribution was made to the Vale Canada Limited Defined Benefit plans of US\$342 during the period. The contribution was made to bring the adequate ratios which provide Vale Canada with more certain funding requirements for 2011-2013.

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	Three-month period ended (unaudited)		
	September 30, 2011		
	Overfunded pension plans	Underfunded pension plans	Underfunded other benefits
Service cost - benefits earned during the period		18	8
Interest cost on projected benefit obligation	98	107	26
Expected return on assets	(164)	(99)	
Amortizations and (gain) / loss		6	(5)
Net periodic pension cost (credit)	(66)	32	29

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

	Three-month period ended (unaudited)		
	September 30, 2010		
	Overfunded pension plans	Underfunded pension plans	Underfunded other benefits
Service cost - benefits earned during the period	1	19	8
Interest cost on projected benefit obligation	104	92	26
Expected return on assets	(159)	(83)	
Amortizations and (gain) / loss		1	
Net deferral	(1)	12	(9)
Net periodic pension cost (credit)	(55)	41	25

	Nine-month period ended (unaudited)		
	September 30, 2011		
	Overfunded pension plans	Underfunded pension plans	Underfunded other benefits
Service cost - benefits earned during the period		57	24
Interest cost on projected benefit obligation	299	317	77
Expected return on assets	(505)	(291)	
Amortizations and (gain) / loss		21	(11)
Net deferral			(3)
Net periodic pension cost (credit)	(206)	104	87

	Nine-month period ended (unaudited)		
	September 30, 2010		
	Overfunded pension plans	Underfunded pension plans	Underfunded other benefits
Service cost - benefits earned during the period	1	51	20

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Interest cost on projected benefit obligation	244	270	74
Expected return on assets	(392)	(245)	
Amortizations and (gain) / loss		1	
Net deferral	(1)	12	(9)
Net periodic pension cost (credit)	(148)	89	85

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15 Long-term incentive compensation plan

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

The shares purchased by each executive are unrestricted and may, at the participant's discretion, be sold at any time. However, the shares must be held for a three-year period and the executive must be continually employed by Vale during that period. The participant then becomes entitled to receive from Vale a cash payment equivalent to the total amount of shares held, based on the market rates. The total shares linked to the plan at September 30, 2011 and December 31, 2010, are 3,130,620 and 2,458,627, respectively.

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

We account for the compensation cost provided to our executives under this long-term incentive compensation plan, following the requirements for Accounting for Stock-Based Compensation. Liabilities are measured at each reporting date at fair value, based on market rates. Compensation costs incurred are recognized, over the defined three-year vesting period. At September 30, 2011 and December 31, 2010, we recognized a liability of US\$ 106 and US\$ 120, respectively, through the Statement of Income.

16 Commitments and contingencies

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

Sumic Nickel Netherlands B.V. (Sumic), a 21% stockholder of VNC, has a put option to sell to us 25%, 50%, or 100% of the shares they own of VNC if the defined cost of the initial nickel cobalt development project, as measured by funding provided to VNC, in natural currencies and converted to U.S. dollars at specified rates of exchange, in the form of Girardin Act lease financing, funding, shareholder loans and equity contributions by shareholders to VNC, exceeded US\$ 4.6 billion and an agreement cannot be reached on how to proceed with the project. On

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May 27, 2010 the threshold was reached. An agreement has been reached with Sumic for an extension of their put option to 2012.

In addition, in the course of our operations we have provided letters of credit and guarantees in the amount of US\$ 490 that are associated with items such as environment reclamation, asset retirement obligation commitments, electricity commitments, and community service commitments.

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

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

	September 30, 2011 (unaudited)		December 31, 2010	
	Provision for contingencies	Judicial deposits	Provision for contingencies	Judicial deposits
Labor and social security claims	728	842	748	874
Civil claims	489	314	510	410
Tax - related actions	663	453	746	442
Others	29	5	39	5
	1,909	1,614	2,043	1,731

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

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

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

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

Contingencies settled during the three-month periods ended September 30, 2011, June 30, 2011 and September 30, 2010, totaled US\$ 98, US\$ 130 and US\$ 67 and nine-month periods ended September 30, 2011 and September 30, 2010, totaled US\$ 659 and US\$ 128, respectively. Provisions recognized in the three-month periods ended September 30, 2011, June 30, 2011 and September 30, 2010, totaled US\$ 134, US\$ 176 and US\$ 101 and nine-month periods ended September 30, 2011 and September 30, 2010, totaled US\$ 364 and US\$ 71, respectively, classified as other operating expenses.

In addition to the contingencies for which we have made provisions, we are defendants in claims where in our opinion, and based on the advice of our legal counsel, the likelihood of loss is reasonably possible but not probable, in the total amount of US\$ 20,709 at September 30, 2011, and for which no provision has been made (December 31, 2010 US\$4,787). The variation in reasonably possible contingencies is related to the discussion of the payment in Brazil of income tax and social contribution on net income on the profits of foreign subsidiaries.

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

A total of 388,559,056 Debentures were issued at a par value of R\$ 0.01 (one cent), whose value will be restated in accordance with the variation in the General Market Price Index (IGP-M), as set forth in the Issue Deed.

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

d) Asset retirement obligations

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

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

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

	Three-month period ended			Nine-month period ended	
	September 30, 2011	June 30, 2011	September 30, 2010	September 30, 2011	September 30, 2010
Beginning of period	1,410	1,368	1,162	1,368	1,116
Accretion expense	29	30	21	100	79
Liabilities settled in the current period	(11)	(20)	(2)	(41)	(12)
Revisions in estimated cash flows (*)	(3)	(10)	(11)	(76)	15
Cumulative translation adjustment	(152)	42	60	(78)	32
End of period	1,273	1,410	1,230	1,273	1,230
Current liabilities	54	56	79	54	79
Non-current liabilities	1,219	1,354	1,151	1,219	1,151
Total	1,273	1,410	1,230	1,273	1,230

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17 Other expenses

In the nine months period, the line Other operating expenses most due to pre operational expenses, idle capacity and stoppage operations of US\$ 805 in 2011 (US\$ 646 in 2010).

18 Fair value disclosure of financial assets and liabilities

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

a) Measurements

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

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

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

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

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

b) Measurements on a recurring basis

The description of the valuation methodologies used for recurring assets and liabilities measured at fair value in the Company's Consolidated Balance Sheet at September 30, 2011 and December 31, 2010 are summarized below:

- **Available-for-sale securities**

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

- **Derivatives**

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

- **Debentures**

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

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secondary market.

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

	Carrying amount	September 30, 2011 (unaudited)		
		Fair value	Level 1	Level 2
Available for sale	7	7	7	
Unrealized gain on derivatives	338	338		338
Debentures	(1,276)	(1,276)		(1,276)

	Carrying amount	December 31, 2010		
		Fair value	Level 1	Level 2
Available for sale	12	12	12	
Unrealized gains on derivatives	257	257	1	256
Debentures	(1,284)	(1,284)		(1,284)

c) Measurements on a non-recurring basis

The Company also has assets under certain conditions that are subject to measurement at fair value on a non-recurring basis. These assets include goodwill and assets acquired and liabilities assumed in business combinations. During the period ended September 30, 2011, we have not recognized any additional impairment for those items.

d) Financial Instruments

Long-term debt

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

Time deposits

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

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

	Carrying amount	September 30, 2011 (Unaudited)		
		Fair value	Level 1	Level 2
Long-term debt (*)	(22,528)	(23,415)	(17,436)	(5,979)

	Carrying amount	December 31, 2010		
		Fair value	Level 1	Level 2
Time deposits	1,793	1,793		1,793
Long-term debt (*)	(24,071)	(25,264)	(19,730)	(5,534)

(*) Less accrued charges of US\$ 394 and US\$343 as of September 30, 2011 and December 31, 2010, respectively.

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19 Segment and geographical information

We adopt disclosures about segments of an enterprise and related information with respect to the information we present about our operating segments. The relevant standard requiring such disclosures introduced a management approach concept for reporting segment information, whereby such information is required to be reported on the basis that the chief decision-maker uses internally for evaluating segment performance and deciding how to allocate resources to segments. In line with our strategy to become a leading global player in the fertilizer business, on May 27, 2010 we acquired 58.6% of the equity capital of Fertilizantes Fosfatados S.A. - Fosfertil (Fosfertil) and the Brazilian fertilizer assets of Bunge Participações e Investimentos S.A. (BPI), currently renamed Vale Fosfatados S.A. Considering this new segment acquisition, fertilizers, and the related reorganization that occurred for the operating segments are:

Bulk Material - comprised of iron ore mining and pellet production, as well as our Brazilian Northern and Southern transportation systems, including railroads, ports and terminals, as they pertain to mining operations. Manganese mining and ferroalloys are also included in this segment.

Base Metals comprised of the production of non-ferrous minerals, including nickel (co-products and by-products), copper and investments in joint ventures and affiliates engaged in aluminum.

Fertilizers comprised of the three important groups of nutrients: potash, phosphates and nitrogen. This business is being formed through a combination of acquisitions and organic growth.

Logistic Services comprised of our transportation systems as they pertain to the operation of our ships, ports and railroads for third-party cargos.

Others comprised of our investments in joint ventures and affiliates engaged in other businesses.

Information presented to senior management with respect to the performance of each segment is generally derived directly from the accounting records maintained in accordance with accounting practices adopted in Brazil together with certain minor inter-segment allocations.

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Consolidated net income and principal assets are reconciled as follows:

Results by segment - after eliminations (aggregated)

	September 30, 2011					Three-month period ended (unaudited) June 30, 2011						September 30, 2010		
	Bulk Material	Base Metals	Fertilizers	Logistic	Others Consolidated	Bulk Material	Base Metals	Fertilizers	Logistic	Others Consolidated	Bulk Material	Base Metals		
RESULTS														
Gross revenues	12,763	2,287	1,037	502	152	16,741	11,682	2,230	867	476	90	15,345	11,257	1,911
Cost and expenses	(3,844)	(1,627)	(798)	(395)	(246)	(6,910)	(3,449)	(1,528)	(658)	(396)	(225)	(6,256)	(3,204)	(1,395)
Research and development	(188)	(100)	(32)	(37)	(83)	(440)	(130)	(98)	(16)	(30)	(89)	(363)	(70)	(60)
Depreciation, depletion and amortization	(439)	(379)	(129)	(64)	(7)	(1,018)	(438)	(350)	(129)	(60)	(2)	(979)	(379)	(222)
Operating income (loss)	8,292	181	78	6	(184)	8,373	7,665	254	64	(10)	(226)	7,747	7,604	222
Financial result	(2,865)	(206)	(129)	(149)	(44)	(3,393)	840	(210)	29	(17)	6	648	286	(17)
Discontinued operations, net of tax														
Equity in results of affiliates, joint ventures and others														
investments	248	118		32	(116)	282	339	(2)		33	36	406	302	(2)
Income taxes	(224)	(106)	(13)	(8)		(351)	(2,120)	(228)	(57)	(2)		(2,407)	(2,116)	(2)
Noncontrolling interests	52	(9)	(22)		3	24	1	33	(1)		25	58	5	(4)
Net income attributable to the Company's stockholders	5,503	(22)	(86)	(119)	(341)	4,935	6,725	(153)	35	4	(159)	6,452	6,081	(3)
Sales classified by geographic destination:														
Foreign market														
America, except														
United States	331	289	24		13	657	298	258	2			558	207	29
United States	46	403				449	5	400	1			406	39	15
Europe	2,552	553	48		14	3,167	2,415	601	41		11	3,068	2,041	44
Middle														
East/Africa/Oceania	452	34				486	361	55				416	434	3
Japan	1,658	277			2	1,937	1,488	299			2	1,789	1,311	36
China	5,612	271			44	5,927	4,680	325				5,005	4,965	19
Asia, other than														
Japan and China	693	440				1,133	899	290	8		1	1,198	1,018	33
Brazil	1,419	20	965	502	79	2,985	1,536	2	815	476	76	2,905	1,242	9

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12,763 2,287 1,037 502 152 16,741 11,682 2,230 867 476 90 15,345 11,257 1,91

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	September 30, 2011						September 30, 2010					
	Bulk Material	Base Metals	Fertilizers	Logistic	Others	Consolidated	Bulk Material	Base Metals	Fertilizers	Logistic	Others	Consolidated
RESULTS												
Gross revenues	33,964	7,266	2,691	1,306	407	45,634	23,603	5,181	1,077	1,131	282	31,200
Cost and expenses	(10,327)	(4,689)	(2,100)	(1,081)	(762)	(18,959)	(8,062)	(3,865)	(987)	(842)	(226)	(13,982)
Research and development	(430)	(272)	(66)	(88)	(289)	(1,145)	(186)	(168)	(33)	(45)	(145)	(663)
Gain on sale of assets		1,513				1,513						
Depreciation, depletion and amortization	(1,311)	(1,086)	(375)	(168)	(14)	(2,954)	(1,117)	(879)	(72)	(105)	(14)	(2,292)
Operating income (loss)	21,896	2,732	150	(31)	(658)	24,089	14,238	269	(15)	139	(103)	14,426
Financial result	(1,940)	(643)	(37)	(185)	(38)	(2,843)	(411)	(635)	19	(28)	(41)	(1,906)
Discontinued operations, net of tax								(143)				
Equity in results of affiliates, joint ventures and others investments	845	113		101	(91)	968	610	(19)		62	31	703
Income taxes	(3,325)	(735)	(67)	(8)		(4,135)	(2,712)	115	(3)	11	21	(2,591)
Noncontrolling interests	55	38	(19)		60	134	7	(65)				
Net income attributable to the Company's stockholders	17,531	1,505	27	(123)	(727)	18,213	11,732	(478)	1	184	(92)	11,450
Sales classified by geographic destination:												
Foreign market												
America, except United States												
United States	876	1,009	44		13	1,942	525	700	11			1,245
United States	56	1,272	1		2	1,331	43	437			15	1,825
Europe	6,992	1,727	108		43	8,870	4,922	1,269		11	29	6,231
Middle East/Africa/Oceania												
East/Africa/Oceania	1,250	107			1	1,358	1,031	129				1,160
Japan	4,278	951			6	5,235	2,620	950			8	3,578
China	13,950	927			79	14,956	9,567	543			2	10,112
Asia, other than Japan and China												
Japan and China	2,363	1,135	16		1	3,515	1,838	963		6	1	2,804
Brazil	4,199	138	2,522	1,306	262	8,427	3,057	190	1,066	1,114	227	5,654
	33,964	7,266	2,691	1,306	407	45,634	23,603	5,181	1,077	1,131	282	31,200

Table of Contents**Operating segment - after eliminations (disaggregated)**

	Three-month period ended (unaudited)									
	September 30, 2011									
	Revenue	Value added tax	Net revenues	Cost and expenses	Operating profit	Depreciation, depletion and amortization	Operating income	Property, plant and equipment, net	Addition to property, plant and equipment	Investment
Bulk Material										
Iron ore	10,136	(139)	9,997	(2,500)	7,497	(349)	7,148	30,800	2,014	10
Pellets	2,158	(76)	2,082	(789)	1,293	(57)	1,236	1,951	72	8
Manganese	45	(2)	43	(60)	(17)	(2)	(19)	58	1	
Ferroalloys	139	(12)	127	(107)	20	(16)	4	228	13	
Coal	285		285	(347)	(62)	(15)	(77)	3,727	189	2
	12,763	(229)	12,534	(3,803)	8,731	(439)	8,292	36,764	2,289	1,2
Base Metals										
Nickel and other products (*)	2,005		2,005	(1,482)	523	(360)	163	28,128	674	
Copper (**)	282		282	(245)	37	(19)	18	3,759	110	1
Aluminum products										3,7
	2,287		2,287	(1,727)	560	(379)	181	31,887	784	3,8
Fertilizers										
Potash	80	(3)	77	(97)	(20)	(8)	(28)	1,864	10	
Phosphates	707	(27)	680	(516)	164	(77)	87	6,130	91	
Nitrogen	217	(29)	188	(154)	34	(44)	(10)	1,220	125	
Others fertilizers products	33	(4)	29		29		29	375		
	1,037	(63)	974	(767)	207	(129)	78	9,589	226	
Logistics										
Railroads	358	(61)	297	(269)	28	(52)	(24)	1,296	54	5
Ports	144	(15)	129	(87)	42	(12)	30	522	77	
Ships								1,519	81	1
	502	(76)	426	(356)	70	(64)	6	3,337	212	6
Others	152	(12)	140	(317)	(177)	(7)	(184)	2,696	200	2,0
Gain on sale of assets										
	16,741	(380)	16,361	(6,970)	9,391	(1,018)	8,373	84,273	3,711	7,8

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

(**) Includes copper concentrate

Table of Contents**Operating segment - after eliminations (disaggregated)**

	Three-month period ended (unaudited)									
	June 30, 2011									
	Revenue	Value added tax	Net revenues	Cost and expenses	Operating profit	Depreciation, depletion and amortization	Operating income	Property, plant and equipment, net	Addition to property, plant and equipment	Investment
Bulk Material										
Iron ore	9,102	(134)	8,968	(2,157)	6,811	(347)	6,464	33,602	1,259	1,000
Pellets	2,122	(73)	2,049	(778)	1,271	(31)	1,240	2,678		1,000
Manganese	52	(2)	50	(48)	2	(4)	(2)	25	1	
Ferroalloys	150	(15)	135	(96)	39	(16)	23	321	10	
Coal	256		256	(276)	(20)	(40)	(60)	3,686	218	2,000
	11,682	(224)	11,458	(3,355)	8,103	(438)	7,665	40,312	1,488	1,400
Base Metals										
Nickel and other products (*)	1,966		1,966	(1,411)	555	(326)	229	29,801	613	1,000
Copper	264	(1)	263	(214)	49	(24)	25	4,206	348	1,000
Aluminum products										3,000
	2,230	(1)	2,229	(1,625)	604	(350)	254	34,007	961	3,000
Fertilizers										
Potash	68	(3)	65	(66)	(1)	(18)	(19)	1,846	293	
Phosphates	586	(22)	564	(404)	160	(62)	98	7,132	96	
Nitrogen	194	(25)	169	(151)	18	(49)	(31)	1,592	45	
Others fertilizers products	19	(3)	16		16		16			
	867	(53)	814	(621)	193	(129)	64	10,570	434	
Logistics										
Railroads	357	(54)	303	(277)	26	(45)	(19)	1,464	66	5,000
Ports	119	(14)	105	(81)	24	(15)	9	739	23	
Ships								1,482	140	1,000
	476	(68)	408	(358)	50	(60)	(10)	3,685	229	7,000
Others	90	(10)	80	(304)	(224)	(2)	(226)	3,103	368	2,000
	15,345	(356)	14,989	(6,263)	8,726	(979)	7,747	91,677	3,480	8,000

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

Table of Contents**Operating segment - after eliminations (disaggregated)**

	Three-month period ended (unaudited)									
	September 30, 2010									
	Revenue	Value added tax	Net revenues	Cost and expenses	Operating profit	Depreciation, depletion and amortization	Operating income	Property, plant and equipment, net	Addition to property, plant and equipment	Investments
Bulk Material										
Iron ore	8,725	(108)	8,617	(1,982)	6,635	(325)	6,310	29,523	1,591	95
Pellets	2,082	(81)	2,001	(774)	1,227	(23)	1,204	1,325	137	1,407
Manganese	67	1	68	(41)	27	(1)	26	24		
Ferroalloys	166	(16)	150	(74)	76	(2)	74	287	2	
Coal	217		217	(199)	18	(28)	(10)	2,771	58	203
	11,257	(204)	11,053	(3,070)	7,983	(379)	7,604	33,390	1,788	1,705
Base Metals										
Nickel and other products (*)										
	1,074		1,074	(758)	316	(206)	110	27,719	448	25
Copper	236	(8)	228	(152)	76	(22)	54	2,748	566	74
Aluminum products										
	609	(15)	594	(533)	61	(4)	57	84	65	152
	1,919	(23)	1,896	(1,443)	453	(232)	221	30,551	1,079	251
Fertilizers										
Potash	87	(5)	82	(53)	29	(9)	20	208		
Phosphates	556	(25)	531	(524)	7	(33)	(26)	6,521	206	
Nitrogen	147	(20)	127	(133)	(6)	(6)	(12)	1,446	46	
Others fertilizers products										
	12	(3)	9	(6)	3		3	325		
	802	(53)	749	(716)	33	(48)	(15)	8,500	252	
Logistics										
Railroads	308	(57)	251	(184)	67	(27)	40	1,138	43	545
Ports	100	(15)	85	(59)	26	(5)	21	269	11	
Ships										
	408	(72)	336	(243)	93	(32)	61	1,407	54	673
Others	110	(42)	68	(98)	(30)	(5)	(35)	4,309	679	2,282
	14,496	(394)	14,102	(5,570)	8,532	(696)	7,836	78,697	3,852	4,911

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

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Operating segment - after eliminations (disaggregated)

	Nine-month period ended (unaudited)									
	September 30, 2011									
	Revenue	Value added tax	Net revenues	Cost and expenses	Operating profit	Depreciation, depletion and amortization	Operating income	Property, plant and equipment, net	Addition to property, plant and equipment	Investment
Bulk										
Material										
Iron ore	26,525	(383)	26,142	(6,393)	19,749	(1,053)	18,696	30,800	4,450	10
Pellets	6,158	(210)	5,948	(2,407)	3,541	(124)	3,417	1,951	425	8
Manganese	140	(6)	134	(129)	5	(11)	(6)	58	2	
Ferroalloys	446	(39)	407	(314)	93	(43)	50	228	34	