

Vale S.A.  
Form 6-K  
April 25, 2012  
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**United States  
Securities and Exchange Commission**

Washington, D.C. 20549

**FORM 6-K**

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

**For the month of**

**April, 2012**

**Vale S.A.**

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

(Address of principal executive office)

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

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

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

(Check One) Yes  No

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

(Check One) Yes  No

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

(Check One) Yes  No

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

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**Interim Financial Statements**

**March 31, 2012**

**IFRS**

Filed at CVM, SEC and HKEx on

April 25, 2012



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**Vale S.A.**

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**Report on review of condensed**

**interim accounting information**

To the Board of Directors and Stockholders

Vale S.A.

**Introduction**

We have reviewed the accompanying balance sheet of Vale S.A. (the Company) as of March 31, 2012, and the related statements of income, comprehensive income, changes in equity and cash flows for three-month period then ended.

We have also reviewed the accompanying consolidated balance sheet of Vale S.A. and its subsidiaries ( Consolidated ) as of March 31, 2012, and the related consolidated statements of income, comprehensive income, changes in equity and cash flows for three-month period then ended.

Management is responsible for the preparation of the Company condensed interim accounting information in accordance with the accounting standard CPC 21, Interim Financial Reporting, issued by the Brazilian Accounting Pronouncements Committee (CPC), and the consolidated condensed 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 these condensed interim accounting information based on our review.

**Scope of review**

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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 condensed interim**

### **accounting information of the Company**

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

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**Conclusion on the consolidated**

**condensed interim accounting information**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated condensed 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 Company and the consolidated interim statements of value added for the three-month period ended March 31, 2012, presented as supplementary information. 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 condensed interim accounting information taken as a whole.

Rio de Janeiro, April 25, 2012

/s/ PricewaterhouseCoopers

Auditores Independentes

CRC 2SP000160/O-5 F RJ

João César de Oliveira Lima Júnior

Contador CRC 1RJ077431/O-8





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In millions of Reais

|   | Notes | March 31, 2012<br>(unaudited) | Consolidated<br>December 31, 2011 (I) | Parent Company<br>March 31, 2012<br>(unaudited) | December 31, 2011  |
|---|-------|-------------------------------|---------------------------------------|---|--------------------|
| <b>Assets</b>                               |       |                               |                                       |   |                    |
| <b>Current assets</b>                       |       |                               |                                       |   |                    |
| Cash and cash equivalents                   | 9     | 9,010,806                     | 6,593,177                             | 1,062,693                                       | 574,787            |
| Derivatives at fair value                   | 25    | 1,069,906                     | 1,111,744                             | 727,401   | 573,732            |
| Accounts receivable                         | 10    | 14,024,877                    | 15,888,807                            | 15,932,236                                      | 15,808,849         |
| Related parties                             | 30    | 299,861                       | 153,738                               | 3,134,853                                       | 2,561,308          |
| Inventories                                 | 11    | 10,155,595                    | 9,833,050                             | 3,388,293                                       | 3,182,738          |
| Recoverable taxes                           | 12    | 3,622,274                     | 4,190,141                             | 1,645,296                                       | 2,316,532          |
| Advances to suppliers                       |       | 684,972                       | 733,382                               | 218,719   | 381,768            |
| Others                                      |       | 1,925,756                     | 1,646,824                             | 362,236   | 183,394            |
|   |       | <b>40,794,047</b>             | <b>40,150,863</b>                     | <b>26,471,727</b>                               | <b>25,583,108</b>  |
| <b>Non-current assets</b>                   |       |                               |                                       |   |                    |
| Related parties                             | 30    | 932,775                       | 904,172                               | 613,816   | 445,769            |
| Loans and financing agreements to receive   |       | 382,697                       | 399,277                               | 161,187   | 158,195            |
| Prepaid expenses                            |       | 454,052                       | 426,252                               | 16,643  | 16,643             |
| Judicial deposits                           | 18    | 2,814,973                     | 2,734,599                             | 2,165,823                                       | 2,091,492          |
| Deferred income tax and social contribution | 20    | 3,917,462                     | 3,538,830                             | 2,541,828                                       | 2,108,558          |
| Recoverable taxes                           | 12    | 1,134,490                     | 1,097,134                             | 228,087   | 201,226            |
| Derivatives at fair value                   | 25    | 52,977                        | 112,253                               |   | 96,262             |
| Reinvestment tax incentive                  |       | 689,416                       | 428,750                               | 689,416   | 428,750            |
| Others                                      |       | 530,190                       | 668,940                               | 248,385   | 371,620            |
|   |       | <b>10,909,032</b>             | <b>10,310,207</b>                     | <b>6,665,185</b>                                | <b>5,918,515</b>   |
| Investments                                 | 13    | 15,816,422                    | 14,984,038                            | 115,563,168                                     | 113,149,994        |
| Intangible assets                           | 14    | 17,959,670                    | 17,788,581                            | 14,067,787                                      | 13,973,730         |
| Property, plant and equipment, net          | 15    | 157,088,920                   | 153,854,863                           | 58,027,225                                      | 55,503,193         |
|   |       | <b>201,774,044</b>            | <b>196,937,689</b>                    | <b>194,323,365</b>                              | <b>188,545,432</b> |
| <b>Total assets</b>                         |       | <b>242,568,091</b>            | <b>237,088,552</b>                    | <b>220,795,092</b>                              | <b>214,128,540</b> |

(I) Period adjusted according to note 4.



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(A free translation from the original in Portuguese)

**Balance Sheet****In millions of Reais, except number of shares****(Continued)**

|   | Notes | March 31, 2012<br>(unaudited) | Consolidated<br>December 31, 2011 (I) | Parent Company<br>March 31, 2012<br>(unaudited) | December 31, 2011 |
|---|-------|-------------------------------|---------------------------------------|---|-------------------|
| <b>Liabilities and stockholders equity</b>    |       |                               |                                       |   |                   |
| <b>Current liabilities</b>                    |       |                               |                                       |   |                   |
| Suppliers and contractors                     |       | 8,493,405                     | 8,851,220                             | 4,147,418                                       | 3,503,577         |
| Payroll and related charges                   |       | 1,380,149                     | 2,442,255                             | 775,912   | 1,581,782         |
| Derivatives at fair value                     | 25    | 51,064                        | 135,697                               | 44,385  | 117,470           |
| Current portion of long-term debt             | 17    | 3,413,847                     | 2,807,280                             | 1,029,456                                       | 891,654           |
| Short-term debt                               | 17    | 915,700                       | 40,044                                | 915,700   |                   |
| Related parties                               | 30    | 36,208                        | 42,907                                | 5,227,391                                       | 4,959,017         |
| Taxes payable and royalties                   |       | 632,393                       | 978,915                               | 170,805   | 329,680           |
| Provision for income taxes                    |       | 500,195                       | 955,342                               |   |                   |
| Employee post retirement benefits obligations |       | 298,482                       | 316,061                               | 143,361   | 140,508           |
| Provision for asset retirement obligations    | 19    | 126,778                       | 136,436                               | 13,614  | 20,507            |
| Dividends and interest on capital             |       | 2,207,101                     | 2,207,101                             | 2,207,101                                       | 2,207,101         |
| Others  |       | 1,816,798                     | 1,773,502                             | 719,832   | 400,023           |
|   |       | <b>19,872,120</b>             | <b>20,686,760</b>                     | <b>15,394,975</b>                               | <b>14,151,319</b> |
| <b>Non-current liabilities</b>                |       |                               |                                       |   |                   |
| Derivatives at fair value                     | 25    | 1,015,223                     | 1,238,542                             | 826,173   | 953,357           |
| Long-term debt                                | 17    | 41,189,225                    | 40,224,674                            | 18,303,792                                      | 18,595,793        |
| Related parties                               | 30    | 143,184                       | 170,616                               | 28,852,629                                      | 28,654,132        |
| Employee post retirement benefits obligations |       | 2,910,356                     | 2,845,725                             | 333,963   | 406,330           |
| Provisions for contingencies                  | 18    | 3,308,828                     | 3,144,740                             | 2,066,191                                       | 1,927,686         |
| Deferred income tax and social contribution   | 20    | 10,453,979                    | 10,613,773                            |   |                   |

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|  |    |                    |                    |                    |                    |
|--|----|--------------------|--------------------|--------------------|--------------------|
| Asset retirement obligations   | 19 | 3,552,345          | 3,427,294          | 1,117,309          | 1,094,824          |
| Stockholders Debentures  | 29 | 2,674,090          | 2,495,995          | 2,674,090          | 2,495,995          |
| Redeemable noncontrolling interest   |    | 830,837            | 942,668            |                    |                    |
| Others   |    | 4,469,022          | 4,617,145          | 2,113,511          | 2,373,706          |
|  |    | <b>70,547,089</b>  | <b>69,721,172</b>  | <b>56,287,658</b>  | <b>56,501,823</b>  |
| <b>Stockholders equity</b>   | 24 |                    |                    |                    |                    |
| Preferred class A stock - 7,200,000,000 no-par-value shares authorized and 2,108,579,618 (2011 - 2,108,579,618) issued |    | 29,475,211         | 29,475,211         | 29,475,211         | 29,475,211         |
| Common stock - 3,600,000,000 no-par-value shares authorized and 3,256,724,482 (2011 - 3,256,724,482) issued            |    | 45,524,789         | 45,524,789         | 45,524,789         | 45,524,789         |
| Mandatorily convertible votes - common shares  |    | 348,057            | 359,649            | 348,057            | 359,649            |
| Mandatorily convertible votes - preferred shares   |    | 770,435            | 796,162            | 770,435            | 796,162            |
| Treasury stock - 181,099,660 (2011 - 181,099,814) preferred and 86,911,074 (2011 - 86,911,207) common shares           |    | (9,918,530)        | (9,918,541)        | (9,918,530)        | (9,918,541)        |
| Results from operations with noncontrolling stockholders   |    | (87,960)           | (70,706)           | (87,960)           | (70,706)           |
| Valuation adjustment   |    | 233,045            | 219,556            | 233,045            | 219,556            |
| Cumulative translation adjustments   |    | (2,058,976)        | (1,016,711)        | (2,058,976)        | (1,016,711)        |
| Retained earnings  |    | 84,826,388         | 78,105,989         | 84,826,388         | 78,105,989         |
| <b>Total company stockholders equity</b>   |    | <b>149,112,459</b> | <b>143,475,398</b> | <b>149,112,459</b> | <b>143,475,398</b> |
| <b>Noncontrolling interests</b>  |    | <b>3,036,423</b>   | <b>3,205,222</b>   |                    |                    |
| <b>Total stockholders equity</b>   |    | <b>152,148,882</b> | <b>146,680,620</b> | <b>149,112,459</b> | <b>143,475,398</b> |
| <b>Total liabilities and stockholders equity</b>   |    | <b>242,568,091</b> | <b>237,088,552</b> | <b>220,795,092</b> | <b>214,128,540</b> |

(I) Period adjusted according to note 4.

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

Table of Contents**Interim Statement of Income Consolidated****In millions of Reais, except as otherwise stated**

|  | Notes | March 31, 2012 | Three-month period ended (unaudited) |                    |
|--|-------|----------------|--------------------------------------|--------------------|
|  |       |                | December 31, 2011 (I)                | March 31, 2011 (I) |
| Net operating revenue  |       | 19,591,174     | 26,024,980                           | 22,017,191         |
| Cost of goods solds and services rendered                      | 27    | (10,049,383)   | (10,769,735)                         | (9,234,622)        |
| Gross profit   |       | 9,541,791      | 15,255,245                           | 12,782,569         |
| Operating (expenses) income                                    |       |                |                                      |                    |
| Selling and administrative expenses                            | 27    | (934,403)      | (1,511,653)                          | (697,490)          |
| Research and development expenses                              | 27    | (526,557)      | (953,686)                            | (568,814)          |
| Other operating expenses, net                                  | 27    | (1,191,318)    | (1,807,480)                          | (685,595)          |
| Realized gain on assets available for sales                    |       |                |                                      | 2,492,175          |
| Operating profit   |       | 6,889,513      | 10,982,426                           | 13,322,845         |
| Financial income   | 28    | 1,480,155      | 538,128                              | 830,285            |
| Financial expenses   | 28    | (1,258,766)    | (1,638,987)                          | (1,097,700)        |
| Equity results from associates                                 | 13    | 437,020        | 294,662                              | 465,786            |
| Income before income tax and social contribution               |       | 7,547,922      | 10,176,229                           | 13,521,216         |
| Income tax and social contribution                             |       |                |                                      |                    |
| Current  | 20    | (1,435,730)    | (1,853,622)                          | (2,651,335)        |
| Deferred   | 20    | 505,137        | (149,470)                            | 332,257            |
| Net income of the period                                       |       | 6,617,329      | 8,173,137                            | 11,202,138         |
| Loss attributable to non-controlling interests                 |       | (103,071)      | (181,310)                            | (88,845)           |
| Net income attributable to the Company's stockholders          |       | 6,720,400      | 8,354,447                            | 11,290,983         |
| Earnings per share attributable to the Company's stockholders: |       |                |                                      |                    |
| Basic earnings per share:                                      |       |                |                                      |                    |
| Preferred share and Common                                     |       | 1.27           | 1.61                                 | 2.12               |
| Diluted earnings per share:                                    |       |                |                                      |                    |
| Preferred share and Common                                     |       | 1.27           | 1.61                                 | 2.12               |

(I) Period adjusted according to note 4.

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

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(A free translation from the original in Portuguese)

**Interim Statement of Income Parent Company****In millions of Reais, except as otherwise stated**

|  | Notes | March 31, 2012 | December 31, 2011 | March 31, 2011 |
|--|-------|----------------|-------------------|----------------|
| Net operating revenue  |       | 11,889,232     | 17,520,890        | 13,542,978     |
| Cost of goods solds and services rendered                      | 27    | (5,361,841)    | (5,888,721)       | (4,677,964)    |
| Gross profit   |       | 6,527,391      | 11,632,169        | 8,865,014      |
| Operating (expenses) income                                    |       |                |                   |                |
| Selling and administrative expenses                            | 27    | (558,794)      | (846,896)         | (369,354)      |
| Research and development expenses                              | 27    | (287,705)      | (482,053)         | (278,875)      |
| Other operating expenses, net                                  | 27    | (517,948)      | (642,490)         | (156,179)      |
| Equity results from subsidiaries                               | 13    | 2,019,055      | 961,353           | 2,423,258      |
| Realized gain on assets available for sales                    |       | 654,608        | (1,010,086)       | 4,111,025      |
| Operating profit   |       | 7,181,999      | 10,622,083        | 12,976,039     |
| Financial income   | 28    | 1,124,004      | 238,483           | 438,057        |
| Financial expenses   | 28    | (1,276,255)    | (1,067,006)       | (1,076,157)    |
| Equity results from associates                                 | 13    | 437,020        | 294,662           | 465,786        |
| Income before income tax and social contribution               |       | 7,466,768      | 10,088,222        | 12,803,725     |
| Income tax and social contribution                             |       |                |                   |                |
| Current  | 20    | (1,191,925)    | (1,341,490)       | (1,715,474)    |
| Deferred   | 20    | 445,557        | (392,285)         | 202,732        |
|  |       | (746,368)      | (1,733,775)       | (1,512,742)    |
| Net income of the period                                       |       | 6,720,400      | 8,354,447         | 11,290,983     |
| Earnings per share attributable to the Company's stockholders: |       |                |                   |                |
| Basic earnings per share:                                      |       |                |                   |                |
| Preferred share and Common                                     |       | 1.27           | 1.61              | 2.12           |
| Diluted earnings per share:                                    |       |                |                   |                |
| Preferred share and Common                                     |       | 1.27           | 1.61              | 2.12           |



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

Table of Contents**Interim Statement of Comprehensive Income**

In millions of Reais

|   | March 31, 2012   | Consolidated                         |                    |
|---|------------------|--------------------------------------|--------------------|
|   |                  | Three-month period ended (unaudited) |                    |
|   |                  | December 31, 2011 (I)                | March 31, 2011 (I) |
| Net income  | 6,617,329        | 8,173,137                            | 11,202,138         |
| Other comprehensive income                                      |                  |                                      |                    |
| Cumulative translation adjustments                              | (1,101,899)      | 1,258,183                            | (838,126)          |
| Unrealized gain (loss) on available-for-sale investments        | (698)            | 1,817                                | (813)              |
| <b>Cash flow hedge</b>  |                  |                                      |                    |
| Gross balance as of the period/year ended                       | 41,085           | (261,701)                            | 25,241             |
| Tax benefit (expense)   | (26,898)         | 9,133                                | (13,399)           |
|   | <b>14,187</b>    | <b>(252,568)</b>                     | <b>11,842</b>      |
| <b>Total comprehensive income of the period</b>                 | <b>5,528,919</b> | <b>9,180,569</b>                     | <b>10,375,041</b>  |
| Comprehensive income attributable to noncontrolling interests   | (162,704)        | (140,512)                            | (221,155)          |
| Comprehensive income attributable to the Company's stockholders | 5,691,623        | 9,321,081                            | 10,596,196         |
|   | <b>5,528,919</b> | <b>9,180,569</b>                     | <b>10,375,041</b>  |

|  | March 31, 2012   | Parent Company                       |                   |
|--|------------------|--------------------------------------|-------------------|
|  |                  | Three-month period ended (unaudited) |                   |
|  |                  | December 31, 2011                    | March 31, 2011    |
| Net income   | 6,720,400        | 8,354,447                            | 11,290,983        |
| Other comprehensive income                               |                  |                                      |                   |
| Cumulative translation adjustments                       | (1,042,266)      | 1,217,385                            | (704,616)         |
| Unrealized gain (loss) on available-for-sale investments | (698)            | 1,817                                | (813)             |
| <b>Cash flow hedge</b>                                   |                  |                                      |                   |
| Gross balance as of the period/year ended                | 41,085           | (261,701)                            | 24,041            |
| Tax benefit (expense)                                    | (26,898)         | 9,133                                | (13,399)          |
|  | <b>14,187</b>    | <b>(252,568)</b>                     | <b>10,642</b>     |
| <b>Total comprehensive income of the period</b>          | <b>5,691,623</b> | <b>9,321,081</b>                     | <b>10,596,196</b> |

(I) Period adjusted according to note 4.

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

Table of Contents**Interim Statement of Changes in Stockholders' Equity**

In millions of Reais

|   | Capital    | Results in the<br>translation/<br>issuance of<br>shares | Mandatorily<br>convertible<br>notes | Revenue<br>reserves | Treasury stock | Three-month period ended (unaudited)<br>Income from |  |   | Retained<br>earnings | Parent company<br>stockholders | No<br>st<br>equity |
|---|------------|---|-------------------------------------|---------------------|----------------|---|--|---|----------------------|--------------------------------|--------------------|
|   |            |   |                                     |                     |                | Valuation<br>adjustment                             | operations with<br>non-controlling<br>stockholders | Cumulative<br>translation<br>adjustment |                      |                                |                    |
| January 01,<br>2011   | 50,000,000 | 1,867,210   | 1,441,576                           | 72,487,917          | (4,826,127)    | (25,383)  | 685,035  | (9,512,225)                             |                      | 112,118,003                    |                    |
| Net income of<br>the period   |            |   |                                     |                     |                |   |  |   | 11,290,983           | 11,290,983                     |                    |
| Additional<br>remuneration<br>for mandatorily<br>convertible<br>notes |            |   | (16,104)                            |                     |                |   |  |   |                      |                                | (16,104)           |
| Cash flow<br>hedge, net of<br>taxes                                   |            |   |                                     |                     |                | 10,642  |  |   |                      |                                | 10,642             |
| Unrealized<br>results on<br>valuation at<br>market                    |            |   |                                     |                     |                | (813)   |  |   |                      |                                | (813)              |
| Translation<br>adjustments for<br>the period                          |            |   |                                     |                     |                |   |  | (704,616)                               |                      |                                | (704,616)          |
| Dividends to<br>noncontrolling<br>stockholders                        |            |   |                                     |                     |                |   |  |   |                      |                                |                    |
| Redeemable<br>noncontrolling<br>stockholders<br>interest              |            |   |                                     |                     |                |   |  |   |                      |                                |                    |
| Acquisitions<br>and disposal of<br>noncontrolling<br>shareholdings    |            |   |                                     |                     |                |   |  |   |                      |                                |                    |
| March 01,<br>2011   | 50,000,000 | 1,867,210   | 1,425,472                           | 72,487,917          | (4,826,127)    | (15,554)  | 685,035  | (10,216,841)                            | 11,290,983           | 122,698,095                    |                    |
| January 01,<br>2011   | 75,000,000 |   | 1,155,811                           | 78,105,988          | (9,918,541)    | 219,556   | (70,706)   | (1,016,710)                             |                      | 143,475,398                    |                    |
| Net income of<br>the period   |            |   |                                     |                     |                |   |  |   | 6,720,400            | 6,720,400                      |                    |
| Capitalization<br>of<br>noncontrolling                                |            |   |                                     |                     |                |   |  |   |                      |                                |                    |

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|   |            |           |            |             |         |             |             |           |             |
|---|------------|-----------|------------|-------------|---------|-------------|-------------|-----------|-------------|
| stockholders  |            |           |            |             |         |             |             |           |             |
| advances  |            |           |            |             |         |             |             |           |             |
| Repurchase of convertible notes                           |            |           |            | 11          |         |             |             |           | 11          |
| Remuneration for mandatorily convertible notes            |            | (37,319)  |            |             |         |             |             |           | (37,319)    |
| Cash flow hedge, net of taxes                             |            |           |            | 14,187      |         |             |             |           | 14,187      |
| Currency translation adjustments of the period            |            |           |            |             |         | (1,042,266) |             |           | (1,042,266) |
| Dividends to noncontrolling stockholders                  |            |           |            |             |         |             |             |           |             |
| Redeemable noncontrolling stockholders interest           |            |           |            |             |         |             |             |           |             |
| Acquisitions and disposal of noncontrolling shareholdings |            |           |            |             |         | (17,254)    |             |           | (17,254)    |
| Unrealized results on valuation at market                 |            |           |            |             | (698)   |             |             |           | (698)       |
| March 01, 2012  | 75,000,000 | 1,118,492 | 78,105,988 | (9,918,530) | 233,045 | (87,960)    | (2,058,976) | 6,720,400 | 149,112,459 |

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

Table of Contents**Interim Statement of Cash Flow Consolidated****In millions of Reais**

|   | March 31, 2012 | Three-month period ended (unaudited)<br>December 31, 2011 (I) | March 31, 2011 (I) |
|---|----------------|---|--------------------|
| <b>Cash flow from operating activities:</b>                 |                |   |                    |
| Net income  | 6,617,329      | 8,173,137   | 11,202,138         |
| Adjustments to reconcile net income to cash from operations |                |   |                    |
| Results of equity investments                               | (437,020)      | (294,662)   | (465,786)          |
| Realized gain on assets held for sale                       |                |   | (2,492,175)        |
| Depreciation, amortization and depletion                    | 1,797,762      | 2,036,266   | 1,523,197          |
| Deferred income tax and social contribution                 | (505,137)      | 149,470   | (332,257)          |
| Monetary and exchange rate changes, net                     | (368,323)      | 1,933,372   | 499,081            |
| Loss on disposal of property, plant and equipment           | 81,563         | 67,017  | 278,626            |
| Net unrealized losses (gains) on derivatives                | (194,059)      | 542,407   | (350,875)          |
| Others  | (3,986)        | (71,276)  | (45,877)           |
| Decrease (increase) in assets:                              |                |   |                    |
| Accounts receivable from customers                          | 1,479,640      | 255,895   | 82,641             |
| Inventories   | (703,793)      | (478,630)   | (1,214,028)        |
| Recoverable taxes   | 660,558        | (391,332)   | (187,761)          |
| Others  | (36,329)       | (471,132)   | 448,918            |
| Increase (decrease) in liabilities:                         |                |   |                    |
| Suppliers and contractors                                   | (778,026)      | 4,170   | 292,393            |
| Payroll and related charges                                 | (1,056,185)    | 373,592   | (602,871)          |
| Taxes and contributions                                     | (1,003,713)    | 803,775   | 656,869            |
| Others  | 91,043         | 132,664   | 1,133,086          |
| Net cash provided by operating activities                   | 5,641,324      | 12,764,733  | 10,425,319         |
| <b>Cash flow from investing activities:</b>                 |                |   |                    |
| Short-term investments                                      |                |   | 2,118,480          |
| Loans and advances receivable                               | (65,630)       | (269,412)   | (250,769)          |
| Guarantees and deposits                                     | (20,467)       | (18,022)  | (47,543)           |
| Additions to investments                                    | (373,506)      | (259,003)   | (561,044)          |
| Additions to property, plant and equipment                  | (5,236,156)    | (11,060,393)  | (4,686,130)        |
| Dividends/interest on capital received                      | 107,359        | 371,298   | 412,088            |
| Proceeds from disposal of investments held for sale         |                |   | 1,794,985          |
| Net cash provided by (used in) investing activities         | (5,588,400)    | (11,235,532)  | (1,219,933)        |
| <b>Cash flow from financing activities:</b>                 |                |   |                    |
| Short-term debt   |                |   |                    |
| Additions   | 909,354        |   | 2,199,059          |
| Repayments  | (75,814)       |   | (1,340,398)        |

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|   |             |             |             |
|---|-------------|-------------|-------------|
| Long-term debt  | 1,815,105   | 411,732     | 750,358     |
| Repayments:   |             |             |             |
| Financial institutions  | (112,386)   | (146,167)   | (2,902,121) |
| Dividends and interest on capital paid to stockholders                  |             | (5,260,800) | (1,670,100) |
| Dividends and interest on capital attributed to noncontrolling interest |             | (72,047)    |             |
| Transactions with noncontrolling stockholders                           | (132,860)   | (2,083,537) |             |
| Treasury stock  |             | (1,772,289) |             |
| Net cash provided by (used in) financing activities                     | 2,403,399   | (8,923,108) | (2,963,202) |
| Increase (decrease) in cash and cash equivalents                        | 2,456,323   | (7,393,907) | 6,242,184   |
| Cash and cash equivalents of cash, beginning of the period              | 6,593,177   | 14,024,263  | 12,175,282  |
| Effect of exchange rate changes on cash and cash equivalents            | (38,694)    | (37,179)    | (50,087)    |
| Cash and cash equivalents, end of the period                            | 9,010,806   | 6,593,177   | 18,367,379  |
| Cash paid during the period for:  |             |             |             |
| Short-term interest   | (2,438)     | (809)       | (1,819)     |
| Long-term interest  | (582,050)   | (354,683)   | (561,107)   |
| Income tax and social contribution                                      | (1,152,687) | (1,535,490) | (1,697,264) |
| Non-cash transactions:  |             |             |             |
| Additions to property, plant and equipment - interest capitalization    | (99,185)    | (35,323)    | (63,498)    |

(I) Period adjusted according to note 4.

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

Table of Contents**Interim Statement of Cash Flow Parent Company****In millions of Reais**

|   | <b>Three-month period ended (unaudited)</b> |                       |
|---|---|-----------------------|
|   | <b>March 31, 2012</b>                       | <b>March 31, 2011</b> |
| <b>Cash flow from operating activities:</b>                 |   |                       |
| Net income  | 6,720,400                                   | 11,290,983            |
| Adjustments to reconcile net income to cash from operations |   |                       |
| Results of equity investments                               | (2,456,075)                                 | (2,889,044)           |
| Realized gain on assets held for sale                       |   | (2,492,175)           |
| Depreciation, amortization and depletion                    | 562,103                                     | 468,702               |
| Deferred income tax and social contribution                 | (445,557)                                   | (202,732)             |
| Monetary and exchange rate changes, net                     | (707,467)                                   | (596,370)             |
| Loss on disposal of property, plant and equipment           | 36,447                                      | 100,402               |
| Net unrealized losses (gains) on derivatives                | (221,526)                                   | (166,505)             |
| Dividends / interest on capital received                    | 108,041                                     | 639,919               |
| Others  | 155,460                                     | 54,356                |
| Decrease (increase) in assets:                              |   |                       |
| Accounts receivable from customers                          | (123,387)                                   | 4,525,153             |
| Inventories   | (221,899)                                   | (69,360)              |
| Recoverable taxes   | 644,375                                     | (59,178)              |
| Others  | (95,847)                                    | (47,465)              |
| Increase (decrease) in liabilities:                         |   |                       |
| Suppliers and contractors                                   | 643,840                                     | 539,055               |
| Payroll and related charges                                 | (805,871)                                   | (494,694)             |
| Taxes and contributions                                     | (158,874)                                   | 1,108,449             |
| Others  | 299,090                                     | 264,810               |
| Net cash provided by operating activities                   | 3,933,253                                   | 11,974,306            |
| <b>Cash flow from investing activities:</b>                 |   |                       |
| Loans and advances receivable                               | (427,441)                                   | (1,095,454)           |
| Guarantees and deposits                                     | (21,717)                                    | (34,097)              |
| Additions to investments                                    | (1,341,411)                                 | (561,044)             |
| Additions to property, plant and equipment                  | (3,351,345)                                 | (2,460,494)           |
| Net cash provided by (used in) investing activities         | (5,141,914)                                 | (4,151,089)           |
| <b>Cash flow from financing activities:</b>                 |   |                       |
| <b>Short-term debt</b>                                      |   |                       |
| Additions   | 909,354                                     | 1,014,250             |
| Repayments  | (912,690)                                   | (2,457,767)           |
| <b>Long-term debt</b>                                       |   |                       |
| Additions   | 1,813,321                                   | 1,300,306             |
| Repayments:   |   |                       |



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|  |           |             |
|--|-----------|-------------|
| Financial institutions   | (113,418) | (706,837)   |
| Dividends and interest on capital paid to stockholders               |           | (1,670,100) |
| Net cash provided by (used in) financing activities                  | 1,696,567 | (2,520,148) |
| Increase (decrease) in cash and cash equivalents                     | 487,906   | 5,303,069   |
| Cash and cash equivalents of cash, beginning of the period           | 574,787   | 4,823,377   |
| Cash and cash equivalents, end of the period                         | 1,062,693 | 10,126,446  |
| Cash paid during the period for:                                     |           |             |
| Short-term interest  | (1,860)   | (2,476)     |
| Long-term interest   | (396,229) | (558,467)   |
| Income tax and social contribution                                   | (311,766) | (3,103,414) |
| Non-cash transactions:   |           |             |
| Additions to property, plant and equipment - interest capitalization | (8,892)   | (27,616)    |
| Transfer of advance for future capital increase to investments       |           | (334,756)   |

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

Table of Contents**Interim Statement of Added Value Consolidated****In millions of Reais**

|   | March 31, 2012 | Consolidated<br>Three-month period ended (unaudited)<br>December 31, 2011 (I) | March 31, 2011 (I) |
|---|----------------|---|--------------------|
| <b>Generation of added value</b>                      |                |   |                    |
| Gross revenue   |                |   |                    |
| Revenue from products and services                    | 20,095,353     | 26,609,419  | 22,575,846         |
| Gain on realization of assets available for sale      |                |   | 2,492,175          |
| Other revenue   | (138)          | (24,840)  |                    |
| Revenue from the construction of own assets           | 5,049,100      | 9,603,715   | 3,893,786          |
| Allowance for doubtful accounts                       | 2,872          | 27,336  | 11,932             |
| Less:   |                |   |                    |
| Acquisition of products                               | (760,660)      | (1,055,406)   | (756,899)          |
| Outsourced services                                   | (3,668,722)    | (5,218,289)   | (2,826,611)        |
| Materials   | (4,515,909)    | (8,538,615)   | (4,298,948)        |
| Fuel oil and gas                                      | (856,836)      | (962,376)   | (928,142)          |
| Energy  | (395,921)      | (364,610)   | (481,580)          |
| Other costs and expenses                              | (2,311,399)    | (3,739,525)   | (2,222,660)        |
| Gross added value                                     | 12,637,740     | 16,336,809  | 17,458,899         |
| Depreciation, amortization and depletion              | (1,797,762)    | (2,036,266)   | (1,523,197)        |
| Net added value                                       | 10,839,978     | 14,300,543  | 15,935,702         |
| <b>Received from third parties</b>                    |                |   |                    |
| Financial income                                      |                |   |                    |
| Equity results  | 735,419        | 509,838   | 739,928            |
|   | 437,020        | 294,662   | 465,786            |
| Total added value to be distributed                   | 12,012,417     | 15,105,043  | 17,141,416         |
| Personnel   | 2,103,886      | 2,286,029   | 1,594,783          |
| Taxes, rates and contribution                         | 1,846,579      | 1,032,088   | 1,018,074          |
| Current income tax                                    | 1,435,730      | 1,853,622   | 2,651,335          |
| Deferred income tax                                   | (505,137)      | 149,470   | (332,257)          |
| Remuneration of debt capital                          | 1,092,369      | 1,168,925   | 1,030,499          |
| Monetary and exchange changes, net                    | (578,339)      | 441,772   | (23,156)           |
| Net income attributable to the Company's stockholders | 6,720,400      | 8,354,447   | 11,290,983         |
| Loss attributable to noncontrolling interest          | (103,071)      | (181,310)   | (88,845)           |
| Distribution of added value                           | 12,012,417     | 15,105,043  | 17,141,416         |

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(I) Period adjusted according to note 4.

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

Table of Contents**Interim Statement of Added Value Parent Company****In millions of Reais**

|   | <b>Parent Company</b>                       |                       |
|---|---|-----------------------|
|   | <b>Three-month period ended (unaudited)</b> |                       |
|   | <b>March 31, 2012</b>                       | <b>March 31, 2011</b> |
| <b>Generation of added value</b>                      |   |                       |
| Gross revenue   |   |                       |
| Revenue from products and services                    | 12,185,635                                  | 13,916,246            |
| Gain on realization of assets available for sale      |   | 2,492,175             |
| Revenue from the construction of own assets           | 3,358,303                                   | 2,479,986             |
| Allowance for doubtful accounts                       | 2,089                                       | 14,907                |
| Less:   |   |                       |
| Acquisition of products                               | (413,545)                                   | (586,826)             |
| Outsourced services                                   | (2,413,607)                                 | (1,699,685)           |
| Materials   | (2,587,852)                                 | (2,510,274)           |
| Fuel oil and gas                                      | (491,090)                                   | (470,005)             |
| Energy  | (221,721)                                   | (205,913)             |
| Other costs and expenses                              | (1,206,730)                                 | (789,180)             |
| Gross added value                                     | 8,211,482                                   | 12,641,431            |
| Depreciation, amortization and depletion              | (562,103)                                   | (468,702)             |
| Net added value                                       | 7,649,379                                   | 12,172,729            |
| <b>Received from third parties</b>                    |   |                       |
| Financial income                                      | 425,826                                     | 403,762               |
| Equity results  | 2,456,075                                   | 2,889,044             |
| <b>Total added value to be distributed</b>            | <b>10,531,280</b>                           | <b>15,465,535</b>     |
| <b>Personnel</b>                                      | <b>1,132,694</b>                            | <b>892,790</b>        |
| Taxes, rates and contribution                         | 1,353,741                                   | 727,158               |
| Current income tax                                    | 1,191,925                                   | 1,715,474             |
| Deferred income tax                                   | (445,557)                                   | (202,732)             |
| Remuneration of debt capital                          | 946,666                                     | 956,797               |
| Monetary and exchange changes, net                    | (368,589)                                   | 85,065                |
| Net income attributable to the Company's stockholders | 6,720,400                                   | 11,290,983            |
| <b>Distribution of added value</b>                    | <b>10,531,280</b>                           | <b>15,465,535</b>     |

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



Table of Contents**Notes to Interim Financial Statements**

Expressed in millions of Brazilian Reais, unless otherwise stated

**1- Operational Context**

Vale S.A. ( Vale or the Company ) is a Public Limited Liability Company with its headquarters in the city of Rio de Janeiro, Graça Aranha Avenue, 26, Downtown, State of Rio de Janeiro, Brazil and 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, platinum group metals and precious metals. In addition, it operates in the segments of energy, logistics and steel.

As at March 31, 2012, the main consolidated operating subsidiaries and jointly controlled entities proportionately consolidated are:

| Entities                                | % ownership | % voting capital | Location      | Principal activity        |
|---|-------------|------------------|---------------|---------------------------|
| <b>Subsidiaries</b>                     |             |                  |               |                           |
| Compañia Minera Miski Mayo S.A.C        | 40.00       | 51.00            | Peru          | Fertilizers               |
| Ferrovias Centro-Atlântica S. A.        | 99.99       | 99.99            | Brazil        | Logistics                 |
| Ferrovias Norte Sul S.A.                | 100.00      | 100.00           | Brazil        | Logistics                 |
| Mineração Corumbaense Reunida S.A.      | 100.00      | 100.00           | Brazil        | Iron ore and Manganese    |
| PT Vale Indonesia Tbk                   | 59.20       | 59.20            | Indonesia     | Nickel                    |
| Sociedad Contractual Minera Tres Valles | 90.00       | 90.00            | Chile         | Copper                    |
| Vale Australia Pty Ltd.                 | 100.00      | 100.00           | Australia     | Coal                      |
| Vale Canada Limited                     | 100.00      | 100.00           | Canada        | Nickel                    |
| Vale Coal Colombia Ltd.                 | 100.00      | 100.00           | Colombia      | Coal                      |
| Vale Fertilizantes S.A                  | 100.00      | 100.00           | Brazil        | Fertilizers               |
| Vale International Holdings GMBH        | 100.00      | 100.00           | Austria       | Holding and Research      |
| Vale International S.A                  | 100.00      | 100.00           | Switzerland   | Trading                   |
| Vale Manganês S.A.                      | 100.00      | 100.00           | Brazil        | Manganese and Ferroalloys |
| Vale Mina do Azul S.A.                  | 100.00      | 100.00           | Brazil        | Manganese                 |
| Vale Moçambique S.A.                    | 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          | Pellet                    |
| Vale Shipping Holding PTE Ltd.          | 100.00      | 100.00           | Singapura     | Logistics                 |

**2 - Basis of presentation**

The 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 financial statements for the periods of three months ended March 31, 2012, December 31, 2011, March 31, 2011 are unaudited. However, the interim financial statements follow the principles, methods and standards in relation to those adopted at the close of last fiscal year ended December 31, 2011 and therefore should be read in conjunction therewith.

In preparing the interim financial statements the use of estimates is required to account for certain assets, liabilities and transactions. Consequently, the Company's interim financial statements include various estimates regarding useful lives of fixed assets, provisions for losses on assets, contingencies, operating provisions and other similar evaluations. The actual results of operations for the quarterly periods are not necessarily an indication of expected results for the fiscal year to end on December 31, 2012.

**a) Consolidated interim financial statements**

The consolidated financial statements of the company have been prepared and are presented according to the Accounting Pronouncements Committee - CPC 21 (R1) Interim Statements, equivalent to International Accounting Standard IAS 34 - Interim Financial Reporting.

Table of Contents**b) Parent company interim financial statements**

The interim financial statements of the individual parent have been prepared under the Accounting Pronouncements Committee - CPC 21 (R1) Interim Statements are presented with the consolidated interim financial statements.

In the case of Vale, CPC 21 applied to individual interim financial statements differs from IAS 34, applied to the separate financial statements, only in the valuation of investments by the equity method in subsidiaries and affiliates, as according to IAS 34, cost or fair value would be used.

**c) Transactions and balances in foreign exchange**

Operations with other currencies are translated into the functional currency of the parent company, Brazilian Reals ( BRL or R\$ ), using the actual exchange rate on the transaction dates (or, if unavailable, the first available exchange rate). 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 income.

The quotations of major currencies that impact our operations were:

|                            | Exchange rates used for conversions in reais |                   |
|----------------------------|--|-------------------|
|                            | March 31, 2012                               | December 31, 2011 |
| US dollar - US\$           | 1.8314                                       | 1.8683            |
| US canadian dollar - CAD   | 1.8237                                       | 1.8313            |
| US australian dollar - AUD | 1.8892                                       | 1.9092            |
| Euro - EUR or              | 2.4403                                       | 2.4165            |

The foreign exchange of non-monetary financial assets such as investments in shares classified as available for sale, are included in equity under the heading Valuation Adjustment.

The Company has evaluated subsequent events until April 24, 2012, which is the date of the interim financial statements approval by the Executive Directors.



**3 - Significant accounting policies**

The accounting policies adopted by the Company in preparing its interim financial statements are the same as those adopted in the preparation of financial statements for the year ended December 31, 2011, except for the change in accounting practices (note 4).

Table of Contents**4 - Changes in accounting policies**

Considering the choice given by the pronouncement CPC 19 (R1), issued on August 4, 2011, and anticipating the consequences that will accrue from the adoption of IFRS 11 in Brazil in 2013, the Company opted for the purpose of consolidated statements, because of its reflects in investment in jointly-controlled companies using the equity method as from the year 2012.

Adjustment statement in the periods of comparative effects on the balance sheet and income statement:

|   | Balance with proportional<br>consolidation | December 31, 2011<br>Effect of shared control firms | Balance without proportional<br>consolidation |
|---|--|---|---|
| <b>Assets</b>   |  |   |   |
| <b>Current</b>  |  |   |   |
| Cash and Cash equivalents                               | 7,457,928                                  | (864,751)   | 6,593,177                                     |
| Other   | 34,637,288                                 | (1,079,602)   | 33,557,686                                    |
|   | <b>42,095,216</b>                          | <b>(1,944,353)</b>                                  | <b>40,150,863</b>                             |
| <b>Non-current</b>                                      |  |   |   |
| Investments   | 10,917,110                                 | 4,066,928   | 14,984,038                                    |
| Property, plant and equipment,<br>and Intangible Assets | 177,857,715                                | (6,214,271)   | 171,643,444                                   |
| Other   | 10,913,071                                 | (602,864)   | 10,310,207                                    |
|   | <b>199,687,896</b>                         | <b>(2,750,207)</b>                                  | <b>196,937,689</b>                            |
| <b>Total Asset</b>                                      | <b>241,783,112</b>                         | <b>(4,694,560)</b>                                  | <b>237,088,552</b>                            |
| <b>Liabilities and Stockholders<br/>equity</b>          |  |   |   |
| <b>Current</b>  |  |   |   |
| Accounts Payable  | 9,156,706                                  | (305,486)   | 8,851,220                                     |
| Loans and finances                                      | 3,871,650                                  | (1,024,326)   | 2,847,324                                     |
| Other   | 9,196,718                                  | (208,502)   | 8,988,216                                     |
|   | <b>22,225,074</b>                          | <b>(1,538,314)</b>                                  | <b>20,686,760</b>                             |
| <b>Non-current</b>                                      |  |   |   |
| Loans and finances                                      | 42,752,774                                 | (2,528,100)   | 40,224,674                                    |
| Deferred income tax and social<br>contribution          | 10,772,547                                 | (158,774)   | 10,613,773                                    |
| Other   | 19,342,350                                 | (459,625)   | 18,882,725                                    |
|   | <b>72,867,671</b>                          | <b>(3,146,499)</b>                                  | <b>69,721,172</b>                             |
| <b>Stockholders equity</b>                              |  |   |   |
| Capital stock   | 75,000,000                                 |   | 75,000,000                                    |

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|  |                    |                    |                    |
|--|--------------------|--------------------|--------------------|
| Noncontrolling interests                         | 3,214,969          | (9,747)            | 3,205,222          |
| Other  | 68,475,398         |                    | 68,475,398         |
|  | <b>146,690,367</b> | <b>(9,747)</b>     | <b>146,680,620</b> |
| <b>Total Liabilities and Stockholders equity</b> | <b>241,783,112</b> | <b>(4,694,560)</b> | <b>237,088,552</b> |

| Statement of Income  | Three-month period ended (unaudited)<br>December 31, 2011 |                                |  |
|--|---|--------------------------------|--|
|  | Balance with proportional consolidation                   | Effect of shared control firms | Balance without proportional consolidation |
| Net revenue  | 27,137,680  | (1,112,700)                    | 26,024,980                                 |
| Cost   | (11,135,029)  | 365,294                        | (10,769,735)                               |
| <b>Gross operating profit</b>                                | <b>16,002,651</b>   | <b>(747,406)</b>               | <b>15,255,245</b>                          |
| Operational expenses   | (4,391,172)   | 118,353                        | (4,272,819)                                |
| Financial expenses   | (1,150,452)   | 49,593                         | (1,100,859)                                |
| Equity results   | (178,791)   | 473,453                        | 294,662                                    |
| <b>Earnings before taxes</b>                                 | <b>10,282,236</b>   | <b>(106,007)</b>               | <b>10,176,229</b>                          |
| Current and deferred Income tax and social contribution, net | (2,112,992)   | 109,900                        | (2,003,092)                                |
| <b>Net income of the year</b>                                | <b>8,169,244</b>  | <b>3,893</b>                   | <b>8,173,137</b>                           |
| Loss attributable to noncontrolling interests                | (185,203)   | 3,893                          | (181,310)                                  |
| <b>Net income attributable to shareholders</b>               | <b>8,354,447</b>  |                                | <b>8,354,447</b>                           |

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| Statement of Income   | Three-month period ended (unaudited)<br>March 31, 2011 |                                |   |
|---|--|--------------------------------|---|
|   | Balance with proportional<br>consolidation             | Effect of shared control firms | Balance without<br>proportional consolidation |
| Net revenue   | 22,985,283   | (968,092)                      | 22,017,191                                    |
| Cost  | (9,513,771)  | 279,149                        | (9,234,622)                                   |
| <b>Gross operating profit</b>                                   | <b>13,471,512</b>                                      | <b>(688,943)</b>               | <b>12,782,569</b>                             |
| Operational expenses  | 446,752  | 93,524                         | 540,276                                       |
| Financial expenses  | (267,883)  | 468                            | (267,415)                                     |
| Equity results  | 17,674   | 448,112                        | 465,786                                       |
| <b>Earnings before taxes</b>                                    | <b>13,668,055</b>                                      | <b>(146,839)</b>               | <b>13,521,216</b>                             |
| Current and deferred Income tax<br>and social contribution, net | (2,467,168)  | 148,090                        | (2,319,078)                                   |
| <b>Net income of the year</b>                                   | <b>11,200,887</b>                                      | <b>1,251</b>                   | <b>11,202,138</b>                             |
| Loss attributable to noncontrolling<br>interests                | (90,096)   | 1,251                          | (88,845)                                      |
| <b>Net income attributable to<br/>shareholders</b>              | <b>11,290,983</b>                                      |                                | <b>11,290,983</b>                             |

**5 - Critical Accounting Estimates and Judgments**

The Critical Accounting Estimates and Judgments are the same as those adopted in the preparation of financial statements for the year ended December 31, 2011.

**6 - Accounting Pronouncements**

The Company prepared its Interim consolidated financial statements based on IAS 34 and CPC 21 and on the statements already issued by the CPC and approved by CVM. The statements, interpretations and guidelines issued by the IASB, and not issued by the CPC and approved by CVM will not be adopted in advance by the Company. During the period, the CPC has not issued any new pronouncement, interpretation or guidance. The update on the IASB issued IFRS 1 first-time adoption did not affect the statements of the Company.

**7 - Risk Management**

There was no change in the period in relation to the information disclosed for the year ended December 31, 2011.

**8 - Acquisitions and Disposals**

In January 2012, the Extraordinary General Meeting of shareholders of Vale Fertilizantes S.A. (Vale Fertilizantes) approved the redemption of 5,314,386 remaining outstanding shares, including common and preferred, representing 0.94% of total shares of Vale Fertilizantes. Thus, Vale now holds 100% of the total common shares and 100% of preferred shares of Vale Fertilizantes. For this transaction Vale paid R\$ 132,860 and accounted for effect of R\$ 17,254 is equity.

In February 2011, the Company concluded the transaction announced in May, 2010 with Norsk Hydro ASA (Hydro), to transfer all its 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 (Paragominas), and all its other Brazilian bauxite mineral rights. In December 31, 2010 these assets were demonstrated as assets held for sale in our balance sheet.

For this transaction Vale received R\$ 1,802 in cash and 22% equivalent to 447,834,465 shares of Hydro's outstanding common shares outstanding (approximately US\$ 5.866 according to Hydro's closing share price at the date of the transaction). Three and five years after the closing of the transaction, the Company will receive two equal tranches of R\$ 374 (equivalent to 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 R\$ 2.492, was recorded in the income statement in the line Gain on sale of assets

Table of Contents**9 - Cash and Cash Equivalents**

|                        | Consolidated                  |                       | Parent Company                |                   |
|------------------------|-------------------------------|-----------------------|-------------------------------|-------------------|
|                        | March 31, 2012<br>(unaudited) | December 31, 2011 (I) | March 31, 2012<br>(unaudited) | December 31, 2011 |
| Cash and bank accounts | 1,654,545                     | 1,770,142             | 34,810                        | 176,722           |
| Short-term investments | 7,356,261                     | 4,823,035             | 1,027,883                     | 398,065           |
|                        | <b>9,010,806</b>              | <b>6,593,177</b>      | <b>1,062,693</b>              | <b>574,787</b>    |

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(I) Period adjusted according to note 4.

Cash and cash equivalents includes cash values, demand deposits, and financial investments with insignificant risk of changes in value, being part Brazilian Reais indexed at the rate of interbank certificates of deposit ( DI Rate our CDI ) and part in US Dollars in time deposits with a maturity of less than three months.

**10 - Accounts Receivables**

|   | Consolidated                  |                       | Parent Company                |                   |
|---|-------------------------------|-----------------------|-------------------------------|-------------------|
|   | March 31, 2012<br>(unaudited) | December 31, 2011 (I) | March 31, 2012<br>(unaudited) | December 31, 2011 |
| Denominated in reais Brazilian Reais            | 2,493,112                     | 2,294,927             | 2,216,013                     | 2,238,140         |
| Denominated in other currencies,<br>mainly US\$ | 11,726,976                    | 13,790,752            | 13,841,887                    | 13,698,463        |
|   | <b>14,220,088</b>             | <b>16,085,679</b>     | <b>16,057,900</b>             | <b>15,936,603</b> |
| Allowance for doubtful accounts                 | (195,211)                     | (196,872)             | (125,664)                     | (127,754)         |
|   | <b>14,024,877</b>             | <b>15,888,807</b>     | <b>15,932,236</b>             | <b>15,808,849</b> |

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(I) Period adjusted according to note 4.

Accounts receivables related to the steel industry market represent 70% and 67.9%, of receivables on March 31, 2012 and December 31, 2011, respectively.

No one customer represents over 10% of receivables or revenues.

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The loss estimates for credit losses recorded in income as at March 31, 2012 and December 31, 2011 totaled R\$ 538, R\$ 2.941, respectively. Write offs as at March 31, 2012, and December 31, 2011, totaled R\$ 2.199 and R\$ 2.324, respectively.

**11 - Inventories**

|                            | Consolidated                  |                       | Parent Company                |                   |
|----------------------------|-------------------------------|-----------------------|-------------------------------|-------------------|
|                            | March 31, 2012<br>(unaudited) | December 31, 2011 (I) | March 31, 2012<br>(unaudited) | December 31, 2011 |
| Inventories of products    |                               |                       |                               |                   |
| Finished                   | 5,552,392                     | 4,881,024             | 2,328,441                     | 2,170,119         |
| In process                 | 2,243,537                     | 2,568,704             |                               |                   |
|                            | <b>7,795,929</b>              | <b>7,449,728</b>      | <b>2,328,441</b>              | <b>2,170,119</b>  |
| Inventories of expenditure | 2,359,666                     | 2,383,322             | 1,059,852                     | 1,012,619         |
| <b>Total</b>               | <b>10,155,595</b>             | <b>9,833,050</b>      | <b>3,388,293</b>              | <b>3,182,738</b>  |

(I) Period adjusted according to note 4.

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On March 31, 2012, inventory balances include a provision for adjustment to market value of nickel and manganese in the amount of R\$ 21,095 and R\$ 16,298 (R\$ 26,551 and R\$ 16,298 in December 31, 2011), respectively.

|  | Consolidated     | Parent Company   |
|--|------------------|------------------|
| <b>Changes in the inventory</b>              |                  |                  |
| <b>Balance on January 1, 2011 (II)</b>       | <b>4,608,928</b> | <b>1,534,837</b> |
| Addition                                     | 36,830,196       | 2,420,195        |
| Transfer on maintenance supplies             | 6,275,892        | 3,180,687        |
| Write-off by sale                            | (39,176,001)     | (4,677,964)      |
| Addition (write-off) by inventory adjustment | (1,050,988)      | (261,085)        |
| Write-off by impairments                     | (38,299)         | (26,551)         |
| <b>Balance on December 31, 2011 (II)</b>     | <b>7,449,728</b> | <b>2,170,119</b> |
| Addition                                     | 8,595,332        | 4,637,431        |
| Transfer on maintenance supplies             | 1,800,252        | 882,732          |
| Write-off by sale                            | (10,049,383)     | (5,361,841)      |
| <b>Balance on March 31, 2012 (unaudited)</b> | <b>7,795,929</b> | <b>2,328,441</b> |

|   | Consolidated     | Parent Company   |
|---|------------------|------------------|
| <b>Changes on Inventory of consumable materials</b> |                  |                  |
| <b>Balance on January 1, 2011 (II)</b>              | <b>2,563,391</b> | <b>782,134</b>   |
| Addition  | 6,095,823        | 3,411,172        |
| Consumption   | (6,275,892)      | (3,180,687)      |
| <b>Balance on December 31, 2011 (II)</b>            | <b>2,383,322</b> | <b>1,012,619</b> |
| Addition  | 1,776,596        | 929,965          |
| Consumption   | (1,800,252)      | (882,732)        |
| <b>Balance on March 31, 2012 (unaudited)</b>        | <b>2,359,666</b> | <b>1,059,852</b> |

(II) Period adjusted according to note 4, in consolidated.

## 12 - Recoverable Taxes

Recoverable taxes are stated at net value of any realized loss and are classified by the estimated time for realization:

|            | Consolidated                  |                       | Parent Company                |                   |
|------------|-------------------------------|-----------------------|-------------------------------|-------------------|
|            | March 31, 2012<br>(unaudited) | December 31, 2011 (I) | March 31, 2012<br>(unaudited) | December 31, 2011 |
| Income tax | 2,025,077                     | 1,427,018             | 435,306                       | 168,365           |



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|  |                  |                  |                  |                  |
|--|------------------|------------------|------------------|------------------|
| Value-added tax                                | 1,867,580        | 1,981,925        | 837,335          | 731,259          |
| Brazilian Federal Contributions (PIS - COFINS) | 734,934          | 1,768,006        | 501,531          | 1,535,953        |
| Others   | 129,173          | 110,326          | 99,211           | 82,180           |
| <b>Total</b>                                   | <b>4,756,764</b> | <b>5,287,275</b> | <b>1,873,383</b> | <b>2,517,757</b> |
| Current  | 3,622,274        | 4,190,141        | 1,645,296        | 2,316,532        |
| Non-current                                    | 1,134,490        | 1,097,134        | 228,087          | 201,226          |
| <b>Total</b>                                   | <b>4,756,764</b> | <b>5,287,275</b> | <b>1,873,383</b> | <b>2,517,758</b> |

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(I) Period adjusted according to note 4.

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## 13 - Investments

|  | Consolidated      | Parenty Company    |
|--|-------------------|--------------------|
| <b>Changes in Investments</b>                |                   |                    |
| <b>Balance as january 01, 2011 (II)</b>      | <b>7,315,383</b>  | <b>92,111,361</b>  |
| Additions                                    | 7,356,871         | 6,284,274          |
| Disposals                                    | (8,121)           | (579,199)          |
| Cumulative translation adjustment            | 442,693           | 8,167,819          |
| Equity                                       | 1,856,874         | 9,995,678          |
| Valuation Adjustment                         | (27,538)          | (764,552)          |
| Dividends proposed                           | (1,952,124)       | (2,065,387)        |
| <b>Balance as december 31, 2011 (II)</b>     | <b>14,984,038</b> | <b>113,149,994</b> |
| Additions                                    | 378,374           | 1,351,625          |
| Cumulative translation adjustment            | 80,422            | (1,014,198)        |
| Equity                                       | 437,020           | 2,456,075          |
| Valuation Adjustment                         | 26,638            | (64,926)           |
| Dividends proposed                           | (90,070)          | (315,402)          |
| <b>Balance as march 31, 2012 (unaudited)</b> | <b>15,816,422</b> | <b>115,563,168</b> |

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(II) Period adjusted according to note 4, in consolidated.

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|  | Investments                   |                   | Equity results<br>Three-month period ended (unaudited) |                   |                | Received dividends<br>Three-month period ended (unaudited) |                   |                |
|--|-------------------------------|-------------------|--|-------------------|----------------|--|-------------------|----------------|
|  | March 31, 2012<br>(unaudited) | December 31, 2011 | March 31, 2012   | December 31, 2011 | March 31, 2011 | March 31, 2012   | December 31, 2011 | March 31, 2011 |
| <b>Subsidiaries and affiliated companies</b>   |                               |                   |  |                   |                |  |                   |                |
| <b><u>Direct and indirect subsidiaries</u></b> |                               |                   |  |                   |                |  |                   |                |
| Aços Laminados do Pará S.A.                    | 277,668                       | 266,253           | (2,735)  | (12,195)          | (6,712)        |  |                   |                |
| Balderton Trading Corp                         | 318,570                       | 341,426           | (15,559)   | (16,262)          | (5,777)        |  |                   |                |
| Biopalma da Amazonia S.A. Companhia            | 435,549                       | 442,108           | (6,559)  | (35,266)          |                |  |                   |                |
| Portuária da Baía de Sepetiba - CPBS           | 263,100                       | 349,538           | 39,864   | 26,985            | 29,728         |  | 155,040           |                |
| Compañía Minera Miski Mayo S.A.C               | 414,514                       | 403,345           | 18,720   | 3,300             | (13,581)       |  |                   |                |
| Ferrovía Centro-Atlantica S.A. (a)             | 2,386,862                     | 2,359,188         | (107,326)  | (11,796)          | (61,320)       |  |                   |                |
| Ferrovía Norte Sul S.A.                        | 1,726,386                     | 1,739,854         | (12,897)   | (7,613)           | (9,050)        |  |                   | 2,9            |
| Mineração Corumbaense Reunida S.A.             | 1,109,933                     | 1,112,621         | (2,688)  | 84,225            | 9,787          |  |                   |                |
| Minerações Brasileiras Reunidas S.A. - MBR (b) | 3,787,248                     | 3,834,417         | 36,003   | 445,090           | (71,467)       |  |                   |                |
| Potasio Rio Colorado S.A.                      | 1,940,296                     | 1,494,294         | (17,561)   | (30,361)          | (6,149)        |  |                   |                |
| Rio Doce Australia Pty Ltd.                    | 639,181                       | 751,781           | (104,557)  | (306,982)         | (49,659)       |  |                   |                |
| Salobo Metais S.A. (a)                         | 5,050,411                     | 4,625,199         | 4,842  | (12,215)          | (4,839)        |  |                   |                |
| Sociedad Contractual Minera Tres Valles (a)    | 432,000                       | 432,494           | (20,876)   | (39,150)          | (771)          |  |                   |                |
| Vale International Holdings GMBH (b)           | 7,920,864                     | 7,849,495         | (62,515)   | (138,453)         | 1,373,510      |  |                   |                |
| Vale Canada Limited (b)                        | 9,083,718                     | 9,746,214         | (371,426)  | (473,447)         | 499,030        |  |                   |                |
| Vale Colombia Holding Ltd.                     | 1,285,814                     | 1,183,387         | (6,388)  | 10,638            | (26,703)       |  |                   |                |

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|   |                   |                   |                  |                |                  |            |                |              |
|---|-------------------|-------------------|------------------|----------------|------------------|------------|----------------|--------------|
| Vale Fertilizantes S.A.                                   | 10,635,218        | 10,735,382        | 1,462            | 72,610         | 58,881           |            |                |              |
| Vale International S.A. (b)                               | 45,582,452        | 43,804,805        | 2,654,142        | 1,553,795      | 3,236,039        |            |                |              |
| Vale Manganês S.A.  | 689,333           | 716,729           | (27,396)         | (33,802)       | 39,424           |            | 198,557        | 183,7        |
| Vale Mina do Azul S.A.                                    | 149,411           | 154,348           | (4,937)          | 72,755         |                  |            |                |              |
| Vale Moçambique S.A.                                      | 696,142           | 770,948           | (60,670)         | (120,660)      | (62,946)         |            |                |              |
| Vale Shipping Holding Pte. Ltd.                           | 3,961,181         | 3,944,448         | 73,140           | (5,787)        | (1,052)          |            |                |              |
| VBG Vale BSGR Limited                                     | 705,285           | 756,825           | (39,949)         | (92,857)       | (11,404)         |            |                |              |
| Outras  | 255,610           | 350,857           | 54,922           | 28,801         | 464              | 682        | 14,101         | 41,1         |
|   | <b>99,746,746</b> | <b>98,165,956</b> | <b>2,019,055</b> | <b>961,353</b> | <b>4,915,433</b> | <b>682</b> | <b>367,698</b> | <b>227,8</b> |
| <b><u>Joint controlled entities</u></b>                   |                   |                   |                  |                |                  |            |                |              |
| California Steel Industries, INC                          | 304,597           | 301,088           | 10,401           | (1,572)        | 9,334            |            | 10,891         |              |
| Companhia Coreano-Brasileira de Pelotização - KOBRASCO    | 207,887           | 208,497           | 12,665           | 17,035         | 16,274           |            |                |              |
| Companhia Hispano-Brasileira de Pelotização - HISPANOBRÁS | 206,073           | 214,194           | 3,487            | 45,496         | 4,703            |            |                |              |
| Companhia Ítalo-Brasileira de Pelotização - ITABRASCO     | 141,780           | 150,329           | 10,239           | 13,148         | 16,209           |            | 71,260         |              |
| Companhia Nipo-Brasileira de Pelotização - NIBRASCO       | 363,157           | 372,304           | 10,076           | 11,578         | 13,541           |            |                |              |
| CSP- Companhia Siderurgica do PECEM                       | 852,196           | 498,643           | (1,833)          | (5,996)        |                  |            |                |              |
| Henan Longyu Energy Resources CO., LTD.                   | 550,674           | 528,929           | 31,947           | 29,837         | 39,295           | 107,359    |                |              |
| LOG-IN - Logística Intermodal S/A (c)                     | 194,471           | 212,085           | (17,614)         | (7,861)        |                  |            |                |              |
| Mineração Rio Grande do Norte S.A. - MRN                  | 247,038           | 248,463           | 12,406           | 9,925          | 3,334            |            |                |              |
| MRS Logística S.A.  | 1,098,221         | 1,027,968         | 70,350           | 50,790         | 60,492           |            | 80,966         |              |
| Norsk Hydro ASA (d)                                       | 6,314,382         | 6,029,045         | 50,087           | (39,117)       |                  |            |                |              |
| Norte Energia S.A.  | 136,509           | 136,509           |                  |                |                  |            |                |              |
| Samarco Mineração S.A.                                    | 1,117,652         | 744,742           | 372,910          | 332,280        | 346,719          |            | 208,181        | 412,0        |
| Teal Minerals (Barbados) Incorporated                     | 429,890           | 437,134           | (2,542)          | 6,204          | (7,557)          |            |                |              |
| Tecnored Desenvolvimento Tecnológico S.A.                 | 102,341           | 85,963            | (2,851)          | (8,141)        | (1,390)          |            |                |              |

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|  |                    |                    |                  |                  |                  |                |                |                |
|--|--------------------|--------------------|------------------|------------------|------------------|----------------|----------------|----------------|
| Thyssenkrupp CSA<br>Companhia<br>Siderúrgica do<br>Atlântico | 2,843,481          | 3,003,275          | (64,400)         | (157,330)        | (14,178)         |                |                |                |
| Vale Florestar<br>Fundo de<br>Investimento                   | 228,782            | 227,015            | 1,767            | (4,366)          | (2,092)          |                |                |                |
| Vale Soluções em<br>Energia S.A.                             | 214,692            | 272,075            | (56,982)         | (1,026)          | (14,447)         |                |                |                |
| Zhuhai YPM Pellet<br>Co                                      | 30,816             | 42,623             | 324              |                  | (1,165)          |                |                |                |
| Others   | 231,783            | 243,157            | (3,417)          | 3,778            | (3,286)          |                |                |                |
|  | <b>15,816,422</b>  | <b>14,984,038</b>  | <b>437,020</b>   | <b>294,662</b>   | <b>465,786</b>   | <b>107,359</b> | <b>371,298</b> | <b>412,000</b> |
|  | <b>115,563,168</b> | <b>113,149,994</b> | <b>2,456,075</b> | <b>1,256,015</b> | <b>5,381,219</b> | <b>108,041</b> | <b>738,996</b> | <b>639,900</b> |

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- (a) Investment balance includes the values of advances for future capital increase;
- (b) Excluded from equity, investment companies already detailed in note;
- (c) Market value on March 31, 2012 was R\$ 229,899 and in December 31, 2011 was R\$ 197,138; and
- (d) Market value on March 31, 2012 was R\$ 4,420,684 and in December 31, 2011 was R\$ 3,806,880.

**14 - Intangible**

|                                   | Consolidated      |                                |                   |                   |                                       |                   |
|-----------------------------------|-------------------|--------------------------------|-------------------|-------------------|---------------------------------------|-------------------|
|                                   | Cost              | March 31, 2012<br>Amortization | Net Intangible    | Cost              | December 31, 2011 (I)<br>Amortization | Net Intangible    |
| <b>Indefinite useful lifetime</b> |                   |                                |                   |                   |                                       |                   |
| Goodwill                          | 8,962,331         |                                | 8,962,331         | 8,989,901         |                                       | 8,989,901         |
|                                   | <b>8,962,331</b>  |                                | <b>8,962,331</b>  | <b>8,989,901</b>  |                                       | <b>8,989,901</b>  |
| <b>Finite useful lifetime</b>     |                   |                                |                   |                   |                                       |                   |
| Concession and subconcession      | 10,231,110        | (2,931,368)                    | 7,299,742         | 9,996,789         | (2,813,133)                           | 7,183,656         |
| Right to use                      | 1,132,847         | (90,595)                       | 1,042,252         | 1,132,774         | (79,901)                              | 1,052,873         |
| Others                            | 1,828,670         | (1,173,325)                    | 655,345           | 1,682,473         | (1,120,322)                           | 562,151           |
|                                   | <b>13,192,627</b> | <b>(4,195,288)</b>             | <b>8,997,339</b>  | <b>12,812,036</b> | <b>(4,013,356)</b>                    | <b>8,798,680</b>  |
| <b>Total</b>                      | <b>22,154,958</b> | <b>(4,195,288)</b>             | <b>17,959,670</b> | <b>21,801,937</b> | <b>(4,013,356)</b>                    | <b>17,788,581</b> |

(I) Period adjusted according to note 4.

|                                   | Parent Company   |  |                  |                  |                                   |                  |
|-----------------------------------|------------------|--|------------------|------------------|-----------------------------------|------------------|
|                                   | Cost             | March 31, 2012 (Unaudited)<br>Amortization | Net Intangible   | Cost             | December 31, 2011<br>Amortization | Net Intangible   |
| <b>Indefinite useful lifetime</b> |                  |  |                  |                  |                                   |                  |
| Goodwill                          | 8,962,331        |  | 8,962,331        | 8,989,901        |                                   | 8,989,901        |
|                                   | <b>8,962,331</b> |  | <b>8,962,331</b> | <b>8,989,901</b> |                                   | <b>8,989,901</b> |
| <b>Finite useful lifetime</b>     |                  |  |                  |                  |                                   |                  |
| Concession and subconcession      | 6,035,030        | (2,185,747)                                | 3,849,283        | 5,920,202        | (2,105,340)                       | 3,814,862        |
| Right to use                      | 678,676          | (77,848)                                   | 600,828          | 678,676          | (71,860)                          | 606,816          |
| Others                            | 1,828,670        | (1,173,325)                                | 655,345          | 1,682,473        | (1,120,322)                       | 562,151          |

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|              |                   |                    |                   |                   |                    |                   |
|--------------|-------------------|--------------------|-------------------|-------------------|--------------------|-------------------|
|              | 8,542,376         | (3,436,920)        | 5,105,456         | 8,281,351         | (3,297,522)        | 4,983,829         |
| <b>Total</b> | <b>17,504,707</b> | <b>(3,436,920)</b> | <b>14,067,787</b> | <b>17,271,252</b> | <b>(3,297,522)</b> | <b>13,973,730</b> |

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The table below shows the movement of intangible assets during the period:

|  | Consolidated     |                                   |                  |                |                   |
|--|------------------|-----------------------------------|------------------|----------------|-------------------|
|  | Goodwill         | Concessions and<br>Subconcessions | Right to use     | Others         | Total             |
| <b>Balance at January 1, 2011 (I)</b>        | <b>8,654,307</b> | <b>6,514,317</b>                  | <b>1,054,289</b> | <b>685,690</b> | <b>16,908,603</b> |
| Addition through acquisition                 |                  | 1,378,222                         |                  | 294,489        | 1,672,711         |
| Write off                                    |                  | (80,734)                          |                  | (2,038)        | (82,772)          |
| Amortization                                 |                  | (859,326)                         | (23,954)         | (184,813)      | (1,068,093)       |
| Translation adjustment                       | 335,594          |                                   | 22,538           |                | 358,132           |
| Others                                       |                  | 231,177                           |                  | (231,177)      |                   |
| <b>Balance at December 31, 2011 (I)</b>      | <b>8,989,901</b> | <b>7,183,656</b>                  | <b>1,052,873</b> | <b>562,151</b> | <b>17,788,581</b> |
| Addition through acquisition                 |                  | 235,489                           |                  | 145,624        | 381,113           |
| Write off                                    |                  | (595)                             |                  |                | (595)             |
| Amortization                                 |                  | (118,808)                         | (10,694)         | (52,430)       | (181,932)         |
| Translation adjustment                       | (27,570)         |                                   | 73               |                | (27,497)          |
| <b>Balance at March 31, 2012 (unaudited)</b> | <b>8,962,331</b> | <b>7,299,742</b>                  | <b>1,042,252</b> | <b>655,345</b> | <b>17,959,670</b> |

(I) Period adjusted according to note 4.

|  | Parent Company   |                                   |                |                |                   |
|--|------------------|-----------------------------------|----------------|----------------|-------------------|
|  | Goodwill         | Concessions and<br>Subconcessions | Right to use   | Others         | Total             |
| <b>Balance at January 1, 2011</b>                | <b>8,654,307</b> | <b>3,823,518</b>                  | <b>630,770</b> | <b>454,513</b> | <b>13,563,108</b> |
| Addition through acquisition                     |                  | 331,867                           |                | 294,489        | 626,356           |
| Write off  |                  | (29,888)                          |                | (2,038)        | (31,926)          |
| Amortization                                     |                  | (310,635)                         | (23,954)       | (184,813)      | (519,402)         |
| Translation adjustment                           | 335,594          |                                   |                |                | 335,594           |
| <b>Balance at December 31, 2011</b>              | <b>8,989,901</b> | <b>3,814,862</b>                  | <b>606,816</b> | <b>562,151</b> | <b>13,973,730</b> |
| Addition through acquisition                     |                  | 115,996                           |                | 145,624        | 261,620           |
| Write off  |                  | (595)                             |                |                | (595)             |
| Amortization                                     |                  | (80,980)                          | (5,988)        | (52,430)       | (139,398)         |
| Translation adjustment                           | (27,570)         |                                   |                |                | (27,570)          |
| <b>Balance at March 31, 2012<br/>(unaudited)</b> | <b>8,962,331</b> | <b>3,849,283</b>                  | <b>600,828</b> | <b>655,345</b> | <b>14,067,787</b> |



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|  | Consolidated     |                   |                   |                    |                   |                   |                           | Total              |
|--|------------------|-------------------|-------------------|--------------------|-------------------|-------------------|---------------------------|--------------------|
|  | Land             | Building          | Facilities        | Computer equipment | Mineral assets    | Others            | Constructions in progress |                    |
| <b>Costs:</b>                                |                  |                   |                   |                    |                   |                   |                           |                    |
| <b>Balance in January 1, 2011 (I)</b>        | <b>593,245</b>   | <b>8,118,104</b>  | <b>25,097,052</b> | <b>439,036</b>     | <b>40,660,511</b> | <b>31,523,871</b> | <b>19,909,176</b>         | <b>126,340,995</b> |
| Acquisitions                                 |                  |                   |                   |                    |                   |                   | 22,768,292                | 22,768,292         |
| Disposals                                    | (61)             | (64,132)          | (21,418)          | (922)              | (36,297)          | (69,632)          | (191,243)                 | (383,705)          |
| Depreciation and amortization                |                  | (197,251)         | (823,221)         | (125,337)          | (250,948)         | (2,961,693)       |                           | (4,358,450)        |
| Translation adjustment                       |                  | (5,589)           | (2,367,553)       | 7,360              | 952,905           | 6,605,046         | 4,295,562                 | 9,487,731          |
| Transfers                                    | 738,218          | 3,573,883         | (1,071,258)       | 364,221            | (6,690,654)       | 942,485           | 2,143,105                 |                    |
| <b>Balance in December 31, 2011 (I)</b>      | <b>1,331,402</b> | <b>11,425,015</b> | <b>20,813,602</b> | <b>684,358</b>     | <b>34,635,517</b> | <b>36,040,077</b> | <b>48,924,892</b>         | <b>153,854,863</b> |
| Aquisition                                   |                  |                   |                   |                    |                   |                   | 4,868,428                 | 4,868,428          |
| Disposals                                    |                  | (7,899)           | (496)             | (662)              | (2)               | (20,552)          | (53,031)                  | (82,642)           |
| Depreciation and amortization                |                  | (230,878)         | (410,186)         | (51,320)           | (342,280)         | (799,795)         |                           | (1,834,459)        |
| Translation adjustment                       |                  | (127,323)         | 13,357            | (2,929)            | (555,194)         | (175,878)         | 1,130,697                 | 282,730            |
| Transfers                                    | 25,649           | 803,911           | 264,608           | 21,793             | 670,999           | 1,519,673         | (3,306,633)               |                    |
| <b>Balance in March 31, 2012 (unaudited)</b> | <b>1,357,051</b> | <b>11,862,826</b> | <b>20,680,885</b> | <b>651,240</b>     | <b>34,409,040</b> | <b>36,563,525</b> | <b>51,564,353</b>         | <b>157,088,920</b> |

(I) Period adjusted according to note 4.

|                                   | Parent Company |                  |                   |                    |                  |                   |                           | Total             |
|-----------------------------------|----------------|------------------|-------------------|--------------------|------------------|-------------------|---------------------------|-------------------|
|                                   | Land           | Building         | Facilities        | Computer equipment | Mineral assets   | Others            | Constructions in progress |                   |
| <b>Balance in January 1, 2011</b> | <b>361,738</b> | <b>2,543,212</b> | <b>8,579,417</b>  | <b>176,909</b>     | <b>2,764,737</b> | <b>12,074,223</b> | <b>17,961,535</b>         | <b>44,461,771</b> |
| Acquisitions                      |                |                  |                   |                    |                  |                   | 13,989,641                | 13,989,641        |
| Disposals                         | (61)           | (3,216)          | (15,163)          | (84)               | (24,751)         | (43,899)          | (351,414)                 | (438,588)         |
| Depreciation and amortization     |                | (114,030)        | (509,019)         | (102,563)          | (93,535)         | (1,690,484)       |                           | (2,509,631)       |
| Transfers                         | 399,935        | 2,594,133        | 4,032,697         | 144,824            | 574,760          | (280,323)         | (7,466,026)               |                   |
|                                   | <b>761,612</b> | <b>5,020,099</b> | <b>12,087,932</b> | <b>219,086</b>     | <b>3,221,211</b> | <b>10,059,517</b> | <b>24,133,736</b>         | <b>55,503,193</b> |

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**Balance in  
December 31,  
2011**

|                                  |        |          |           |          |          |           |             |           |
|----------------------------------|--------|----------|-----------|----------|----------|-----------|-------------|-----------|
| Aquisition                       |        |          |           |          |          |           | 3,103,405   | 3,103,405 |
| Disposals                        |        | (1,095)  | (4)       | (23)     |          | (15,713)  | (16,778)    | (33,613)  |
| Depreciation and<br>amortization |        | (41,901) | (142,512) | (24,573) | (28,489) | (308,285) |             | (545,760) |
| Transfers                        | 25,649 | 611,105  | 211,225   | 11,198   | 22,278   | 1,406,560 | (2,288,015) |           |

**Balance in  
March 31, 2012  
(unaudited)**

|  |                |                  |                   |                |                  |                   |                   |                   |
|--|----------------|------------------|-------------------|----------------|------------------|-------------------|-------------------|-------------------|
|  | <b>787,261</b> | <b>5,588,208</b> | <b>12,156,641</b> | <b>205,688</b> | <b>3,215,000</b> | <b>11,142,079</b> | <b>24,932,348</b> | <b>58,027,225</b> |
|--|----------------|------------------|-------------------|----------------|------------------|-------------------|-------------------|-------------------|

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The depreciation of the period allocated to the production and expenses cost, totaled R\$ 1,797,762 in March 31, 2012, R\$ 2,036,266 in December 31, 2011 and R\$ 1,523,197 in March 31, 2011 in the consolidated financial statements and R\$ 562,103 in March 31, 2012, R\$ 529,939 in December 31, 2011 and R\$ 468,702 in March 31, 2011 in the parent company.

The net property, plant and equipments given in guarantees for judicial claims in March 31, 2012 and December 31, 2011 correspond to R\$ 186,806 and R\$ 190,545 in the consolidated financial statements, and R\$ 133,569 and R\$ 133,975 in the parent company, respectively.

**16 - Impairment of Assets**

There was no adjustment to reduce the recoverable value of assets in the period.

**17- Loans and Financing**

**a) Short term debts**

|                 | <b>Consolidated</b>   |                              |
|-----------------|-----------------------|------------------------------|
|                 | <b>March 31, 2012</b> | <b>December 31, 2011 (I)</b> |
|                 | <b>(unaudited)</b>    |                              |
| Working capital | 915,700               | 40,044                       |
|                 | 915,700               | 40,044                       |
|                 | <b>Parent Company</b> |                              |
|                 | <b>March 31, 2012</b> | <b>December 31, 2011</b>     |
|                 | <b>(unaudited)</b>    |                              |
| Working capital | 915,700               |                              |
|                 | 915,700               |                              |

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(I) Period adjusted according to note 4.

Financings raised in the short term for export, denominated in U.S. dollars with an average interest rate on March 31, 2012 and December 31, 2011 of 2.03% per years and 1.81% per years, respectively.

## b) Long term

|   | Consolidated                  |                       |                               |                       |
|---|-------------------------------|-----------------------|-------------------------------|-----------------------|
|   | Current Liabilities           |                       | Noncurrent liabilities        |                       |
|   | March 31, 2012<br>(unaudited) | December 31, 2011 (I) | March 31, 2012<br>(unaudited) | December 31, 2011 (I) |
| <b>Long-term contracts abroad</b>                       |                               |                       |                               |                       |
| Loans and financing in:                                 |                               |                       |                               |                       |
| United States dollars                                   | 2,129,086                     | 944,101               | 6,174,067                     | 5,014,341             |
| Others currencies                                       | 57,011                        | 16,805                | 304,424                       | 96,395                |
| Fixed rates   |                               |                       |                               |                       |
| Notes indexed in United States dollars<br>(fixed rates) |                               | 761,243               | 18,553,757                    | 18,823,257            |
| Euro  |                               |                       | 1,830,225                     | 1,812,374             |
| Accrued charges   | 368,987                       | 413,021               |                               |                       |
|   | <b>2,555,084</b>              | <b>2,135,170</b>      | <b>26,862,473</b>             | <b>25,746,367</b>     |
| <b>Long-term contracts in Brazil</b>                    |                               |                       |                               |                       |
| Indexed to TJLP, TR, IGP-M e CDI                        | 555,693                       | 460,966               | 9,633,128                     | 9,798,933             |
| Basket of currencies                                    | 3,607                         | 2,629                 | 4,502                         |                       |
| Loans in United States dollars                          |                               |                       | 4,689,122                     | 4,679,374             |
| Accrued charges   | 299,463                       | 208,515               |                               |                       |
|   | <b>858,763</b>                | <b>672,110</b>        | <b>14,326,752</b>             | <b>14,478,307</b>     |
|   | <b>3,413,847</b>              | <b>2,807,280</b>      | <b>41,189,225</b>             | <b>40,224,674</b>     |

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(I) Period adjusted according to note 4.

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|  | Parent Company                |                     | Parent Company                |                        |
|--|-------------------------------|---------------------|-------------------------------|------------------------|
|  | Current liabilities           | Current liabilities | Noncurrent liabilities        | Noncurrent liabilities |
|  | March 31, 2012<br>(unaudited) | December 31, 2011   | March 31, 2012<br>(unaudited) | December 31, 2011      |
| <b>Long-term contracts abroad</b>      |                               |                     |                               |                        |
| Loans and financing in:                |                               |                     |                               |                        |
| United States dollars                  | 182,578                       | 165,056             | 3,168,811                     | 3,324,996              |
| Fixes rates                            |                               |                     |                               |                        |
| Euro                                   |                               |                     | 1,830,225                     | 1,812,375              |
| Accrued charges                        | 22,207                        | 81,188              |                               |                        |
|  | <b>204,785</b>                | <b>246,244</b>      | <b>4,999,036</b>              | <b>5,137,371</b>       |
| <b>Long-term contracts in Brazil</b>   |                               |                     |                               |                        |
| Indexed to TJLP, TR, IGP-M e CDI       | 534,527                       | 447,162             | 9,304,756                     | 9,458,422              |
| Basket of currencies                   | 2,147                         |                     |                               |                        |
| Non-convertible debentures into shares |                               |                     | 4,000,000                     | 4,000,000              |
| Accrued charges                        | 287,997                       | 198,248             |                               |                        |
|  | <b>824,671</b>                | <b>645,410</b>      | <b>13,304,756</b>             | <b>13,458,422</b>      |
|  | <b>1,029,456</b>              | <b>891,654</b>      | <b>18,303,792</b>             | <b>18,595,793</b>      |

The long-term portion as at March 31, 2012 has maturity in the following years (unaudited):

|              | Consolidated (II) | Parent Company    |
|--------------|-------------------|-------------------|
| 2013         | 5,163,971         | 4,548,590         |
| 2014         | 2,328,869         | 1,969,656         |
| 2015         | 1,796,867         | 989,591           |
| 2016         | 2,998,972         | 993,952           |
| 2017 onwards | 28,900,546        | 9,802,003         |
|              | <b>41,189,225</b> | <b>18,303,792</b> |

(II) Period adjusted according to note 4, in consolidated.

The long-term portion as at March 31, 2012 has maturity in the following years (unaudited):

|                 | Consolidated (II) | Parent Company |
|-----------------|-------------------|----------------|
| Up to 3%        | 8,462,341         | 5,647,603      |
| 3,1% to 5% (*)  | 6,048,491         | 2,364,356      |
| 5,1% to 7%      | 16,308,848        | 1,819,605      |
| 7,1% to 9% (**) | 5,324,780         | 2,272,590      |

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|                  |                   |                   |
|------------------|-------------------|-------------------|
| 9,1% to 11% (**) | 5,581,896         | 5,194,363         |
| Over 11% (**)    | 2,876,716         | 2,034,731         |
|                  | <b>44,603,072</b> | <b>19,333,248</b> |

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(II) Period adjusted according to note 4, in consolidated.

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

(\*\*) Includes non-convertible debentures and other Brazilian Real denominated debt with the same interest of the Brazilian Certificate of Deposit (CDI) and Brazilian Government long-term Interest Rates (TJLP) plus a spread. Due to these operations, derivative financial instruments were contracted to protect the Company's exposure to variations in the floating debt in Reais. The total contracted amount for these transactions is R\$ 11,532 million (US\$ 6,297 million), of which R\$ 9,238 million (US\$ 5,044 million) has an original interest rate above 7.1% per year. The average cost after taking into account the derivative transaction is 2.91% per year in US dollars.

The total average cost of all derivative transactions is of 3.15% per year in US Dollars.

On April 2012 (subsequent event), through our wholly-owned subsidiary Vale Overseas Limited, we raised the amount of US\$ 1.250 billion notes due 2022 that were priced in March at a price of 101.345% of the principal amount. The notes will bear a coupon of 4.375% per year, payable semi-annually and will be consolidated with, and form a single series with, Vale

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Overseas \$ US\$ 1 billion 4.375% notes due 2022 issued on January 2012. Those notes issued in January, 2012 were sold at a price of 98.804% of the principal amount.

**c) Credit lines**

In August 2011, we entered into an agreement with a syndicate of financial institutions to finance the acquisition of five large ore carriers and two capesize bulkers at two Korean shipyards. The agreement provides a credit line of up to R\$ 971 million (US\$ 530 million). As of March 31, 2012, Vale had drawn R\$ 326 million (US\$ 178 million) under the facility.

In October 2010, we 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 R\$ 1,831 million (US\$ 1 billion). As of March 31, 2012, Vale disbursed R\$ 1,236 million (US\$ 675 million).

In September 2010, Vale entered into agreements with The Export-Import Bank of China and the Bank of China Limited for the financing to build 12 very large ore carriers comprising a facility for an amount of up to R\$ 2,251 million (US\$ 1,229 million). The financing has a 13-year total term to be repaid, and the funds will be disbursed during 3 years according to the construction schedule. As of March 31, 2012, we had drawn R\$ 853 million (US\$ 466 million) under this facility.

In June 2010, Vale established certain facilities with Banco Nacional de Desenvolvimento Econômico Social - BNDES for a total amount of R\$ 774 million, to finance the acquisition of domestic equipments. On March 31, 2011, Vale increased this facility through a new agreement with BNDES for R\$ 103 million. As of March 31, 2012, we had drawn R\$ 615 million under these facilities.

In May 2008, the Company has signed agreements with Japanese long term financing credit agencies in the amount of R\$ 9,157 million (US\$ 5 billion), being R\$ 5,494 million (US\$ 3 billion) with Japan Bank for International Cooperation (JBIC) and R\$ 3,663 million (US\$ 2 billion) with Nippon Export and Investment Insurance (NEXI), to finance mining projects, logistics and energy generation. Until March 31, 2012, Vale through its subsidiary PT Vale Indonesia Tbk (PTI) withdrew R\$ 549 million (US\$ 300 million), under the credit facility from NEXI to finance the construction of the hydroelectric plant of Karebbe, Indonesia.

In April 2008, Vale has signed a credit line in the amount of R\$ 7.3 billion with Banco Nacional de Desenvolvimento Econômico e Social - BNDES to finance its investment program. March 31, 2012, Vale withdrew R\$ 3,986 million in this line.

**d) Revolving credit lines**

Vale has available revolving credit lines that can be disbursed and paid at any time, during its availability period. On March 31, 2012, the total amount available under the revolving credit lines was R\$ 7,509 million (US\$ 4.1 billion), of which R\$ 5,494 million (US\$ 3 billion) can be drawn by Vale S.A., Vale Canada Limited and Vale International, R\$ 641 million (US\$ 350 million) can be drawn by Vale International and the balance by Vale Canada Limited. As of March 31, 2012, none of the borrowers had drawn any amounts under these facilities, but letters of credit totaling R\$ 201 million (US\$ 110 million) had been issued and remained outstanding pursuant Vale Canada Limited's facility.

**e) Guarantee**

On March 31, 2012, R\$ 1,397 million (US\$ 763 million) of the total aggregate outstanding debt was secured by fixed assets.

**f) Covenants**

Our principal covenants require us to maintain certain ratios, such as debt to EBITDA and interest coverage. We have not identified any events of noncompliance as of March 31, 2012.



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We are involved parties in labor, civil, tax and other ongoing lawsuits and are discussing these issues at an administrative level and in court, and, when applicable, there are supported by judicial deposits. Provisions for losses resulting from these processes are estimated and updated by the Company, supported by the legal opinion of the legal board of the Company and by its external legal consultants.

| Non-current liabilities                      | Consolidated      |                     |                     |                             | Total accrued liabilities |
|--|-------------------|---------------------|---------------------|-----------------------------|---------------------------|
|  | Tax contingencies | Civil contingencies | Labor contingencies | Environmental contingencies |                           |
| <b>Balance as January 01, 2011 (I)</b>       | <b>1,248,528</b>  | <b>847,465</b>      | <b>1,234,434</b>    | <b>78,172</b>               | <b>3,408,599</b>          |
| Additions                                    | 68,676            | 121,310             | 711,204             | 11,143                      | 912,333                   |
| Reversals                                    | (84,594)          | (348,342)           | (156,240)           | (15,961)                    | (605,137)                 |
| Payments                                     | (56,838)          | (153,986)           | (376,576)           | (26,328)                    | (613,728)                 |
| Monetary update                              | 48,185            | (10,903)            | (8,171)             | 13,562                      | 42,673                    |
| <b>Balance as December 31, 2011 (I)</b>      | <b>1,223,957</b>  | <b>455,544</b>      | <b>1,404,651</b>    | <b>60,588</b>               | <b>3,144,740</b>          |
| Additions                                    | 20,687            | 46,975              | 111,135             | 2,741                       | 181,538                   |
| Reversals                                    | (11,480)          | (2,956)             | (65,996)            | (573)                       | (81,005)                  |
| Payments                                     | (5,993)           | (1,411)             | (15,873)            |                             | (23,277)                  |
| Monetary update                              | 24,628            | 48,963              | 11,200              | 2,041                       | 86,832                    |
| <b>Balance as March 31, 2012 (unaudited)</b> | <b>1,251,799</b>  | <b>547,115</b>      | <b>1,445,117</b>    | <b>64,797</b>               | <b>3,308,828</b>          |

(I) Period adjusted according to note 4.

| Non-current liabilities                      | Parent Company    |                     |                     |                             | Total accrued liabilities |
|--|-------------------|---------------------|---------------------|-----------------------------|---------------------------|
|  | Tax contingencies | Civil contingencies | Labor contingencies | Environmental contingencies |                           |
| <b>Balance as January 01, 2011</b>           | <b>324,518</b>    | <b>680,338</b>      | <b>1,072,097</b>    | <b>30,820</b>               | <b>2,107,773</b>          |
| Additions                                    | 37,169            | 57,350              | 660,415             | 11,094                      | 766,028                   |
| Reversals                                    | (1,608)           | (348,524)           | (145,072)           | (57)                        | (495,261)                 |
| Payments                                     | (6,828)           | (143,823)           | (347,238)           | (15,287)                    | (513,176)                 |
| Monetary update                              | 89,102            | (22,355)            | (22,898)            | 18,473                      | 62,322                    |
| <b>Balance as December 31, 2011</b>          | <b>442,353</b>    | <b>222,986</b>      | <b>1,217,304</b>    | <b>45,043</b>               | <b>1,927,686</b>          |
| Additions                                    | 10,780            | 37,562              | 107,951             | 2,080                       | 158,373                   |
| Reversals                                    | (10,205)          | (2,956)             | (57,247)            | (573)                       | (70,981)                  |
| Payments                                     | (4,094)           | (1,411)             | (14,857)            |                             | (20,362)                  |
| Monetary update                              | 17,205            | 47,693              | 5,128               | 1,449                       | 71,475                    |
| <b>Balance as March 31, 2012 (unaudited)</b> | <b>456,039</b>    | <b>303,874</b>      | <b>1,258,279</b>    | <b>47,999</b>               | <b>2,066,191</b>          |

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

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

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

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In addition to those provisions, there are judicial deposits. These deposits are the guarantees to the contingencies required in court. They are monetarily readjusted and reported in noncurrent assets of the Company until it happens the court decision to rescue these deposits by the complainant, unless there is a favorable outcome of the issue to the entity. Judicial deposits are as follows:

| Judicial deposits           | Consolidated                  |                       | Parent Company                |                   |
|-----------------------------|-------------------------------|-----------------------|-------------------------------|-------------------|
|                             | March 31, 2012<br>(unaudited) | December 31, 2011 (I) | March 31, 2012<br>(unaudited) | December 31, 2011 |
| Tax contingencies           | 792,458                       | 771,106               | 476,222                       | 474,314           |
| Civil contingencies         | 313,110                       | 282,712               | 203,239                       | 184,296           |
| Labor contingencies         | 1,699,873                     | 1,671,362             | 1,478,270                     | 1,424,875         |
| Environmental contingencies | 9,532                         | 9,419                 | 8,092                         | 8,007             |
| <b>Total</b>                | <b>2,814,973</b>              | <b>2,734,599</b>      | <b>2,165,823</b>              | <b>2,091,492</b>  |

(I) Period adjusted according to note 4.

The Company discusses in its administrative and judicial sphere legal actions where the loss expectation is considered possible and understands there is no needs to provide, since there is a strong legal basis for the positioning of the Company. These contingent liabilities are split between tax, civil, labor and social security, and are as follows:

| Possible Contingencies      | Consolidated                  |                       | Parent Company                |                   |
|-----------------------------|-------------------------------|-----------------------|-------------------------------|-------------------|
|                             | March 31, 2012<br>(unaudited) | December 31, 2011 (I) | March 31, 2012<br>(unaudited) | December 31, 2011 |
| Tax contingencies           | 33,964,201                    | 33,568,634            | 31,366,403                    | 30,814,229        |
| Civil contingencies         | 2,857,754                     | 2,771,868             | 1,557,145                     | 1,567,432         |
| Labor contingencies         | 3,570,469                     | 3,592,238             | 3,276,855                     | 3,348,376         |
| Environmental contingencies | 2,098,795                     | 2,009,729             | 2,098,347                     | 2,009,489         |
| <b>Total</b>                | <b>42,491,219</b>             | <b>41,942,469</b>     | <b>38,298,750</b>             | <b>37,739,526</b> |

(I) Period adjusted according to note 4.

The tax contingencies refer mainly to discussion relating to the recovery of Income Tax and Social Contribution, calculated based on the equity method in foreign subsidiaries.



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The Company uses various judgments and assumptions when measuring the obligations related to the discontinuation of the use of assets. The accrued amount is not deducted from the potential costs covered by insurance or indemnities, because their recovery is considered uncertain.

Long term interest rates used to discount to present value and update the provision to March 31, 2012 and December 31, 2011 were 5.82% p.y. and 5.82% p.y. respectively. The liability is periodically updated based on these discount rates plus the inflation index (IGPM) for the period in reference.

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

|  | Consolidated     | Parent Company   |
|--|------------------|------------------|
| <b>Balance in January 1, 2011 (II)</b>       | <b>2,602,294</b> | <b>805,265</b>   |
| Increase expense                             | 45,805           | 102,435          |
| Liquidation in the current period            | (28,985)         | (52,686)         |
| Revisions in estimated cash flows            | 911,394          | 260,317          |
| Cumulative translation adjustments           | 33,222           |                  |
| <b>Balance in December 31, 2011 (II)</b>     | <b>3,563,730</b> | <b>1,115,331</b> |
| Increase expense                             | 60,488           | 22,485           |
| Liquidation in the current period            | (6,941)          | (4,266)          |
| Revisions in estimated cash flows            | 62,638           | (2,627)          |
| Cumulative translation adjustments           | (792)            |                  |
| <b>Balance in March 31, 2012 (unaudited)</b> | <b>3,679,123</b> | <b>1,130,923</b> |
| Current                                      | 126,778          | 13,614           |
| Non-current                                  | 3,552,345        | 1,117,309        |
|  | <b>3,679,123</b> | <b>1,130,923</b> |

(II) Period adjusted according to note 4, in consolidated.

**20 - Deferred Income Tax and Social Contribution**

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The income of the Company is subject to the system of taxation usually applicable to entities in general. The movement of deferred charges is presented as follows:

|   | Assets           | Consolidated<br>Liabilities | Total               | Parent Company<br>Assets |
|---|------------------|-----------------------------|---------------------|--------------------------|
| <b>Total amount in January 1, 2011 (II)</b>       | <b>2,262,947</b> | <b>12,828,178</b>           | <b>(10,565,231)</b> | <b>(1,785,291)</b>       |
| Net income effect                                 | 1,084,952        | 525,146                     | 559,806             | 298,759                  |
| Subsidiary acquisition                            |                  | 127,410                     | (127,410)           |                          |
| Cumulative translation adjustment                 | 170,112          | 707,310                     | (537,198)           |                          |
| Deferred social contribution                      |                  | (3,574,271)                 | 3,574,271           | 3,574,271                |
| Other comprehensive income                        | 20,819           |                             | 20,819              | 20,819                   |
| <b>Total amount in December 31, 2011 (II)</b>     | <b>3,538,830</b> | <b>10,613,773</b>           | <b>(7,074,943)</b>  | <b>2,108,558</b>         |
| Net income effect                                 | 419,971          | (85,166)                    | 505,137             | 445,557                  |
| Cumulative translation adjustment                 | (14,441)         | (74,628)                    | 60,187              |                          |
| Other comprehensive income                        | (26,898)         |                             | (26,898)            | (12,287)                 |
| <b>Total amount in March 31, 2012 (unaudited)</b> | <b>3,917,462</b> | <b>10,453,979</b>           | <b>(6,536,517)</b>  | <b>2,541,828</b>         |

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(II) Period adjusted according to note 4, in consolidated.

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

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

|   | Three-month period ended (unaudited) |                                       |                    |
|---|--------------------------------------|---------------------------------------|--------------------|
|   | March 31, 2012                       | Consolidated<br>December 31, 2011 (I) | March 31, 2011 (I) |
| Income before tax and social contribution   | 7,547,922                            | 10,176,229                            | 13,521,216         |
| Results of equity investments   | (437,020)                            | (294,662)                             | (465,786)          |
| Exchange variation - not taxable  | (350,450)                            | 157,662                               | 80,162             |
|   | <b>6,760,452</b>                     | <b>10,039,229</b>                     | <b>13,135,592</b>  |
| <b>Income tax and social contribution at statutory rates - 34%</b>                                | <b>(2,298,554)</b>                   | <b>(3,913,338)</b>                    | <b>(4,466,101)</b> |
| Adjustments that affects the basis of taxes:  |                                      |                                       |                    |
| Income tax benefit from interest on stockholders equity   | 670,248                              | 688,844                               | 728,867            |
| Tax incentive   | 159,496                              | 493,855                               | 285,332            |
| Results of overseas companies taxed by different rates which differs from the parent company rate | 535,759                              | 229,193                               | 1,200,753          |
| Reversal  |                                      | (302,015)                             |                    |
| Others  | 2,458                                | 300,369                               | (67,929)           |
| <b>Income tax and social contribution on the profit for the period</b>                            | <b>(930,593)</b>                     | <b>(2,003,092)</b>                    | <b>(2,319,078)</b> |

(I) Period adjusted according to note 4.

|  | Three-month period ended (unaudited) |                                     |                    |
|--|--------------------------------------|-------------------------------------|--------------------|
|  | March 31, 2012                       | Parent Company<br>December 31, 2011 | March 31, 2011     |
| Income before tax and social contribution                              | 7,466,768                            | 10,088,222                          | 12,803,725         |
| Results of equity investments  | (2,456,075)                          | (1,256,091)                         | (5,381,219)        |
|  | <b>5,010,693</b>                     | <b>8,832,131</b>                    | <b>7,422,506</b>   |
| <b>Income tax and social contribution at statutory rates - 34%</b>     | <b>(1,703,636)</b>                   | <b>(3,002,925)</b>                  | <b>(2,523,652)</b> |
| Adjustments that affects the basis of taxes:                           |                                      |                                     |                    |
| Income tax benefit from interest on stockholders equity                | 670,248                              | 688,844                             | 708,467            |
| Tax incentive  | 159,385                              | 493,058                             | 284,789            |
| Others   | 127,635                              | 87,248                              | 17,654             |
| <b>Income tax and social contribution on the profit for the period</b> | <b>(746,368)</b>                     | <b>(1,733,775)</b>                  | <b>(1,512,742)</b> |

Vale has tax incentives for the partial reduction of income tax due, the amount equivalent to the portion assigned by tax law to transactions in the north and northeast relating to iron pellets (from 2011), railroad, manganese, copper and potassium. The incentive is calculated based on the profit tax on activity (called operating income), takes into account the allocation of operating profit encouraged by the level of production during the periods specified as a benefit for each product, and in general are for 10 years and in the case of the Company, expire by 2020. An amount equal to the tax saving should be appropriated to a profit reserve in equity, and may not be distributed as dividends to stockholders.

Besides this, part of the income tax can be reinvested in the purchase of equipment in encouraged operation, subject to subsequent approval by the regulatory agency in the encouragement area Amazon Development Superintendence ( SUDAM ) and the Northeast Development Superintendence ( SUDENE ). When his reinvestment is approved, tax relief is also appropriated a revenue reserve, where distribution as dividends to stockholders is impeded.

The Company also has tax incentives related to production of nickel from New Caledonia Valley ( VNC ). These incentives include tax holidays, total income tax during the construction phase of the project, and also for a period of 15 years beginning in the first year of commercial production as defined by applicable law, followed by 5.50% years. In addition, VNC is eligible for certain exemptions from indirect taxes such as import tax during the construction phase and throughout the commercial life of the project. Some of these tax benefits, including temporary tax incentives, are subject to an earlier end, should the project achieve a specified cumulative rate of return. The VNC is subject to taxation of a portion of income commencing on the first year of commercial production is achieved, as defined by applicable law. Until now, there was no taxable income generated in New Caledonia. The Company also received tax incentives for projects in Mozambique, Oman and Malaysia.

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



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In the 2011 annual statements, Vale disclosed it expects in 2012 to pay pension plans and other benefits of R\$ 490,000 in relation to the consolidated and R\$ 271,000 in relation to the parent company. Until March 31, 2012 contributions totaled R\$ 130,716 to the consolidated and R\$ 79,736 to the parent. Vale does not expect significant changes in estimates in 2011.

|   | March 31, 2012                        |                                 |   | Consolidated<br>Three-month period ended (unaudited)<br>December 31, 2011 |                                 |   | March 31, 2011                        |                                 |   |
|---|---------------------------------------|---------------------------------|---|---|---------------------------------|---|---------------------------------------|---------------------------------|---|
|   | Overfunded<br>pension<br>plans<br>(*) | Underfunded<br>pension<br>plans | Others<br>underfunded<br>pension<br>plans | Overfunded<br>pension<br>plans<br>(*)                                     | Underfunded<br>pension<br>plans | Others<br>underfunded<br>pension<br>plans | Overfunded<br>pension<br>plans<br>(*) | Underfunded<br>pension<br>plans | Others<br>underfunded<br>pension<br>plans |
| Service cost -<br>benefits earned<br>during the<br>period | 464                                   | 39,864                          | 16,262                                    | 620   | 31,852                          | 13,164                                    | 920                                   | 33,137                          | 13,475                                    |
| Interest cost on<br>projected<br>benefit<br>obligation    | 172,449                               | 170,880                         | 47,299                                    | 162,746   | 180,528                         | 43,960                                    | 162,316                               | 173,073                         | 42,151                                    |
| Expected<br>return on<br>assets                           | (332,340)                             | (185,406)                       |   | (274,506)   | (162,138)                       | (540)                                     | (275,215)                             | (154,652)                       | (333)                                     |
| Amortization<br>of initial<br>transition<br>obligation    | 21,732                                | 16,991                          | (3,635)                                   | 735,378   | 7,248                           | 46,058                                    |                                       | 14,506                          | (7,051)                                   |
| Effect of the<br>limit in<br>paragraph 58<br>(b)          | 138,016                               |                                 |   | (623,599)   |                                 |   | 111,979                               |                                 |   |
| <b>Net periodic<br/>pension cost</b>                      | <b>321</b>                            | <b>42,329</b>                   | <b>59,926</b>                             | <b>639</b>  | <b>57,490</b>                   | <b>102,642</b>                            |                                       | <b>66,064</b>                   | <b>48,242</b>                             |

|  | Parent Company                     |                              |  |                                    |                              |  |
|--|------------------------------------|------------------------------|--|------------------------------------|------------------------------|--|
|  | March 31, 2012                     |                              |  | March 31, 2011                     |                              |  |
|  | Overfunded<br>pension plans<br>(*) | Underfunded<br>pension plans | Others<br>underfunded<br>pension plans | Overfunded<br>pension plans<br>(*) | Underfunded<br>pension plans | Others<br>underfunded<br>pension plans |

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|  |           |                |               |           |               |               |
|--|-----------|----------------|---------------|-----------|---------------|---------------|
| Service cost - benefits earned during the period | 12        | 12,918         | 1,774         | 16        | 6,928         | 1,182         |
| Interest cost on projected benefit obligation    | 150,742   | 80,357         | 12,509        | 143,173   | 76,021        | 10,584        |
| Expected return on assets                        | (302,689) | (98,084)       |               | (248,538) | (69,208)      |               |
| Amortization of initial transition obligation    | 21,732    |                | 448           |           |               |               |
| Effect of the limit in paragraph 58 (b)          | 130,203   |                |               | 105,349   |               |               |
| <b>Net periodic pension cost</b>                 |           | <b>(4,809)</b> | <b>14,731</b> |           | <b>13,741</b> | <b>11,766</b> |

(\*) The Company has not recorded on its balance sheet assets and their counterparts resulting from actuarial valuation of plan surplus, because there is no clear evidence on achievement, as stated in paragraph 58 (b) of the CPC 33.

**b) Profit sharing plan**

The Company, based on the Profit Sharing Program ( PPR ) enables the definition, monitoring, evaluation and recognition of individual and collective performance of its employees.

The Profit Sharing in the Company for each employee is determined individually according to the achievement of goals previously established by blocks of indicators of the Company, the business unit, team and individual. The contribution of each block in the performance scores of employees is discussed and agreed each year, between us and the unions representing their employees.

The Company accrued expenses / costs related to participation in the result as follows (unaudited):

|                      | March 31, 2012 | Consolidated  |                |
|----------------------|----------------|---|----------------|
|                      |                | Three-month period ended (unaudited)<br>December 31, 2011 | March 31, 2012 |
| Operational expenses | 295,392        | 229,453   | 143,666        |
| Cost of good sold    | 219,579        | 239,148   | 203,888        |
| <b>Total</b>         | <b>514,971</b> | <b>468,601</b>  | <b>347,554</b> |

|                      | Parent Company   |                |
|----------------------|--|----------------|
|                      | Three-month period ended (unaudited)<br>March 31, 2012 | March 31, 2011 |
| Operational expenses | 189,389  | 131,555        |
| Cost of good sold    | 199,179  | 158,878        |
| <b>Total</b>         | <b>388,568</b>   | <b>290,433</b> |

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**c) Long-term incentives Plan**

In order to encourage the vision of stockholder, in addition to increasing the ability to retain executives and strengthen the culture of sustained performance, the Board of Directors approved a Long-term incentive plan for some of the executives of the Company, covering cycles of three years.

Under the terms of the plan, participants may allocate a portion of their annual bonus to the plan. The part of the bonus allocated to the plan is used by the executive to purchase preferred shares of Vale, through a predefined financial institution on market conditions and without any benefit provided by Vale.

The shares purchased by the executive have no restrictions and may, in accordance with criteria for each participant, to be sold at any time. However, the shares must be retained for a period of three years and executives must keep their employment with the Valley during this period. The participant is thus to be entitled to receive from the Valley, a cash payment equivalent to the amount of shares held based on market quotations. The total number of shares subject to the plan on March 31, 2012 and December 31, 2011 are 4,880,468 and 3,012,538, respectively.

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

Liabilities are measured at fair value on the date of each issuance of the report, based on market rates.

Compensation costs incurred are recognized by the defined vesting period of three years. On March 31, 2012, December 31, 2011 and March 31, 2011, we recognized a liability of R\$ 109,324, R\$ 203,645 and R\$ 206,184, respectively, in the result.

**22 - Classification of financial instruments**

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

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|                                    | Consolidated<br>March 31, 2012 (unaudited)  |  |                |                   |
|------------------------------------|---|--|----------------|-------------------|
| Loans and receivables (a)          | At fair value through profit<br>or loss (b) | Derivatives designated as hedge<br>(c) | Total          |                   |
| <b>Financial assets</b>            |   |  |                |                   |
| <b>Current</b>                     |   |  |                |                   |
| Cash and cash equivalents          | 9,010,806                                   |  |                | 9,010,806         |
| Derivatives at fair value          |   | 836,424                                | 233,482        | 1,069,906         |
| Accounts receivable from customers | 14,024,877                                  |  |                | 14,024,877        |
| Related parties                    | 299,861                                     |  |                | 299,861           |
|                                    | <b>23,335,544</b>                           | <b>836,424</b>                         | <b>233,482</b> | <b>24,405,450</b> |
| <b>Non current</b>                 |   |  |                |                   |
| Related parties                    | 932,775                                     |  |                | 932,775           |
| Loans and financing                | 382,697                                     |  |                | 382,697           |
| Derivatives at fair value          |   | 52,977                                 |                | 52,977            |
|                                    | <b>1,315,472</b>                            | <b>52,977</b>                          |                | <b>1,368,449</b>  |
| <b>Total of Assets</b>             | <b>24,651,016</b>                           | <b>889,401</b>                         | <b>233,482</b> | <b>25,773,899</b> |
| <b>Financial liabilities</b>       |   |  |                |                   |
| <b>Current</b>                     |   |  |                |                   |
| Suppliers and contractors          | 8,493,405                                   |  |                | 8,493,405         |
| Derivatives at fair value          |   | 49,576                                 | 1,488          | 51,064            |
| Current portion of long-term debt  | 3,413,847                                   |  |                | 3,413,847         |
| Loans and financing                | 915,700                                     |  |                | 915,700           |
| Related parties                    | 36,208                                      |  |                | 36,208            |
|                                    | <b>12,859,160</b>                           | <b>49,576</b>                          | <b>1,488</b>   | <b>12,910,224</b> |
| <b>Non current</b>                 |   |  |                |                   |
| Derivatives at fair value          |   | 1,015,223                              |                | 1,015,223         |
| Loans and financing                | 41,189,225                                  |  |                | 41,189,225        |
| Related parties                    | 143,184                                     |  |                | 143,184           |
| Debentures                         | 2,674,090                                   |  |                | 2,674,090         |
|                                    | <b>44,006,499</b>                           | <b>1,015,223</b>                       |                | <b>45,021,722</b> |
| <b>Total of Liabilities</b>        | <b>56,865,659</b>                           | <b>1,064,799</b>                       | <b>1,488</b>   | <b>57,931,946</b> |

(a) Non-derivative financial instruments with determinable cash flow.

(b) Financial instruments acquired with the purpose of trading in the short term.

(c) See note 25 a.

(d) Financial instruments not classified in other categories.

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|                                       | <b>Consolidated<br/>December 31, 2010</b>           |  |                |                   |
|---------------------------------------|---|--|----------------|-------------------|
| <b>Loans and receivables (a)</b>      | <b>At fair value through profit<br/>or loss (b)</b> | <b>Derivatives designated as hedge<br/>(c)</b> | <b>Total</b>   |                   |
| <b>Financial assets</b>               |   |  |                |                   |
| <b>Current</b>                        |   |  |                |                   |
| Cash and cash equivalents             | 6,593,177   |  |                | 6,593,177         |
| Derivatives at fair value             |   | 809,896  | 301,848        | 1,111,744         |
| Accounts receivable from customers    | 15,888,807  |  |                | 15,888,807        |
| Related parties                       | 153,738   |  |                | 153,738           |
|                                       | <b>22,635,722</b>                                   | <b>809,896</b>                                 | <b>301,848</b> | <b>23,747,466</b> |
| <b>Non current</b>                    |   |  |                |                   |
| Related parties                       | 904,172   |  |                | 904,172           |
| Loans and financing                   | 399,277   |  |                | 399,277           |
| Derivatives at fair value             |   | 112,253  |                | 112,253           |
|                                       | <b>1,303,449</b>                                    | <b>112,253</b>                                 |                | <b>1,415,702</b>  |
| <b>Total of financial assets</b>      | <b>23,939,171</b>                                   | <b>922,149</b>                                 | <b>301,848</b> | <b>25,163,168</b> |
| <b>Financial liabilities</b>          |   |  |                |                   |
| <b>Current</b>                        |   |  |                |                   |
| Suppliers and contractors             | 8,851,220   |  |                | 8,851,220         |
| Derivatives at fair value             |   | 109,691  | 26,006         | 135,697           |
| Current portion of long-term debt     | 2,807,280   |  |                | 2,807,280         |
| Loans and financing                   | 40,044  |  |                | 40,044            |
| Related parties                       | 42,907  |  |                | 42,907            |
|                                       | <b>11,741,451</b>                                   | <b>109,691</b>                                 | <b>26,006</b>  | <b>11,877,148</b> |
| <b>Non current</b>                    |   |  |                |                   |
| Derivatives at fair value             |   | 1,238,542                                      |                | 1,238,542         |
| Loans and financing                   | 40,224,674  |  |                | 40,224,674        |
| Related parties                       | 170,616   |  |                | 170,616           |
| Debentures                            |   | 2,495,995                                      |                | 2,495,995         |
|                                       | <b>40,395,290</b>                                   | <b>3,734,537</b>                               |                | <b>44,129,827</b> |
| <b>Total of financial liabilities</b> | <b>52,136,741</b>                                   | <b>3,844,228</b>                               | <b>26,006</b>  | <b>56,006,975</b> |

(I) Period adjusted according to note 4.

|                                  | <b>Parent Company<br/>March 31, 2012 (unaudited)</b> |  |              |            |
|----------------------------------|--|--|--------------|------------|
| <b>Loans and receivables (a)</b> | <b>At fair value through profit<br/>or loss (b)</b>  | <b>Derivatives designated as hedge<br/>(c)</b> | <b>Total</b> |            |
| <b>Financial assets</b>          |  |  |              |            |
| <b>Current</b>                   |  |  |              |            |
| Cash and cash equivalents        | 1,062,693  |  |              | 1,062,693  |
| Derivatives at fair value        |  | 715,156  | 12,245       | 727,401    |
|                                  | 15,932,236   |  |              | 15,932,236 |

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|                                    |                   |                |               |                   |
|------------------------------------|-------------------|----------------|---------------|-------------------|
| Accounts receivable from customers |                   |                |               |                   |
| Related parties                    | 3,134,853         |                |               | 3,134,853         |
|                                    | <b>20,129,782</b> | <b>715,156</b> | <b>12,245</b> | <b>20,857,183</b> |
| <b>Non Current</b>                 |                   |                |               |                   |
| Related parties                    | 613,816           |                |               | 613,816           |
| Loans and financing                | 161,187           |                |               | 161,187           |
|                                    | <b>775,003</b>    |                |               | <b>775,003</b>    |
| <b>Total of Assets</b>             | <b>20,904,785</b> | <b>715,156</b> | <b>12,245</b> | <b>21,632,186</b> |
| <b>Financial Liabilities</b>       |                   |                |               |                   |
| <b>Current</b>                     |                   |                |               |                   |
| Suppliers and contractors          | 4,147,418         |                |               | 4,147,418         |
| Derivatives at fair value          |                   | 42,897         | 1,488         | 44,385            |
| Current portion of long-term debt  | 1,029,456         |                |               | 1,029,456         |
| Loans and financing                | 915,700           |                |               | 915,700           |
| Related parties                    | 5,227,391         |                |               | 5,227,391         |
|                                    | <b>11,319,965</b> | <b>42,897</b>  | <b>1,488</b>  | <b>11,364,350</b> |
| <b>Non Current</b>                 |                   |                |               |                   |
| Derivatives at fair value          |                   | 826,173        |               | 826,173           |
| Loans and financing                | 18,303,792        |                |               | 18,303,792        |
| Related parties                    | 28,852,629        |                |               | 28,852,629        |
| Debentures                         | 2,674,090         |                |               | 2,674,090         |
|                                    | <b>49,830,511</b> | <b>826,173</b> |               | <b>50,656,684</b> |
| <b>Total of Liabilities</b>        | <b>61,150,476</b> | <b>869,070</b> | <b>1,488</b>  | <b>62,021,034</b> |

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|                                       | <b>Parent Company<br/>December 31, 2010</b> |   |  |                   |
|---------------------------------------|---|---|--|-------------------|
|                                       | Loans and receivables (a)                   | At fair value through<br>profit or loss (b) | Derivatives designated as<br>hedge (c) | Total             |
| <b>Financial assets</b>               |   |   |  |                   |
| <b>Current</b>                        |   |   |  |                   |
| Cash and cash equivalents             | 574,788                                     |   |  | 574,787           |
| Derivatives at fair value             |   | 573,112                                     | 621                                    | 573,732           |
| Accounts receivable from<br>customers | 15,808,849                                  |   |  | 15,808,849        |
| Related parties                       | 2,561,308                                   |   |  | 2,561,308         |
|                                       | <b>18,944,945</b>                           | <b>573,112</b>                              | <b>621</b>                             | <b>19,518,676</b> |
| <b>Non current</b>                    |   |   |  |                   |
| Related parties                       | 445,769                                     |   |  | 445,769           |
| Loans and financing                   | 158,195                                     |   |  | 158,195           |
| Derivatives at fair value             |   | 96,262                                      |  | 96,262            |
|                                       | <b>603,964</b>                              | <b>96,262</b>                               |  | <b>700,226</b>    |
| <b>Total of financial assets</b>      | <b>19,548,909</b>                           | <b>669,374</b>                              | <b>621</b>                             | <b>20,218,902</b> |
| <b>Financial liabilities</b>          |   |   |  |                   |
| <b>Current</b>                        |   |   |  |                   |
| Suppliers and contractors             | 3,503,577                                   |   |  | 3,503,577         |
| Derivatives at fair value             |   | 91,464                                      | 26,006                                 | 117,470           |
| Current portion of long-term<br>debt  | 891,654                                     |   |  | 891,654           |
| Related parties                       | 4,959,017                                   |   |  | 4,959,017         |
|                                       | <b>9,354,248</b>                            | <b>91,464</b>                               | <b>26,006</b>                          | <b>9,471,718</b>  |
| <b>Non current</b>                    |   |   |  |                   |
| Derivatives at fair value             |   | 953,357                                     |  | 953,357           |
| Loans and financing                   | 18,595,793                                  |   |  | 18,595,793        |
| Related parties                       | 28,654,132                                  |   |  | 28,654,132        |
| Debentures                            |   | 2,495,995                                   |  | 2,495,995         |
|                                       | <b>47,249,925</b>                           | <b>3,449,352</b>                            |  | <b>50,699,277</b> |
| <b>Total of financial liabilities</b> | <b>56,604,173</b>                           | <b>3,540,816</b>                            | <b>26,006</b>                          | <b>60,170,995</b> |

**23 - Fair Value Estimative**

Due to the short-term cycle, it is assumed that the fair value of cash and cash equivalents balances, short-term investments, accounts receivable and accounts payable are close to their book values. For measurement and determination of fair value, the Company uses various methods including market approaches, income or cost, in order to estimate the value that market participants would use when pricing the asset or liability. The financial assets and liabilities recorded at fair value should be classified and disclosed in accordance with the following levels:

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

**Level 2** - Quoted prices (adjusted or unadjusted) for identical or similar assets or liabilities on active markets; and

**Level 3** - Assets and liabilities, where quoted prices, do not exist, or where prices or valuation techniques are supported by little or no market activity, unobservable or illiquid.

The tables below present the assets and liabilities of the parent and the consolidated company measured at fair value on March 31, 2012 and December 31, 2011.



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|   | Consolidated<br>March 31, 2012 (unaudited) |                  |                  | Parent Company<br>December 31, 2011 (I) |                  |                  |
|---|--|------------------|------------------|---|------------------|------------------|
|   | Level 1                                    | Level 2          | Total (*)        | Level 1                                 | Level 2          | Total (*)        |
| <b>Financial Assets</b>                         |  |                  |                  |   |                  |                  |
| <b>Current</b>                                  |  |                  |                  |   |                  |                  |
| Deriatives at fair value through profit or loss | 837  | 835,587          | 836,424          | 49                                      | 809,847          | 809,896          |
| Derivatives designated as hedges                |  | 233,482          | 233,482          |   | 301,848          | 301,848          |
|   | <b>837</b>                                 | <b>1,069,069</b> | <b>1,069,906</b> | <b>49</b>                               | <b>1,111,695</b> | <b>1,111,744</b> |
| <b>Non-Current</b>                              |  |                  |                  |   |                  |                  |
| Deriatives at fair value through profit or loss |  | 52,977           | 52,977           |   | 112,253          | 112,253          |
|   |  | <b>52,977</b>    | <b>52,977</b>    |   | <b>112,253</b>   | <b>112,253</b>   |
| <b>Total of Assets</b>                          | <b>837</b>                                 | <b>1,122,046</b> | <b>1,122,883</b> | <b>49</b>                               | <b>1,223,948</b> | <b>1,223,997</b> |
| <b>Financial Liabilities</b>                    |  |                  |                  |   |                  |                  |
| <b>Current</b>                                  |  |                  |                  |   |                  |                  |
| Deriatives at fair value through profit or loss | 760  | 48,816           | 49,576           | 775                                     | 108,916          | 109,691          |
| Derivatives designated as hedges                |  | 1,488            | 1,488            |   | 26,006           | 26,006           |
|   | <b>760</b>                                 | <b>50,304</b>    | <b>51,064</b>    | <b>775</b>                              | <b>134,922</b>   | <b>135,697</b>   |
| <b>Non-Current</b>                              |  |                  |                  |   |                  |                  |
| Deriatives at fair value through profit or loss |  | 1,015,223        | 1,015,223        |   | 1,238,542        | 1,238,542        |
| Stockholders debentures                         |  | 2,674,090        | 2,674,090        |   | 2,495,995        | 2,495,995        |
|   |  | <b>3,689,313</b> | <b>3,689,313</b> |   | <b>3,734,537</b> | <b>3,734,537</b> |
| <b>Total of Liabilities</b>                     | <b>760</b>                                 | <b>3,739,617</b> | <b>3,740,377</b> | <b>775</b>                              | <b>3,869,459</b> | <b>3,870,234</b> |

(I) Period adjusted according to note 4.

|  | Parent Company<br>March 31, 2012 (unaudited) |                | Parent Company<br>December 31, 2011 |                |
|--|--|----------------|-------------------------------------|----------------|
|  | Level 2                                      | Total (*)      | Level 2                             | Total (*)      |
| <b>Financial Assets</b>                          |  |                |                                     |                |
| <b>Current</b>                                   |  |                |                                     |                |
| Derivatives at fair value through profit or loss | 715,156                                      | 715,156        | 573,111                             | 573,111        |
| Derivatives designated as hedges                 | 12,245                                       | 12,245         | 621                                 | 621            |
|  | <b>727,401</b>                               | <b>727,401</b> | <b>573,732</b>                      | <b>573,732</b> |
| <b>Non-current</b>                               |  |                |                                     |                |
| Derivatives at fair value through profit or loss |  |                | 96,262                              | 96,262         |
|  |  |                | <b>96,262</b>                       | <b>96,262</b>  |

|  |                  |                  |                  |                  |
|--|------------------|------------------|------------------|------------------|
| <b>Total of assets</b>                           | <b>727,401</b>   | <b>727,401</b>   | <b>669,994</b>   | <b>669,994</b>   |
| <b>Financial Liabilities</b>                     |                  |                  |                  |                  |
| <b>Current</b>                                   |                  |                  |                  |                  |
| Derivatives at fair value through profit or loss | 42,897           | 42,897           | 91,464           | 91,464           |
| Derivatives designated as hedges                 | 1,488            | 1,488            | 26,006           | 26,006           |
|  | <b>44,385</b>    | <b>44,385</b>    | <b>117,470</b>   | <b>117,470</b>   |
| <b>Non-current</b>                               |                  |                  |                  |                  |
| <b>Derivatives</b>                               |                  |                  |                  |                  |
| Derivatives at fair value through profit or loss | 826,173          | 826,173          | 953,357          | 953,357          |
| Stockholders debentures                          | 2,674,090        | 2,674,090        | 2,495,995        | 2,495,995        |
|  | <b>3,500,263</b> | <b>3,500,263</b> | <b>3,449,352</b> | <b>3,449,352</b> |
| <b>Total of liabilities</b>                      | <b>3,544,648</b> | <b>3,544,648</b> | <b>3,566,822</b> | <b>3,566,822</b> |

(\*) No classification according to the level 3

**a) Methods and Techniques of Evaluation**

**i. Assets and liabilities at fair value through profits or loss**

Comprise derivatives not designated as hedges and stockholders debentures.

**• Derivatives designated or not as hedge**

The financial instruments were evaluated by calculating their present value through the use of curves that impact the instrument on the dates of verification. The curves and prices used in the calculation for each group of instruments are detailed in the market curves .

The pricing method used in the case of European options is the Black & Scholes model. In this model, the fair value of the derivative is a function of volatility and price of the underlying asset, the exercise price of the option, the interest rate and period to maturity. In the case of options when the income is a function of the average price of the underlying asset over a

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period of life of the option, called Asian, we use the model of Turnbull & Wakeman. In this model, besides the factors that influence the option price in the Black-Scholes model, is considered the forming period of the average price.

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

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

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

• **Stockholders Debentures**

Comprise the debentures issued on behalf of the privatization process (see note 27(b)), whose fair values are measured based on market approach, and its reference prices are available on the secondary market.

ii. **Assets available-for-sales**

Comprise the assets that are not held-to-maturity, for strategic reasons. Comprise investments that are valued based on quoted prices in active markets where available, or internal assessments based on expected future cash flows of the assets.

b) **Fair value measurement compared to book value**

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

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

|                           | Balance    | Consolidated<br>March 31, 2012 (unaudited) |            |            |
|---------------------------|------------|--|------------|------------|
|                           |            | Fair value                                 | Level 1    | Level 2    |
| <b>Loans (long term)*</b> | 43,934,622 | 47,456,734                                 | 35,624,393 | 11,832,341 |
| <b>Perpetual notes**</b>  | 143,184    | 143,184                                    |            | 143,184    |

\* Net interest of R\$ 668.450

\*\* classified on Related parties (Non-current liabilities)

|                           | Balance    | Consolidated<br>December 31, 2011 (I) |            |            |
|---------------------------|------------|---------------------------------------|------------|------------|
|                           |            | Fair value                            | Level 1    | Level 2    |
| <b>Loans (long term)*</b> | 42,410,418 | 48,325,480                            | 35,884,438 | 12,441,042 |
| <b>Perpetual notes**</b>  | 149,432    | 149,432                               |            | 149,432    |

\* Net interest of R\$ 621.536

\*\* classified on Related parties (Non-current liabilities)

(I) Period adjusted according to note 4.

|                           | Balance of 2011 | Parent Company<br>March 31, 2012 (unaudited) |            |           |
|---------------------------|-----------------|--|------------|-----------|
|                           |                 | Fair value of 2011                           | Level 1    | Level 2   |
| <b>Loans (long term)*</b> | 19,023,044      | 19,757,143                                   | 12,107,385 | 7,649,758 |

\* net interest of R\$ 310.204

|                           | Balance    | Parent Company<br>40908 |            |           |
|---------------------------|------------|-------------------------|------------|-----------|
|                           |            | Fair value              | Level 1    | Level 2   |
| <b>Loans (long term)*</b> | 19,208,011 | 19,718,038              | 12,009,432 | 7,708,606 |

\* net interest of R\$ 279.436

(\*) No classification according to the level 3

Table of Contents**24 - Stockholders Equity****a) Capital**

The Stockholders Equity is represented by common and preferred non-redeemable shares without par value. Preferred shares have the same rights as common shares, with the exception of voting for election of members of the Board of Directors. The Board of Directors may, regardless of changes to bylaws, issue new shares (authorized capital), including the capitalization of profits and reserves to the extent authorized.

In March 31 2012, the capital was R\$75,000,000 corresponding to 5,365,304,100 (3,256,724,482 common and 2,108,579,618 preferred) shares with no par value.

| Stockholders  | ON                   | March 31, 2012       |                      |
|---|----------------------|----------------------|----------------------|
|   |                      | PNA                  | Total                |
| Valepar S.A.  | 1,716,435,045        | 20,340,000           | 1,736,775,045        |
| Brazilian Government (Golden Share)                 |                      | 12                   | 12                   |
| Foreign investors - ADRs                            | 704,158,024          | 738,575,756          | 1,442,733,780        |
| FMP - FGTS  | 96,628,242           |                      | 96,628,242           |
| PIBB - BNDES  | 1,899,723            | 2,818,913            | 4,718,636            |
| BNDESPar  | 218,386,481          | 69,432,771           | 287,819,252          |
| Foreign institutional investors in the local market | 204,154,750          | 383,594,981          | 587,749,731          |
| Institutional investors                             | 170,742,602          | 374,069,356          | 544,811,958          |
| Retail investors in the country                     | 57,408,541           | 338,648,169          | 396,056,710          |
| Treasure stock in the country                       | 86,911,074           | 181,099,660          | 268,010,734          |
| <b>Total</b>  | <b>3,256,724,482</b> | <b>2,108,579,618</b> | <b>5,365,304,100</b> |

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

The mandatory convertibles as at March 31, 2012 are presented:

| Series                     | Emission | Expiration | Amount (thousands of reais) |                |            |
|----------------------------|----------|------------|-----------------------------|----------------|------------|
|                            |          |            | Gross                       | Net of changes | Coupon     |
| Series VALE e VALEP - 2012 | July/09  | June/12    | 1,858                       | 1,523          | 6,75% a.a. |

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The notes pay a quarterly coupon 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 financial charges, are equivalent to the maximum of common shares and preferred shares as reported below. All the shares are currently held in treasury.

| Series                     | Maximum amount of shares |            | Amount (thousands of reais) |           |
|----------------------------|--------------------------|------------|-----------------------------|-----------|
|                            | Common                   | Preferred  | Common                      | Preferred |
| Series VALE e VALEP - 2012 | 18,415,859               | 47,284,800 | 473                         | 1,050     |

In April 2012 (subsequent event), Vale paid additional compensation to holders of notes mandatorily convertible into ADRs, series 2012-VALE and VALEP-2012, in the amount of R\$ 2.791486 and R\$ 3.228658 per note, respectively.

Table of Contents**c) Treasury stocks**

In March 31, 2012, there are 268,010,734 treasury stocks, in the amount of R\$ 9,918,530, as follows:

| Classes      | December 31, 2011  | Addition | Reduction    | March 31, 2012<br>(unaudited) | Price of acquisition |        |       | March 31, 2012<br>(unaudited) | December 31, 2011 |
|--------------|--------------------|----------|--------------|-------------------------------|----------------------|--------|-------|-------------------------------|-------------------|
|              |                    |          |              |                               | Average              | Low(*) | High  |                               |                   |
| Preferred    | 181,099,814        |          | (154)        | 181,099,660                   | 37.50                | 14.02  | 47.77 | 41.46                         | 45.08             |
| Common       | 86,911,207         |          | (133)        | 86,911,074                    | 35.98                | 20.07  | 54.83 | 42.92                         | 51.50             |
| <b>Total</b> | <b>268,011,021</b> |          | <b>(287)</b> | <b>268,010,734</b>            |                      |        |       |                               |                   |

(\*) Shares value with splits: R\$ 1.17 preferred and R\$ 1.67 common.

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

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

|   | Three-month period ended (unaudited) |                   |                   |
|---|--------------------------------------|-------------------|-------------------|
|   | March 31, 2012                       | December 31, 2011 | March 31, 2011    |
| <b>Net income from continuing operations attributable to the Company's stockholders</b> | <b>6,556,164</b>                     | <b>8,354,447</b>  | <b>11,290,983</b> |
| <b>Net income attributable to the Company's stockholders</b>                            | <b>6,556,164</b>                     | <b>8,354,447</b>  | <b>11,290,983</b> |
| <b>Basic and diluted earnings per share:</b>  |                                      |                   |                   |
| Income available to preferred stockholders  | 2,507,631                            | 3,202,953         | 4,393,788         |
| Income available to common stockholders   | 4,048,533                            | 5,151,494         | 6,897,195         |
| <b>Total</b>  | <b>6,556,164</b>                     | <b>8,354,447</b>  | <b>11,290,983</b> |
| Weighted average number of shares outstanding (thousands of shares) - preferred shares  | 1,974,765                            | 1,985,195         | 2,056,215         |
| Weighted average number of shares outstanding (thousands of shares) - common shares     | 3,188,229                            | 3,192,903         | 3,227,765         |



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|                                      |                  |                  |                  |
|--------------------------------------|------------------|------------------|------------------|
| <b>Total</b>                         | <b>5,162,994</b> | <b>5,178,098</b> | <b>5,283,980</b> |
| <b>Basic earnings per share</b>      |                  |                  |                  |
| Basic earnings per preferred share   | 1.27             | 1.61             | 2.14             |
| Basic earnings per common share      | 1.27             | 1.61             | 2.14             |
| <b>Diluted earnings per share</b>    |                  |                  |                  |
| Diluted earnings per preferred share | 1.27             | 1.61             | 2.14             |
| Diluted earnings per common share    | 1.27             | 1.61             | 2.14             |

**f) Remuneration of Stockholders**

In April 2012 (subsequent event), the board of directors approved the payment of the first installment interest on own capital (JCP), the total gross amount of R\$ 5,481 million equivalent to R\$ 1.075276545 per outstanding share, common or preferred shares of Vale.

Table of Contents**25- Derivatives****a) Effects of Derivatives on the balance sheet**

|   | Consolidated               |               |                       |                |                            |                  |                       |                  |
|---|----------------------------|---------------|-----------------------|----------------|----------------------------|------------------|-----------------------|------------------|
|   | Assets                     |               |                       |                | Liabilities                |                  |                       |                  |
|   | March 31, 2012 (unaudited) |               | December 31, 2011 (I) |                | March 31, 2012 (unaudited) |                  | December 31, 2011 (I) |                  |
|   | Current                    | Non-current   | Current               | Non-current    | Current                    | Non-current      | Current               | Non-current      |
| <b><u>Derivatives not designated as hedge</u></b>     |                            |               |                       |                |                            |                  |                       |                  |
| <b><u>Foreign exchange and interest rate risk</u></b> |                            |               |                       |                |                            |                  |                       |                  |
| CDI & TJLP vs. US\$ fixed and floating rate swap      | 797,478                    |               | 766,927               | 112,253        | 42,896                     | 931,872          | 91,467                | 1,100,582        |
| EuroBonds Swap  |                            |               |                       |                | 5,834                      | 18,826           | 7,381                 | 60,644           |
| Treasury future                                       |                            |               |                       |                |                            |                  | 9,870                 |                  |
| Pre dollar swap                                       | 35,721                     |               | 34,639                |                |                            | 64,525           |                       | 77,316           |
|   | <b>833,199</b>             |               | <b>801,566</b>        | <b>112,253</b> | <b>48,730</b>              | <b>1,015,223</b> | <b>108,718</b>        | <b>1,238,542</b> |
| <b><u>Commodities price risk</u></b>                  |                            |               |                       |                |                            |                  |                       |                  |
| Nickel  |                            |               |                       |                |                            |                  |                       |                  |
| Fixed price program                                   | 3,225                      |               | 806                   |                | 760                        |                  | 973                   |                  |
| Copper  |                            |               | 167                   |                | 86                         |                  |                       |                  |
| Bunker Oil Hedge                                      |                            |               | 7,357                 |                |                            |                  |                       |                  |
|   | <b>3,225</b>               |               | <b>8,330</b>          |                | <b>846</b>                 |                  | <b>973</b>            |                  |
| <b><u>Derivatives designated as hedge</u></b>         |                            |               |                       |                |                            |                  |                       |                  |
| Strategic Nickel                                      | 215,729                    |               | 301,227               |                |                            |                  |                       |                  |
| Foreign exchange cash flow hedge                      | 17,753                     | 52,977        | 621                   |                | 1,488                      |                  | 26,006                |                  |
|   | <b>233,482</b>             | <b>52,977</b> | <b>301,848</b>        |                | <b>1,488</b>               |                  | <b>26,006</b>         |                  |
| <b>Total</b>  | <b>1,069,906</b>           | <b>52,977</b> | <b>1,111,744</b>      | <b>112,253</b> | <b>51,064</b>              | <b>1,015,223</b> | <b>135,697</b>        | <b>1,238,542</b> |

(I) Period adjusted according to note 4.

|   | Parent Company             |             |                   |             |                            |             |                   |             |
|---|----------------------------|-------------|-------------------|-------------|----------------------------|-------------|-------------------|-------------|
|   | Assets                     |             |                   | Liabilities |                            |             |                   |             |
|   | March 31, 2012 (unaudited) |             | December 31, 2011 |             | March 31, 2012 (unaudited) |             | December 31, 2011 |             |
|   | Current                    | Non-current | Current           | Non-current | Current                    | Non-current | Current           | Non-current |
| <b><u>Derivatives not designated as hedge</u></b>     |                            |             |                   |             |                            |             |                   |             |
| <b><u>Foreign exchange and interest rate risk</u></b> |                            |             |                   |             |                            |             |                   |             |

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|  |                |                |               |               |                |                |                |
|--|----------------|----------------|---------------|---------------|----------------|----------------|----------------|
| CDI & TJLP vs. US\$ fixed and floating rate swap | 679,435        | 538,472        | 96,262        | 42,897        | 761,648        | 91,464         | 876,041        |
| Pre dollar swap                                  | 35,721         | 34,639         |               |               | 64,525         |                | 77,316         |
|  | <b>715,156</b> | <b>573,111</b> | <b>96,262</b> | <b>42,897</b> | <b>826,173</b> | <b>91,464</b>  | <b>953,357</b> |
| <b>Derivatives designated as hedge</b>           |                |                |               |               |                |                |                |
| Foreign exchange cash flow hedge                 | 12,245         | 621            |               | 1,488         |                | 26,006         |                |
|  | <b>12,245</b>  | <b>621</b>     |               | <b>1,488</b>  |                | <b>26,006</b>  |                |
| <b>Total</b>                                     | <b>727,401</b> | <b>573,732</b> | <b>96,262</b> | <b>44,385</b> | <b>826,173</b> | <b>117,470</b> | <b>953,357</b> |

b) Effects of derivatives in the statement of income

|  | Consolidated                         |                       |                    | Parent Company                       |                   |                |
|--|--------------------------------------|-----------------------|--------------------|--------------------------------------|-------------------|----------------|
|  | Three-month period ended (unaudited) |                       |                    | Three-month period ended (unaudited) |                   |                |
|  | March 31, 2012                       | December 31, 2011 (I) | March 31, 2011 (I) | March 31, 2012                       | December 31, 2011 | March 31, 2011 |
| <b>Foreign exchange and interest rate risk</b>   |                                      |                       |                    |                                      |                   |                |
| CDI & TJLP vs. US\$ fixed and floating rate swap | 365,104                              | 30,415                | 290,109            | 251,832                              | 1,336             | 197,763        |
| EURO floating rate vs. US\$ fixed rate swap      |                                      | (6)                   | 286                |                                      | (6)               | 286            |
| US\$ floating rate vs. US\$ fixed rate swap      |                                      | 26                    | (97)               |                                      |                   |                |
| AUD Forward                                      |                                      |                       | (286)              |                                      |                   |                |
| EuroBonds Swap                                   | 33,224                               | (44,243)              | 69,883             |                                      |                   |                |
| US\$ fixed rate vs. CDI swap                     |                                      | (86,406)              |                    |                                      | (86,406)          |                |
| Treasury future                                  | 15,221                               | (21,544)              |                    |                                      |                   |                |
| Pre dollar swap                                  | 21,095                               | (16,734)              | 2,891              | 21,095                               | (19,412)          | 2,891          |
|  | <b>434,644</b>                       | <b>(138,492)</b>      | <b>362,786</b>     | <b>272,927</b>                       | <b>(104,488)</b>  | <b>200,940</b> |
| <b>Commodities price risk</b>                    |                                      |                       |                    |                                      |                   |                |
| Nickel   |                                      |                       |                    |                                      |                   |                |
| Fixed price program                              | (8,000)                              | 11,910                | 22,757             |                                      |                   |                |
| Strategic program                                |                                      |                       | 24,993             |                                      |                   |                |
| Copper   | (635)                                | (325)                 | 131                |                                      |                   |                |
| Bunker Oil Hedge                                 |                                      | 3,843                 | 53,394             |                                      |                   |                |
| Coal   |                                      |                       | (33)               |                                      |                   |                |
|  | <b>(8,635)</b>                       | <b>15,428</b>         | <b>101,242</b>     |                                      |                   |                |
| <b>Embedded derivatives</b>                      |                                      |                       |                    |                                      |                   |                |
| Energy - Aluminum options                        |                                      |                       | (12,074)           |                                      |                   | (12,074)       |
| <b>Derivatives designated as hedge</b>           |                                      |                       |                    |                                      |                   |                |
| Strategic Nickel                                 | 92,756                               | 151,399               | (55,353)           |                                      |                   |                |
| Foreign exchange cash flow hedge                 | 305                                  | 33,074                |                    |                                      | 33,074            |                |
|  | <b>93,061</b>                        | <b>184,473</b>        | <b>(55,353)</b>    |                                      | <b>33,074</b>     |                |
| <b>Total</b>                                     | <b>519,070</b>                       | <b>61,409</b>         | <b>396,601</b>     | <b>272,927</b>                       | <b>(71,414)</b>   | <b>200,940</b> |
| Financial income                                 | 527,705                              | 230,667               | 464,444            | 272,927                              | 34,410            | 200,940        |
| Financial (expenses)                             | (8,635)                              | (169,258)             | (67,843)           |                                      | (105,824)         |                |
|  | <b>519,070</b>                       | <b>61,409</b>         | <b>396,601</b>     | <b>272,927</b>                       | <b>(71,414)</b>   | <b>200,940</b> |

(I) Period adjusted according to note 4.



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## c) Effects of derivatives as Cash Flow hedge

|  | (Inflows)/ Outflows                  |                       |                    |                                      |                   |                 |
|--|--------------------------------------|-----------------------|--------------------|--------------------------------------|-------------------|-----------------|
|  | Consolidated                         |                       |                    | Parent Company                       |                   |                 |
|  | Three-month period ended (unaudited) |                       |                    | Three-month period ended (unaudited) |                   |                 |
|  | March 31, 2012                       | December 31, 2011 (I) | March 31, 2011 (I) | March 31, 2012                       | December 31, 2011 | March 31, 2011  |
| <b><u>Exchange risk and interest rates</u></b>   |                                      |                       |                    |                                      |                   |                 |
| CDI & TJLP vs. US\$ fixed and floating rate swap | (229,474)                            | (203,186)             | (81,067)           | (44,173)                             | (166,645)         | (34,435)        |
| US\$ floating rate vs. US\$ fixed rate swap      |                                      | 1,397                 | 1,873              |                                      |                   |                 |
| Euro floating rate vs. US\$ fixed rate swap      |                                      | (489)                 |                    |                                      | (489)             |                 |
| AUD Forward                                      |                                      |                       | (3,866)            |                                      |                   |                 |
| EuroBonds Swap                                   | 6,628                                |                       |                    |                                      |                   |                 |
| US\$ fixed rate vs. CDI swap                     |                                      | (177,107)             |                    |                                      | (177,107)         |                 |
| Treasury future                                  | (5,763)                              | 11,585                |                    |                                      |                   |                 |
| Pre dollar swap                                  | (7,222)                              | (918)                 |                    | (7,222)                              |                   |                 |
|  | <b>(235,831)</b>                     | <b>(368,718)</b>      | <b>(83,060)</b>    | <b>(51,395)</b>                      | <b>(344,241)</b>  | <b>(34,435)</b> |
| <b><u>Risk of product prices</u></b>             |                                      |                       |                    |                                      |                   |                 |
| Nickel   |                                      |                       |                    |                                      |                   |                 |
| Fixed price program                              | 10,536                               | (28,664)              | (1,517)            |                                      |                   |                 |
| Copper   | 392                                  | (719)                 | 493                |                                      |                   |                 |
| Maritime Freight                                 |                                      |                       |                    |                                      |                   |                 |
| Hiring Protection Program                        |                                      |                       | 2,852              |                                      |                   |                 |
| Bunker Oil Hedge                                 | (7,047)                              | (21,242)              | (12,556)           |                                      |                   |                 |
| Coal   |                                      |                       | 3,436              |                                      |                   |                 |
|  | <b>3,881</b>                         | <b>(50,625)</b>       | <b>(7,292)</b>     |                                      |                   |                 |
| <b><u>Derivatives embutidos:</u></b>             |                                      |                       |                    |                                      |                   |                 |
| <b>Derivatives designated as hedges</b>          |                                      |                       |                    |                                      |                   |                 |
| Strategic Nickel                                 | (92,756)                             | (151,399)             | 55,353             |                                      |                   |                 |
| Foreign exchange cash flow hedge                 | (305)                                | (33,074)              | (22,592)           |                                      | (33,074)          |                 |
| Aluminum   |                                      |                       | 11,865             |                                      |                   |                 |
|  | <b>(93,061)</b>                      | <b>(184,473)</b>      | <b>44,626</b>      |                                      | <b>(33,074)</b>   |                 |
| <b>Total</b>                                     | <b>(325,011)</b>                     | <b>(603,816)</b>      | <b>(45,726)</b>    | <b>(51,395)</b>                      | <b>(377,315)</b>  | <b>(34,435)</b> |
| <b>Gains (losses) unrealized derivative</b>      |                                      |                       |                    |                                      |                   |                 |
|  | <b>194,059</b>                       | <b>(542,407)</b>      | <b>350,875</b>     | <b>221,532</b>                       | <b>(448,729)</b>  | <b>166,505</b>  |

(I) Period adjusted according to note 4.

**d) Effects of derivatives designated as hedge****i. Cash Flow Hedge**

The effects of cash flow hedge impact the stockholders' equity and are presented in the following tables:

|   | Currency      | Year ended               |              |               | noncontrolling<br>stockholders | Consolidated<br>Total |
|---|---------------|--------------------------|--------------|---------------|--------------------------------|-----------------------|
|   |               | Parent company<br>Nickel | Others       | Total         |                                |                       |
| Fair value measurements                           | 23,838        | (69,798)                 | 1,249        | (44,711)      | 1,200                          | (43,511)              |
| Reclassification to results due<br>to realization |               | 55,353                   |              | 55,353        |                                | 55,353                |
| <b>Net change in March 31, 2011</b>               | <b>23,838</b> | <b>(14,445)</b>          | <b>1,249</b> | <b>10,642</b> | <b>1,200</b>                   | <b>11,842</b>         |
| Fair value measurements                           | 93,119        | 14,128                   |              | 107,247       |                                | 107,247               |
| Reclassification to results due<br>to realization | (305)         | (92,755)                 |              | (93,060)      |                                | (93,060)              |
| <b>Net change in March 31, 2012</b>               | <b>92,814</b> | <b>(78,627)</b>          |              | <b>14,187</b> |                                | <b>14,187</b>         |

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

**Additional information about derivatives financial instruments****Value at Risk computation methodology**

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

**Contracts subjected to margin calls**

Vale has contracts subject to margin calls only for part of nickel trades executed by its wholly-owned subsidiary Vale Canada Ltd. The total cash amount as of March 31, 2012 is not relevant.



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**Initial Cost of Contracts**

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

The following tables show as of March 31, 2012, the derivatives positions for Vale and controlled companies with the following information: notional amount, fair value, value at risk, gains or losses in the period and the fair value for the remaining years of the operations per each group of instruments.

**BRL/USD Exchange Rate Adopted in Fair Value Calculation**

According with accounting principles, the fair values of derivative instruments originally negotiated in American dollar were transform in BRL values with the objective of publish in the Vale's official currency using PTAX (sell) published by BACEN to April 02, 2012, that is 1.8314.

**Interest Rates and Foreign Exchange Derivative Positions**

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

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



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

| Flow                              | Notional (\$ million) |                   | Index | Average rate | R\$ Million    |                   | Realized Gain/Loss March 31, 2012 | Value at Risk March 31, 2012 | Fair value by year |           |            |              |                 |
|-----------------------------------|-----------------------|-------------------|-------|--------------|----------------|-------------------|-----------------------------------|------------------------------|--------------------|-----------|------------|--------------|-----------------|
|                                   | March 31, 2012        | December 31, 2011 |       |              | Fair value     | Fair value        |                                   |                              | 2012               | 2013      | 2014       | 2015         |                 |
|                                   |                       |                   |       |              | March 31, 2012 | December 31, 2011 |                                   |                              |                    |           |            |              |                 |
| <b>CDI vs. fixed rate swap</b>    |                       |                   |       |              |                |                   |                                   |                              |                    |           |            |              |                 |
| Receivable                        | R\$                   | 5,420             | R\$   | 5,542        | CDI            | 103.25%           | 5,628                             | 5,696                        | 792                |           |            |              |                 |
| Payable                           | US\$                  | 3,144             | US\$  | 3,144        | US\$ +         | 3.72%             | (5,980)                           | (6,075)                      | (617)              |           |            |              |                 |
| <b>Net</b>                        |                       |                   |       |              |                |                   | <b>(352)</b>                      | <b>(379)</b>                 | <b>175</b>         | <b>78</b> | <b>163</b> | <b>(320)</b> | <b>61</b> (257) |
| <b>CDI vs. floating rate swap</b> |                       |                   |       |              |                |                   |                                   |                              |                    |           |            |              |                 |
| Receivable                        | R\$                   | 428               | R\$   | 428          | CDI            | 103.56%           | 438                               | 453                          | 25                 |           |            |              |                 |
|                                   |                       |                   |       |              | Libor          |                   |                                   |                              |                    |           |            |              |                 |
| Payable                           | US\$                  | 250               | US\$  | 250          | +              | 0.99%             | (470)                             | (486)                        | (3)                |           |            |              |                 |
| <b>Net</b>                        |                       |                   |       |              |                |                   | <b>(32)</b>                       | <b>(33)</b>                  | <b>22</b>          | <b>6</b>  | <b>15</b>  | <b>27</b>    | <b>32</b> (106) |

**Type of contracts:** OTC Contracts

**Protected Item:** Debts linked to BRL

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

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

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

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

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

| Flow                                    | Notional (\$ million) |                   | Index | Average rate | Fair value     |                   | Realized Gain/Loss March 31, 2012 | Value at Risk March 31, 2012 | Fair value by year |      |      |      |           |      |       |
|---|-----------------------|-------------------|-------|--------------|----------------|-------------------|-----------------------------------|------------------------------|--------------------|------|------|------|-----------|------|-------|
|   | March 31, 2012        | December 31, 2011 |       |              | March 31, 2012 | December 31, 2011 |                                   |                              | 2012               | 2013 | 2014 | 2015 | 2016-2019 |      |       |
|   |                       |                   |       |              |                |                   |                                   |                              |                    |      |      |      |           |      |       |
| <b>Swap TJLP vs. fixed rate swap</b>    |                       |                   |       |              |                |                   |                                   |                              |                    |      |      |      |           |      |       |
|   |                       |                   |       |              |                |                   |                                   |                              |                    |      |      |      |           |      |       |
|   |                       |                   |       |              |                |                   |                                   |                              |                    |      |      |      |           |      |       |
| Receivable                              | R\$                   | 3,127             | R\$   | 3,107        | TJLP +         | 1.32%             | 3.000                             | 2,927                        | 77                 |      |      |      |           |      |       |
|   |                       |                   |       |              |                |                   |                                   |                              |                    |      |      |      |           |      |       |
| Payable                                 | US\$                  | 1,622             | US\$  | 1,611        | USD +          | 2.55%             | (2,931)                           | (2,945)                      | (47)               |      |      |      |           |      |       |
| Net                                     |                       |                   |       |              |                |                   | 69                                | (18)                         | 30                 | 38   | 178  | 213  | (68)      | (80) | (174) |
| <b>Swap TJLP vs. floating rate swap</b> |                       |                   |       |              |                |                   |                                   |                              |                    |      |      |      |           |      |       |
|   |                       |                   |       |              |                |                   |                                   |                              |                    |      |      |      |           |      |       |
|   |                       |                   |       |              |                |                   |                                   |                              |                    |      |      |      |           |      |       |
| Receivable                              | R\$                   | 772               | R\$   | 774          | TJLP +         | 0.91%             | 717                               | 695                          | 3                  |      |      |      |           |      |       |
|   |                       |                   |       |              |                |                   |                                   |                              |                    |      |      |      |           |      |       |
| Payable                                 | US\$                  | 363               | US\$  | 365          | Libor +        | -1.15%            | (579)                             | (578)                        | (2)                |      |      |      |           |      |       |
| Net                                     |                       |                   |       |              |                |                   | 138                               | 117                          | 1                  | 8    | 195  | 40   | (34)      | 6    | (69)  |

**Type of contracts:** OTC Contracts

**Protected Item:** Debts linked to BRL

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

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

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

| Flow   | Notional (\$ million) |                   | Index | Average rate | Fair value     |                   | Realized Gain/Loss March 31, 2012 | Value at Risk March 31, 2012 | Fair value by year |          |           |           |           |                         |
|--|-----------------------|-------------------|-------|--------------|----------------|-------------------|-----------------------------------|------------------------------|--------------------|----------|-----------|-----------|-----------|-------------------------|
|  | March 31, 2012        | December 31, 2011 |       |              | March 31, 2012 | December 31, 2011 |                                   |                              | 2012               | 2013     | 2014      | 2015      | 2016      |                         |
|  |                       |                   |       |              |                |                   |                                   |                              |                    |          |           |           |           |                         |
| <b>R\$ fixed rate vs. US\$ fixed rate swap</b> |                       |                   |       |              |                |                   |                                   |                              |                    |          |           |           |           |                         |
| Receivable                                     | R\$                   | 615               | R\$   | 615          | Fixed          | 4.64%             | 532                               | 517                          | 5                  |          |           |           |           |                         |
| Payable  | US\$                  | 355               | US\$  | 355          | US\$+          | -1.20%            | (561)                             | (560)                        | 2                  |          |           |           |           |                         |
| <b>Net</b>                                     |                       |                   |       |              |                |                   | <b>(29)</b>                       | <b>(43)</b>                  | <b>7</b>           | <b>7</b> | <b>29</b> | <b>26</b> | <b>13</b> | <b>(19)</b> <b>(78)</b> |

Type of contracts: OTC Contracts

Protected Item: Debts linked to BRL

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

#### Foreign Exchange cash flow hedge

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

| Flow       | Notional (\$ million) |                   | Index | Average rate | Fair value     |                   | Realized Gain/Loss March 31, 2012 | Value at Risk March 31, 2012 | R\$ million Fair value by year |           |
|------------|-----------------------|-------------------|-------|--------------|----------------|-------------------|-----------------------------------|------------------------------|--------------------------------|-----------|
|            | March 31, 2012        | December 31, 2011 |       |              | March 31, 2012 | December 31, 2011 |                                   |                              | 2012                           | 2012      |
|            |                       |                   |       |              |                |                   |                                   |                              |                                |           |
| Receivable | R\$                   | 820               | R\$   | 880          | Fixed          | 6.20%             | 822                               | 797                          |                                |           |
| Payable    | US\$                  | 450               | US\$  | 450          | US\$+          | 0.00%             | (811)                             | (822)                        |                                |           |
| <b>Net</b> |                       |                   |       |              |                |                   | <b>11</b>                         | <b>(25)</b>                  | <b>11</b>                      | <b>11</b> |

Type of contracts: OTC Contracts

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

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

**Protection program for Euro denominated debt**

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

| Flow       | Notional (\$ million) |                   | Index | Average rate | Fair value     |                   | Realized Gain/Loss March 31, 2012 | Value at Risk March 31, 2012 | R\$ Million        |             |      |
|------------|-----------------------|-------------------|-------|--------------|----------------|-------------------|-----------------------------------|------------------------------|--------------------|-------------|------|
|            | March 31, 2012        | December 31, 2011 |       |              | March 31, 2012 | December 31, 2011 |                                   |                              | Fair value by year |             |      |
|            |                       |                   |       |              |                |                   |                                   |                              | 2012               | 2013        | 2014 |
| Receivable | 500                   | 500               | EUR   | 4.378%       | 1,306          | 1,350             | 53                                |                              |                    |             |      |
| Payable    | US\$ 675              | US\$ 675          | US\$  | 4.71%        | (1,331)        | (1,418)           | (60)                              |                              |                    |             |      |
| <b>Net</b> |                       |                   |       |              | <b>(25)</b>    | <b>(68)</b>       | <b>(7)</b>                        | <b>16</b>                    | <b>(6)</b>         | <b>(19)</b> |      |

**Type of contracts:** OTC Contracts

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

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

**Foreign exchange hedging program for disbursements in Canadian dollars**

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- Canadian Dollar Forward** In order to reduce the cash flow volatility, Vale entered into forward transactions to mitigate the foreign exchange exposure that arises from the currency mismatch between the revenues denominated in U.S. Dollars and the disbursements denominated in Canadian Dollars.

| Flow     | Notional (\$ million) |                      | Buy/<br>Sell | Average | Fair value        |                      | Realized<br>Gain/Loss<br>March 31,<br>2012 | Value at          | R\$ Million        |      |      |      |   |
|----------|-----------------------|----------------------|--------------|---------|-------------------|----------------------|--|-------------------|--------------------|------|------|------|---|
|          | March 31,<br>2012     | December<br>31, 2011 |              | rate    | March 31,<br>2012 | December<br>31, 2011 |  | Risk              | Fair value by year |      |      |      |   |
|          |                       |                      |              | % p.a.  |                   |                      |  | March 31,<br>2012 | 2013               | 2014 | 2015 | 2016 |   |
| Forwards | CAD                   | 1,290                | B            | 1.011   | 58                |                      |  | 25                | 3                  | 17   | 24   | 14   | 0 |

**Type of contracts:** OTC Contracts

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

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

### Protection program for interest rate

- Treasury Future** Vale entered into a treasury 10 year forward transaction (buyer) on the last quarter of 2011 with the objective of partial protection into debt cost indexed to this rate. This program ended in January 2012.

| Flow     | Notional (\$ million) |                      | Buy/<br>Sell | Average | Fair value        |                      | Realized Gain/Loss<br>March 31, 2012 | Value at          | R\$ million |
|----------|-----------------------|----------------------|--------------|---------|-------------------|----------------------|--------------------------------------|-------------------|-------------|
|          | March 31,<br>2012     | December<br>31, 2011 |              | rate    | March 31,<br>2012 | December<br>31, 2011 |                                      | Risk              | Fair value  |
|          |                       |                      |              | % p.a.  |                   |                      |                                      | March 31,<br>2012 | by year     |
| Forwards | US\$                  | 900                  | B            |         |                   |                      | (10)                                 | 6                 |             |

**Type of contracts:** OTC Contracts

**Protected Item:** part of debt emission costs

The P&L shown in the table above was partially offset by emission cost reduction due to treasury variations.

Table of Contents**Commodity Derivative Positions**

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

**Nickel Sales Hedging Program**

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

| Flow    | Notional (ton) |                   | Buy/ Sell | Average Strike (US\$/ton) | Fair value     |                   | Realized Gain/Loss March 31, 2012 | Value at Risk Mach 31, 2012 | R\$ million Fair value by year 2012 |
|---------|----------------|-------------------|-----------|---------------------------|----------------|-------------------|-----------------------------------|-----------------------------|-------------------------------------|
|         | March 31, 2012 | December 31, 2011 |           |                           | March 31, 2012 | December 31, 2011 |                                   |                             |                                     |
| Forward | 14,999         | 19,998            | S         | 25,027                    | 196            | 234               | 47                                | 12                          | 196                                 |

**Type of contracts:** OTC Contracts

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

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

**Nickel Fixed Price Program**

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

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which the prices are fixed. Whenever the Nickel Sales Hedging Program is executed, the Nickel Fixed Price Program is interrupted.

| Flow           | Notional (ton) |                   | Buy/ Sell | Average Strike (US\$/ton) | Fair value     |                   | Realized Gain/Loss March 31, 2012 | Value at Risk March 31, 2012 | R\$ million Fair value by year 2012 |
|----------------|----------------|-------------------|-----------|---------------------------|----------------|-------------------|-----------------------------------|------------------------------|-------------------------------------|
|                | March 31, 2012 | December 31, 2011 |           |                           | March 31, 2012 | December 31, 2011 |                                   |                              |                                     |
| Nickel Futures | 114            | 162               | B         | 21,484                    | (0.8)          | (0.7)             | (0.1)                             | 0.1                          | (0.8)                               |

**Type of contracts:** LME Contracts

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

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

### Nickel Purchase Protection Program

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

| Flow           | Notional (ton) |                   | Buy/ Sell | Average Strike (US\$/ton) | Fair value     |                   | Realized Gain/Loss March 31, 2012 | Value at Risk March 31, 2012 | R\$ million Fair value by year 2012 |
|----------------|----------------|-------------------|-----------|---------------------------|----------------|-------------------|-----------------------------------|------------------------------|-------------------------------------|
|                | March 31, 2012 | December 31, 2011 |           |                           | March 31, 2012 | December 31, 2011 |                                   |                              |                                     |
| Nickel Futures | 204            | 228               | S         | 20,010                    | 0.8            | 0                 | (0.4)                             | 0.2                          | 0.8                                 |

**Type of contracts:** LME Contracts

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

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

Table of Contents**Copper Scrap Purchase Protection Program**

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

| Flow    | Notional (lbs) |                   | Buy/Sell | Average Strike (US\$/lbs) | Fair value     |                   | Realized Gain/Loss March 31, 2012 | Value at Risk March 31, 2012 | R\$ million Fair value by year 2012 |
|---------|----------------|-------------------|----------|---------------------------|----------------|-------------------|-----------------------------------|------------------------------|-------------------------------------|
|         | March 31, 2012 | December 31, 2011 |          |                           | March 31, 2012 | December 31, 2011 |                                   |                              |                                     |
| Forward | 818,466        | 892,869           | S        | 3.77                      | (0.1)          | 0.2               | (0.4)                             | 0.1                          | (0.1)                               |

**Type of contracts:** OTC Contracts

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

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

**Embedded Derivative Positions**

The Company's cash flow is also exposed to several market risks associated to contracts that contain embedded derivatives or derivative-like features. From Vale's perspective, it may include, but is not limited to, commercial contracts, procurement contracts, rental contracts, bonds, insurance policies and loans. The following embedded derivatives were observed in 2012:

**Raw material and intermediate products purchase**



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

| Flow            | Notional (ton) |                   | Buy/ Sell | Average Strike (US\$/ton) | Fair value     |                   | Realized Gain/Loss March 31, 2012 | Value at Risk March 31, 2012 | R\$ million Fair value by year 2012 |
|-----------------|----------------|-------------------|-----------|---------------------------|----------------|-------------------|-----------------------------------|------------------------------|-------------------------------------|
|                 | March 31, 2012 | December 31, 2011 |           |                           | March 31, 2012 | December 31, 2011 |                                   |                              |                                     |
| Nickel Forwards | 1,825          | 1,951             | S         | 19,553                    | (2.8)          | (0.7)             | (3.6)                             |                              | (2.8)                               |
| Copper Forwards | 6,364          | 6,653             |           | 8,341                     | 1.2            | 0.9               | (6.3)                             |                              | 1.2                                 |
| <b>Total</b>    |                |                   |           |                           | <b>(1.6)</b>   | <b>(0.2)</b>      | <b>(9.9)</b>                      | <b>3</b>                     | <b>(1.6)</b>                        |

### a) Market Curves

To build the curves used on the pricing of the derivatives, public data from BM&F, Central Bank of Brazil, London Metals Exchange (LME) and proprietary data from Thomson Reuters and Bloomberg were used. The derivatives prices for March 31, 2012 were calculated using March 30 market data inasmuch March 31 is not considered work day for these instruments and do not present available market data.

### 1. Commodities

#### Nickel

| Maturity | Price (US\$/ton) | Maturity | Price (US\$/ton) | Maturity | Price (US\$/ton) |
|----------|------------------|----------|------------------|----------|------------------|
| SPOT     | 17,430.00        | SEP12    | 17,895.67        | MAR15    | 18,007.63        |
| APR12    | 17,777.24        | OCT12    | 17,917.03        | MAR16    | 17,861.69        |
| MAY12    | 17,802.69        | NOV12    | 17,936.56        |          |                  |
| JUN12    | 17,827.93        | DEC12    | 17,953.88        |          |                  |
| JUL12    | 17,855.03        | MAR13    | 17,995.49        |          |                  |
| AGU12    | 17,875.13        | MAR14    | 18,062.10        |          |                  |

#### Copper

| Maturity | Price (US\$/lb) | Maturity | Price (US\$/lb) | Maturity | Price (US\$/lb) |
|----------|-----------------|----------|-----------------|----------|-----------------|
| SPOT     | 3.85            | SEP12    | 3.83            | MAR15    | 3.77            |
| APR12    | 3.84            | OCT12    | 3.83            | MAR16    | 3.73            |
| MAY12    | 3.83            | NOV12    | 3.83            |          |                 |
| JUN12    | 3.83            | DEC12    | 3.83            |          |                 |
| JUL12    | 3.83            | MAR13    | 3.83            |          |                 |
| AGU12    | 3.83            | MAR14    | 3.81            |          |                 |

Table of Contents**2. Rates****US\$-Brazil Interest Rate**

| <b>Maturity</b> | <b>Rate (% p.a.)</b> | <b>Maturity</b> | <b>Rate (% p.a.)</b> | <b>Maturity</b> | <b>Rate (% p.a.)</b> |
|-----------------|----------------------|-----------------|----------------------|-----------------|----------------------|
| 05/02/12        | 1.74                 | 07/01/14        | 2.50                 | 01/02/17        | 3.55                 |
| 06/01/12        | 1.32                 | 10/01/14        | 2.62                 | 04/03/17        | 3.61                 |
| 07/02/12        | 1.29                 | 01/02/15        | 2.72                 | 07/03/17        | 3.69                 |
| 10/01/12        | 1.38                 | 04/01/15        | 2.87                 | 10/02/17        | 3.79                 |
| 01/02/13        | 1.60                 | 07/01/15        | 3.00                 | 01/02/18        | 3.88                 |
| 04/01/13        | 1.83                 | 10/01/15        | 3.13                 | 04/02/18        | 3.95                 |
| 07/01/13        | 2.04                 | 01/04/16        | 3.23                 | 07/02/18        | 4.01                 |
| 10/01/13        | 2.17                 | 04/01/16        | 3.30                 | 10/01/18        | 4.07                 |
| 01/02/14        | 2.29                 | 07/01/16        | 3.43                 | 01/02/19        | 4.14                 |
| 04/01/14        | 2.40                 | 10/03/16        | 3.47                 | 01/02/20        | 4.33                 |

**US\$ Interest Rate**

| <b>Maturity</b> | <b>Rate (% p.a.)</b> | <b>Maturity</b> | <b>Rate (% p.a.)</b> | <b>Maturity</b> | <b>Rate (% p.a.)</b> |
|-----------------|----------------------|-----------------|----------------------|-----------------|----------------------|
| US\$1M          | 0.24                 | US\$6M          | 0.73                 | US\$11M         | 0.99                 |
| US\$2M          | 0.35                 | US\$7M          | 0.79                 | US\$12M         | 1.05                 |
| US\$3M          | 0.46                 | US\$8M          | 0.84                 | US\$2Y          | 0.58                 |
| US\$4M          | 0.57                 | US\$9M          | 0.88                 | US\$3Y          | 0.75                 |
| US\$5M          | 0.65                 | US\$10M         | 0.94                 | US\$4Y          | 1.00                 |

**TJLP**

| <b>Maturity</b> | <b>Rate (% p.a.)</b> | <b>Maturity</b> | <b>Rate (% p.a.)</b> | <b>Maturity</b> | <b>Rate (% p.a.)</b> |
|-----------------|----------------------|-----------------|----------------------|-----------------|----------------------|
| 05/02/12        | 6.00                 | 07/01/14        | 6.00                 | 01/02/17        | 6.00                 |
| 06/01/12        | 6.00                 | 10/01/14        | 6.00                 | 04/03/17        | 6.00                 |
| 07/02/12        | 6.00                 | 01/02/15        | 6.00                 | 07/03/17        | 6.00                 |
| 10/01/12        | 6.00                 | 04/01/15        | 6.00                 | 10/02/17        | 6.00                 |
| 01/02/13        | 6.00                 | 07/01/15        | 6.00                 | 01/02/18        | 6.00                 |

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|          |      |          |      |          |      |
|----------|------|----------|------|----------|------|
| 04/01/13 | 6.00 | 10/01/15 | 6.00 | 04/02/18 | 6.00 |
| 07/01/13 | 6.00 | 01/04/16 | 6.00 | 07/02/18 | 6.00 |
| 10/01/13 | 6.00 | 04/01/16 | 6.00 | 10/01/18 | 6.00 |
| 01/02/14 | 6.00 | 07/01/16 | 6.00 | 01/02/19 | 6.00 |
| 04/01/14 | 6.00 | 10/03/16 | 6.00 | 01/02/20 | 6.00 |

**BRL Interest Rate**

| Maturity | Rate (% p.a.) | Maturity | Rate (% p.a.) | Maturity | Rate (% p.a.) |
|----------|---------------|----------|---------------|----------|---------------|
| 05/02/12 | 9.27          | 07/01/14 | 9.90          | 01/02/17 | 10.67         |
| 06/01/12 | 9.08          | 10/01/14 | 10.04         | 04/03/17 | 10.69         |
| 07/02/12 | 8.99          | 01/02/15 | 10.12         | 07/03/17 | 10.75         |
| 10/01/12 | 8.91          | 04/01/15 | 10.18         | 10/02/17 | 10.78         |
| 01/02/13 | 8.91          | 07/01/15 | 10.31         | 01/02/18 | 10.81         |
| 04/01/13 | 8.96          | 10/01/15 | 10.41         | 04/02/18 | 10.84         |
| 07/01/13 | 9.10          | 01/04/16 | 10.48         | 07/02/18 | 10.86         |
| 10/01/13 | 9.31          | 04/01/16 | 10.53         | 10/01/18 | 10.89         |
| 01/02/14 | 9.53          | 07/01/16 | 10.58         | 01/02/19 | 10.91         |
| 04/01/14 | 9.72          | 10/03/16 | 10.64         | 01/02/20 | 10.94         |

**EUR Interest Rate**

| Maturity | EUR/US\$ | Maturity | EUR/US\$ | Maturity | EUR/US\$ |
|----------|----------|----------|----------|----------|----------|
| EUR1M    | 0.36     | EUR6M    | 1.01     | EUR11M   | 1.32     |
| EUR2M    | 0.50     | EUR7M    | 1.09     | EUR12M   | 1.38     |
| EUR3M    | 0.67     | EUR8M    | 1.15     | EUR2Y    | 0.54     |
| EUR4M    | 0.81     | EUR9M    | 1.20     | EUR3Y    | 0.60     |
| EUR5M    | 0.90     | EUR10M   | 1.26     | EUR4Y    | 0.69     |

**CAD Interest Rate**

| Maturity | CAD/US\$ | Maturity | CAD/US\$ | Maturity | CAD/US\$ |
|----------|----------|----------|----------|----------|----------|
| CAD1M    | 1.16     | CAD6M    | 1.56     | CAD11M   | 1.83     |
| CAD2M    | 1.26     | CAD7M    | 1.61     | CAD12M   | 1.91     |
| CAD3M    | 1.36     | CAD8M    | 1.65     | CAD2Y    | 1.40     |
| CAD4M    | 1.44     | CAD9M    | 1.69     | CAD3Y    | 1.57     |
| CAD5M    | 1.50     | CAD10M   | 1.75     | CAD4Y    | 1.74     |

**Currencies - Ending rates**

|          |        |          |        |          |        |
|----------|--------|----------|--------|----------|--------|
| CAD/US\$ | 1.0008 | US\$/BRL | 1.8221 | EUR/US\$ | 1.3332 |
|----------|--------|----------|--------|----------|--------|

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**Sensitivity Analysis on Derivatives from Parent Company**

We present below the sensitivity analysis for all derivatives outstanding positions as of March 31, 2012 given predefined scenarios for market risk factors behavior. The scenarios were defined as follows:

- Fair Value: the fair value of the instruments as at March 30th , 2012;
- Scenario I: unfavorable change of 25% - Potential losses considering a shock of 25% in the market risk factors used for MtM calculation that negatively impacts the fair value of Vale s derivatives positions;
- Scenario II: favorable change of 25% - Potential profits considering a shock of 25% in the market curves used for MtM calculation that positively impacts the fair value of Vale s derivatives positions;
- Scenario III: unfavorable change of 50% - Potential losses considering a shock of 50% in the market curves used for MtM calculation that negatively impacts the fair value of Vale s derivatives positions;
- Scenario IV: favorable change of 50% - Potential profits considering a shock of 50% in the market curves used for MtM calculation that positively impacts the fair value of Vale s derivatives positions;

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

*Amounts in R\$ million*

| Program   | Instrument                              | Risk                                | Fair Value | Scenario I | Scenario II | Scenario III | Scenario IV |
|---|---|-------------------------------------|------------|------------|-------------|--------------|-------------|
| Protection program for the Real denominated debt indexed to CDI | CDI vs. USD fixed rate swap             | USD/BRL fluctuation                 |            | (1,496)    | 1,496       | (2,992)      | 2,992       |
|   |   | USD interest rate inside Brazil     |            | (50)       | 48          | (101)        | 96          |
|   | CDI vs. USD floating rate swap          | Brazilian interest rate fluctuation | (352)      | (2)        | 2           | (5)          | 4           |
|   |   | USD Libor variation                 |            | (3)        | 3           | (6)          | 6           |
|   |   | USD/BRL fluctuation                 |            | (118)      | 118         | (236)        | 236         |
|   | Protected Items - Real denominated debt | Brazilian interest rate fluctuation | (32)       | (0.8)      | 0.8         | (1.7)        | 1.5         |
|   |   | USD Libor variation                 |            | (0.2)      | 0.2         | (0.5)        | 0.4         |
|   | Protected Items - Real denominated debt | USD/BRL fluctuation                 | n.a.       |            |             |              |             |
| Protection program for the Real                                 | TJLP vs. USD fixed rate swap            | USD/BRL fluctuation                 |            | (733)      | 733         | (1,466)      | 1,466       |

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|  |  |  |                                     |       |       |         |       |       |         |
|--|--|--|-------------------------------------|-------|-------|---------|-------|-------|---------|
| denominated debt indexed to TJLP   |  | USD interest rate inside Brazil                    |                                     | (48)  | 46    | (100)   | 89    |       |         |
|  |  | Brazilian interest rate fluctuation                | 69                                  | (128) | 141   | (243)   | 299   |       |         |
|  |  | TJLP interest rate fluctuation                     |                                     | (86)  | 84    | (174)   | 171   |       |         |
|  |  | USD Libor variation                                |                                     | (0.4) | 0.4   | (0.8)   | 0.8   |       |         |
|  | TJLP vs. USD floating rate swap        |  | USD/BRL fluctuation                 |       | (145) | 145     | (289) | 289   |         |
|  |  |  | USD interest rate inside Brazil     |       | (20)  | 18      | (41)  | 35    |         |
|  |  |  | Brazilian interest rate fluctuation | 138   | (44)  | 51      | (83)  | 111   |         |
|  |  |  | TJLP interest rate fluctuation      |       | (31)  | 30      | (63)  | 61    |         |
|  |  |  | USD Libor variation                 |       | (10)  | 10      | (19)  | 19    |         |
|  |  | Protected Items - Real denominated debt            | USD/BRL fluctuation                 |       | n.a.  |         |       |       |         |
| Protection program for the Real denominated fixed rate debt                  | BRL fixed rate vs. USD                 | USD/BRL fluctuation                                |                                     | (140) | 140   | (281)   | 281   |       |         |
|  |  | USD interest rate inside Brazil                    | (29)                                | (14)  | 13    | (28)    | 25    |       |         |
|  |  | Brazilian interest rate fluctuation                |                                     | (34)  | 38    | (65)    | 80    |       |         |
|  |  | Protected Items - Real denominated debt            | USD/BRL fluctuation                 |       | n.a.  |         |       |       |         |
| Foreign Exchange cash flow hedge   | BRL fixed rate vs. USD                 | USD/BRL fluctuation                                |                                     | (203) | 203   | (406)   | 406   |       |         |
|  |  | USD interest rate inside Brazil                    | 11                                  | (2)   | 2     | (4)     | 4     |       |         |
|  |  | Brazilian interest rate fluctuation                |                                     | (11)  | 11    | (22)    | 23    |       |         |
|  |  | Hedged Items - Part of Revenues denominated in USD | USD/BRL fluctuation                 |       | n.a.  | 203     | (203) | 406   | (406)   |
|  |  |  |                                     |       |       |         |       |       |         |
| Protection Program for the Euro denominated debt                             | EUR fixed rate vs. USD fixed rate swap | USD/BRL fluctuation                                |                                     | (6)   | 6     | (12)    | 12    |       |         |
|  |  | EUR/USD fluctuation                                |                                     | (328) | 328   | (656)   | 656   |       |         |
|  |  | EUR Libor variation                                | (25)                                |       |       |         |       |       |         |
|  |  | USD Libor variation                                |                                     | (4)   | 4     | (7)     | 7     |       |         |
|  |  | Protected Items - Euro denominated debt            | EUR/USD fluctuation                 |       | (4)   | 4       | (8)   | 8     |         |
|  |  | EUR/USD fluctuation                                |                                     | n.a.  | 328   | (328)   | 656   | (656) |         |
| Foreign Exchange hedging program for disbursements in Canadian dollars (CAD) | CAD Forward                            | USD/BRL fluctuation                                |                                     | (15)  | 15    | (29)    | 29    |       |         |
|  |  | CAD/USD fluctuation                                | 58                                  | (584) | 584   | (1,167) | 1,167 |       |         |
|  |  | CAD Libor variation                                |                                     | (15)  | 15    | (30)    | 29    |       |         |
|  |  | USD Libor variation                                |                                     | (7)   | 7     | (15)    | 15    |       |         |
|  |  | Protected Items - Disbursement in Canadian dollars | CAD/USD fluctuation                 |       | n.a.  | 584     | (584) | 1,167 | (1,167) |
|  |  |  |                                     |       |       |         |       |       |         |

Sensitivity analysis - Commodity Derivative Positions

Amounts in R\$ million

| Program                      | Instrument                              | Risk                     | Fair Value | Scenario I | Scenario II | Scenario III | Scenario IV |
|------------------------------|---|--------------------------|------------|------------|-------------|--------------|-------------|
| Nickel sales hedging program | Sale of nickel future/forward contracts | Nickel price fluctuation |            | (122)      | 122         | (244)        | 244         |

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|   |   |                             |       |       |        |       |        |
|---|---|-----------------------------|-------|-------|--------|-------|--------|
|   |   | Libor USD fluctuation       | 196   | (0.5) | 0.5    | (1)   | 1      |
|   |   | USD/BRL fluctuation         |       | (49)  | 49     | (98)  | 98     |
|   | Hedged Item: Part of Vale s<br>revenues linked to Nickel<br>price                 | Nickel price<br>fluctuation | n.a.  | 122   | (122)  | 244   | (244)  |
| Nickel fixed price program                  | Purchase of nickel<br>future/forward contracts                                    | Nickel price<br>fluctuation |       | (1)   | 1      | (2)   | 2      |
|   |   | Libor USD fluctuation       | (0.8) | 0     | 0      | 0     | 0      |
|   |   | USD/BRL fluctuation         |       | (0.2) | 0.2    | (0.4) | 0.4    |
|   | Protected Item: Part of Vale s<br>nickel revenues from sales<br>with fixed prices | Nickel price<br>fluctuation | n.a.  | 1     | (1)    | 2     | (2)    |
| Nickel purchase protection<br>program       | Sale of nickel future/forward<br>contracts  | Nickel price<br>fluctuation |       | (2)   | 2      | (3)   | 3      |
|   |   | Libor USD fluctuation       | 0.8   | 0     | 0      | 0     | 0      |
|   |   | USD/BRL fluctuation         |       | (0.2) | 0.2    | (0.4) | 0.4    |
|   | Protected Item: Part of Vale s<br>revenues linked to Nickel<br>price              | Nickel price<br>fluctuation | n.a.  | 2     | (2)    | 3     | (3)    |
| Copper Scrap Purchase<br>Protection Program | Sale of copper<br>future/forward contracts  | Copper price<br>fluctuation |       | (1.4) | 1.4    | (2.9) | 2.9    |
|   |   | Libor USD fluctuation       | (0.1) | 0     | 0      | 0     | 0      |
|   |   | BRL/USD fluctuation         |       | 0.02  | (0.02) | 0.04  | (0.04) |
|   | Protected Item: Part of Vale s<br>revenues linked to Copper<br>price              | Copper price<br>fluctuation | n.a.  | 1     | (1)    | 3     | (3)    |

Sensitivity analysis - Embedded Derivative Positions

Amounts in R\$ million

| Program   | Instrument                                      | Risk                        | Fair Value | Scenario I | Scenario II | Scenario III | Scenario IV |
|---|---|-----------------------------|------------|------------|-------------|--------------|-------------|
| Embedded derivatives -<br>Raw material purchase<br>(Nickel) | Embedded derivatives - Raw<br>material purchase | Nickel price<br>fluctuation |            | (15)       | 15          | (30)         | 30          |
|   |   | BRL/USD fluctuation         | (2.8)      | (1.5)      | 1.5         | (3)          | 3           |
| Embedded derivatives -<br>Raw material purchase<br>(Copper) | Embedded derivatives - Raw<br>material purchase | Copper price<br>fluctuation |            | (25)       | 25          | (49)         | 49          |
|   |   | BRL/USD fluctuation         | 1.2        | (0.3)      | 0.3         | (0.7)        | 0.7         |

Table of Contents**Sensitivity Analysis on Debt and Cash Investments**

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

*Amounts in R\$ million*

| <b>Program</b>   | <b>Instrument</b>       | <b>Risk</b>         | <b>Scenario I</b> | <b>Scenario II</b> | <b>Scenario III</b> | <b>Scenario IV</b> |
|------------------|-------------------------|---------------------|-------------------|--------------------|---------------------|--------------------|
| Funding          | Debt denominated in BRL | No fluctuation      |                   |                    |                     |                    |
| Funding          | Debt denominated in USD | USD/BRL fluctuation | (7,551)           | 7,551              | (15,103)            | 15,103             |
| Cash Investments | Cash denominated in BRL | No fluctuation      |                   |                    |                     |                    |
| Cash Investments | Cash denominated in USD | USD/BRL fluctuation | (800)             | 800                | (1,600)             | 1,600              |

**Financial counterparties ratings**

Derivatives transactions are executed with financial institutions that we consider to have a very good credit quality. The exposure limits to financial institutions are proposed annually for the Executive Risk Committee and approved by the Executive Board. The financial institutions credit risk tracking is performed making use of a credit risk valuation methodology which considers, among other information, published ratings provided by international rating agencies. In the table below, we present the ratings in foreign currency published by Moody's and S&P agencies for the financial institutions that we had outstanding trades as of March 31, 2012.

| <b>Vale's Counterparty</b> | <b>Moody's*</b> | <b>S&amp;P*</b> |
|----------------------------|-----------------|-----------------|
| Banco Santander            | Aa3             | A+              |
| Itau Unibanco*             | A2              | BBB             |
| HSBC                       | Aa2             | A+              |
| JP Morgan Chase & Co       | Aa3             | A               |
| Banco Bradesco*            | A1              | BBB             |
| Banco do Brasil*           | A2              | BBB             |
| Banco Votorantim*          | A3              | BBB-            |
| Credit Agricole            | Aa3             | A               |
| Standard Bank              | A3              | BBB+            |
| Deutsche Bank              | Aa3             | A+              |
| BNP Paribas                | Aa3             | AA-             |
| Citigroup                  | A3              | A-              |
| Banco Safra*               | Baa2            | BBB-            |

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|                                       |     |     |
|---------------------------------------|-----|-----|
| ANZ Australia and New Zealand Banking | Aa2 | AA- |
| Banco Amazônia SA                     | -   | -   |
| Societe Generale                      | A1  | A   |
| Bank of Nova Scotia                   | Aa1 | AA- |
| Natixis                               | Aa3 | A   |
| Royal Bank of Canada                  | Aa1 | AA- |
| China Construction Bank               | A1  | A   |
| Goldman Sachs                         | A1  | A-  |
| Bank of China                         | A1  | A   |
| Barclays                              | A1  | A   |
| BBVA Banco Bilbao Vizcaya Argentaria  | Aa3 | A   |

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



Table of Contents**26 - Information by Business Segment and Consolidated Revenues by Geographic Area**

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

**a) Results by segment**

|  | <b>Consolidated<br/>Three-month period ended (unaudited)<br/>March 31, 2012</b> |                     |                    |                  |                  |                   |
|--|---|---------------------|--------------------|------------------|------------------|-------------------|
|  | <b>Bulk Materials</b>   | <b>Basic Metals</b> | <b>Fertilizers</b> | <b>Logistic</b>  | <b>Others</b>    | <b>Total</b>      |
| <b>Results</b>   |   |                     |                    |                  |                  |                   |
| Net revenue  | 14,327,591  | 3,136,680           | 1,381,753          | 593,599          | 151,551          | 19,591,174        |
| Cost and expenses  | (6,081,257)   | (2,570,519)         | (1,115,212)        | (611,404)        | (525,507)        | (10,903,899)      |
| Depreciation, depletion and amortization                           | (819,446)   | (662,297)           | (198,558)          | (114,354)        | (3,107)          | (1,797,762)       |
|  | <b>7,426,888</b>  | <b>(96,136)</b>     | <b>67,983</b>      | <b>(132,159)</b> | <b>(377,063)</b> | <b>6,889,513</b>  |
| <b>Financial results</b>   | 207,209   | 9,639               | 6,141              | (16,923)         | 15,323           | 221,389           |
| Equity results from associates                                     | 439,652   | 59,951              |                    | 52,709           | (115,292)        | 437,020           |
| Income tax and social contribution                                 | (852,557)   | (25,341)            | (16,714)           | (28,770)         | (7,211)          | (930,593)         |
| <b>Net income of the period</b>                                    | <b>7,221,192</b>  | <b>(51,887)</b>     | <b>57,410</b>      | <b>(125,143)</b> | <b>(484,243)</b> | <b>6,617,329</b>  |
| <b>Net income (loss) attributable to non-controlling interests</b> | (23,891)  | (105,258)           | 31,722             |                  | (5,644)          | (103,071)         |
| <b>Income attributable to the company's stockholders</b>           | <b>7,245,083</b>  | <b>53,371</b>       | <b>25,688</b>      | <b>(125,143)</b> | <b>(478,599)</b> | <b>6,720,400</b>  |
| <b>Sales classified by geographic area:</b>                        |   |                     |                    |                  |                  |                   |
| America, except United States                                      | 323,500   | 444,283             | 23,802             | 64,646           | 19,443           | 875,674           |
| United States of America   | 50,305  | 645,635             | 39,530             |                  | 959              | 736,429           |
| Europe   | 2,396,079   | 835,732             | 77,647             |                  | 24,621           | 3,334,079         |
| Middle East/Africa/Oceania   | 558,550   | 90,643              |                    |                  |                  | 649,193           |
| Japan  | 2,099,309   | 262,883             |                    |                  | 3,193            | 2,365,385         |
| China  | 6,030,663   | 270,981             |                    |                  |                  | 6,301,644         |
| Asia, except Japan and China                                       | 1,179,367   | 464,160             | 29,075             |                  | 3,992            | 1,676,594         |
| Brazil   | 1,689,818   | 122,363             | 1,211,699          | 528,953          | 99,343           | 3,652,176         |
| <b>Net revenue</b>   | <b>14,327,591</b>   | <b>3,136,680</b>    | <b>1,381,753</b>   | <b>593,599</b>   | <b>151,551</b>   | <b>19,591,174</b> |

**Assets in March 31, 2012**

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|   |            |            |            |           |           |             |
|---|------------|------------|------------|-----------|-----------|-------------|
| Property, plant and equipment and intangible assets | 75,282,521 | 66,755,758 | 19,737,760 | 9,388,214 | 3,884,337 | 175,048,590 |
| Investments   | 2,827,310  | 6,992,543  |            | 1,292,892 | 4,703,677 | 15,816,422  |

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|  | <b>Consolidated</b>                         |                     |                    |                  |                  |                   |
|--|---|---------------------|--------------------|------------------|------------------|-------------------|
|  | <b>Three-month period ended (unaudited)</b> |                     |                    |                  |                  |                   |
|  | <b>December 31, 2011 (I)</b>                |                     |                    |                  |                  |                   |
|  | <b>Bulk Materials</b>                       | <b>Basic Metals</b> | <b>Fertilizers</b> | <b>Logistic</b>  | <b>Others</b>    | <b>Total</b>      |
| <b>Results</b>   |   |                     |                    |                  |                  |                   |
| Net revenue  | 19,508,046                                  | 4,242,487           | 1,441,075          | 627,390          | 205,982          | 26,024,980        |
| Cost and expenses  | (7,544,286)                                 | (3,241,278)         | (1,157,628)        | (619,270)        | (443,826)        | (13,006,288)      |
| Depreciation, depletion and amortization                           | (898,327)                                   | (873,966)           | (148,767)          | (111,180)        | (4,026)          | (2,036,266)       |
|  | <b>11,065,433</b>                           | <b>127,243</b>      | <b>134,680</b>     | <b>(103,060)</b> | <b>(241,870)</b> | <b>10,982,426</b> |
| <b>Financial results</b>   | (1,263,742)                                 | 104,899             | (1,939)            | (39,796)         | 99,719           | (1,100,859)       |
| Equity results from associates                                     | 438,729                                     | (26,552)            |                    | 42,916           | (160,431)        | 294,662           |
| Income tax and social contribution                                 | (1,529,113)                                 | (73,132)            | (79,306)           | (2,978)          | (318,563)        | (2,003,092)       |
| <b>Net income of the period</b>                                    | <b>8,711,307</b>                            | <b>132,458</b>      | <b>53,435</b>      | <b>(102,918)</b> | <b>(621,145)</b> | <b>8,173,137</b>  |
| <b>Net income (loss) attributable to non-controlling interests</b> | (91,989)                                    | (92,180)            | 20,796             |                  | (17,937)         | (181,310)         |
| <b>Income attributable to the company's stockholders</b>           | <b>8,803,296</b>                            | <b>224,638</b>      | <b>32,639</b>      | <b>(102,918)</b> | <b>(603,208)</b> | <b>8,354,447</b>  |
| <b>Sales classified by geographic area:</b>                        |   |                     |                    |                  |                  |                   |
| America, except United States                                      | 514,190                                     | 672,156             | 658                |                  | 22,143           | 1,209,147         |
| United States of America   | 76,564                                      | 539,504             |                    |                  | 391              | 616,459           |
| Europe   | 3,191,871                                   | 1,311,311           | 54,009             | 91               | 29,804           | 4,587,086         |
| Middle East/Africa/Oceania   | 891,452                                     | 77,270              | 389                | 1                | 961              | 970,073           |
| Japan  | 3,097,597                                   | 526,227             |                    |                  | 3,998            | 3,627,822         |
| China  | 7,842,136                                   | 551,972             |                    |                  | 30,557           | 8,424,665         |
| Asia, except Japan and China                                       | 2,114,443                                   | 465,458             | 61,408             | 64,723           |                  | 2,706,032         |
| Brazil   | 1,779,793                                   | 98,589              | 1,324,611          | 562,575          | 118,128          | 3,883,696         |
| <b>Net revenue</b>   | <b>19,508,046</b>                           | <b>4,242,487</b>    | <b>1,441,075</b>   | <b>627,390</b>   | <b>205,982</b>   | <b>26,024,980</b> |
| <b>Assets in December 31, 2011</b>                                 |   |                     |                    |                  |                  |                   |
| Property, plant and equipment and intangible assets                | 71,530,508                                  | 66,587,602          | 18,769,099         | 10,612,324       | 4,136,631        | 171,636,164       |
| Investments  | 2,561,395                                   | 6,714,642           |                    | 1,240,053        | 4,167,948        | 14,984,038        |

(I) Period adjusted according to note 4.

|                | <b>Consolidated</b>                         |                     |                    |                 |               |              |
|----------------|---|---------------------|--------------------|-----------------|---------------|--------------|
|                | <b>Three-month period ended (unaudited)</b> |                     |                    |                 |               |              |
|                | <b>March 31, 2011 (I)</b>                   |                     |                    |                 |               |              |
|                | <b>Bulk Materials</b>                       | <b>Basic Metals</b> | <b>Fertilizers</b> | <b>Logistic</b> | <b>Others</b> | <b>Total</b> |
| <b>Results</b> |   |                     |                    |                 |               |              |

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|  |                   |                  |                  |                 |                  |                   |
|--|-------------------|------------------|------------------|-----------------|------------------|-------------------|
| Net revenue                                | <b>15,551,715</b> | <b>4,548,654</b> | <b>1,216,453</b> | <b>456,295</b>  | <b>244,074</b>   | <b>22,017,191</b> |
| Cost and expenses                          | (4,928,969)       | (2,634,611)      | (1,008,196)      | (432,127)       | (659,421)        | (9,663,324)       |
| Realized gain on assets available for sale |                   | 2,492,175        |                  |                 |                  | 2,492,175         |
| Depreciation, depletion and amortization   | (647,155)         | (590,156)        | (203,749)        | (73,428)        | (8,709)          | (1,523,197)       |
|  | <b>9,975,591</b>  | <b>3,816,062</b> | <b>4,508</b>     | <b>(49,260)</b> | <b>(424,056)</b> | <b>13,322,845</b> |

**Financial results**

|  |                  |                  |               |                 |                  |                   |
|--|------------------|------------------|---------------|-----------------|------------------|-------------------|
| Realized gain on assets available for sale | (167,296)        | (46,641)         | 25,663        | (26,759)        | (52,382)         | (267,415)         |
| Equity results from associates             | 432,124          | (4,223)          |               | 60,462          | (22,577)         | 465,786           |
| Income tax and social contribution         | (1,620,932)      | (706,968)        | 9,526         |                 | (704)            | (2,319,078)       |
|  | <b>8,619,487</b> | <b>3,058,230</b> | <b>39,697</b> | <b>(15,557)</b> | <b>(499,719)</b> | <b>11,202,138</b> |

|  |                  |                  |               |                 |                  |                   |
|--|------------------|------------------|---------------|-----------------|------------------|-------------------|
| <b>Losses attributable to non-controlling interests</b>  | (3,394)          | (24,629)         | (8,295)       |                 | (52,527)         | (88,845)          |
| <b>Income attributable to the company's stockholders</b> | <b>8,622,881</b> | <b>3,082,859</b> | <b>47,992</b> | <b>(15,557)</b> | <b>(447,192)</b> | <b>11,290,983</b> |

**Sales classified by geographic area:**

|                               |                   |                  |                  |                |                |                   |
|-------------------------------|-------------------|------------------|------------------|----------------|----------------|-------------------|
| America, except United States | 419,024           | 770,834          | 23,498           |                |                | 1,213,356         |
| United States of America      | 7,388             | 781,969          |                  |                | 3,224          | 792,581           |
| Europe                        | 3,374,260         | 959,375          | 37,947           |                | 20,048         | 4,391,630         |
| Middle East/Africa/Oceania    | 729,398           | 28,957           |                  |                | 904            | 759,259           |
| Japan                         | 1,886,466         | 625,949          |                  |                | 3,273          | 2,515,688         |
| China                         | 6,084,079         | 552,139          |                  |                | 63,879         | 6,700,097         |
| Asia, except Japan and China  | 1,283,564         | 675,031          | 14,661           |                |                | 1,973,256         |
| Brazil                        | 1,767,536         | 154,400          | 1,140,347        | 456,295        | 152,746        | 3,671,324         |
| <b>Net revenue</b>            | <b>15,551,715</b> | <b>4,548,654</b> | <b>1,216,453</b> | <b>456,295</b> | <b>244,074</b> | <b>22,017,191</b> |

**Assets in March 31, 2011**

|   |            |            |            |           |           |             |
|---|------------|------------|------------|-----------|-----------|-------------|
| Property, plant and equipment and intangible assets | 56,968,556 | 57,390,243 | 18,140,849 | 6,216,478 | 7,383,218 | 146,099,344 |
| Investments   | 2,435,515  | 6,168,802  |            | 1,092,340 | 3,680,457 | 13,377,114  |

(I) Period adjusted according to note 4.

Table of Contents**27 - Cost of Goods Sold and Services Rendered, and Sales and Administrative Expenses by Nature, Other Operational Expenses (incomes), net**

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

|   | Consolidated      |   |                    | Parent Company   |                  |
|---|-------------------|---|--------------------|--|------------------|
|   | March 31, 2012    | Three-month period ended (unaudited)<br>December 31, 2011 (I) | March 31, 2011 (I) | Three-month period ended (unaudited)<br>March 31, 2012 | March 31, 2011   |
| <b>Cost of goods sold and services rendered</b> |                   |   |                    |  |                  |
| Personnel                                       | 1,472,385         | 1,604,160   | 1,142,625          | 685,393  | 526,744          |
| Material  | 1,800,252         | 1,590,272   | 1,560,222          | 882,732  | 763,368          |
| Fuel oil and gas                                | 856,836           | 962,376   | 928,142            | 491,090  | 470,005          |
| Outsourcing services                            | 1,944,091         | 1,878,112   | 1,513,951          | 1,304,927  | 875,178          |
| Energy  | 385,884           | 354,399   | 474,278            | 216,217  | 202,974          |
| Acquisition of products                         | 760,660           | 1,055,406   | 952,155            | 413,545  | 586,826          |
| Depreciation and depletion                      | 1,545,160         | 1,832,391   | 1,370,882          | 486,412  | 400,855          |
| Others  | 1,284,115         | 1,492,620   | 1,292,367          | 881,527  | 852,014          |
| <b>Total</b>                                    | <b>10,049,383</b> | <b>10,769,736</b>   | <b>9,234,622</b>   | <b>5,361,843</b>                                       | <b>4,677,964</b> |

(I) Period adjusted according to note 4.

The expenses are demonstrated in the tables as follows:

|  | Consolidated   |   |                    | Parent Company   |                |
|--|----------------|---|--------------------|--|----------------|
|  | March 31, 2012 | Three-month period ended (unaudited)<br>December 31, 2011 (I) | March 31, 2011 (I) | Three-month period ended (unaudited)<br>March 31, 2012 | March 31, 2011 |
| <b>Selling and Administrative expenses</b>       |                |   |                    |  |                |
| Personnel  | 356,712        | 446,412   | 232,632            | 247,183  | 149,674        |
| Services (consulting, infrastructure and others) | 193,285        | 440,783   | 126,910            | 101,189  | 80,511         |
| Advertising and publicity                        | 19,086         | 31,890  | 29,889             | 14,330   | 28,688         |
| Depreciation                                     | 97,982         | 97,432  | 92,342             | 75,690   | 67,847         |
| Travel expenses                                  | 32,866         | 53,211  | 15,299             | 19,178   | 9,889          |
| Taxes and rents                                  | 14,177         | 28,985  | 10,810             | 7,537  | 4,020          |
| Incentive  |                | 135,291   | 843                |  | 843            |
| Others   | 129,285        | 116,174   | 100,177            | 42,444   | 13,922         |
| Sales  | 91,010         | 161,475   | 88,588             | 51,243   | 13,960         |

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|   | 934,403                              | 1,511,653             | 697,490            | 558,794                              | 369,354        |
|---|--------------------------------------|-----------------------|--------------------|--------------------------------------|----------------|
|   | Consolidated                         |                       |                    | Parent Company                       |                |
|   | Three-month period ended (unaudited) |                       |                    | Three-month period ended (unaudited) |                |
|   | March 31, 2012                       | December 31, 2011 (I) | March 31, 2011 (I) | March 31, 2012                       | March 31, 2011 |
| <b>Others operational expenses (incomes), net, including research and development</b> |                                      |                       |                    |                                      |                |
| Provision for loss with taxes credits (ICMS)  | 32,402                               | 28,156                | 18,386             | 32,402                               | 5,280          |
| Provision for variable remuneration   | 295,392                              | 229,453               | 143,666            | 189,389                              | 131,555        |
| Vale do Rio Doce Foundation - FVRD  |                                      | 22,341                | 45,455             |                                      | 45,458         |
| Provision for disposal of materials/inventories                                       | 37,124                               | 177,873               | 56,779             | 25,954                               | 22,000         |
| Pre operational, plant stoppages and idle capacity                                    | 564,128                              | 877,569               | 219,228            | 120,136                              |                |
| Research and development  | 526,557                              | 953,686               | 568,814            | 287,705                              | 278,875        |
| Others  | 262,272                              | 472,088               | 202,081            | 150,067                              | (48,114)       |
| <b>Total</b>  | <b>1,717,875</b>                     | <b>2,761,166</b>      | <b>1,254,409</b>   | <b>805,653</b>                       | <b>435,054</b> |

(I) Period adjusted according to note 4.

Table of Contents**28 - Financial result**

The financial results occurred in the periods, recorded by nature and competence, are as follows:

|  | Consolidated       |   |                    | Parent Company   |                    |
|--|--------------------|---|--------------------|--|--------------------|
|  | March 31, 2012     | Three-month period ended (unaudited)<br>December 31, 2011 (I) | March 31, 2011 (I) | Three-month period ended (unaudited)<br>March 31, 2012 | March 31, 2011     |
| <b>Financial expenses</b>                    |                    |   |                    |  |                    |
| Interest                                     | (598,237)          | (673,206)   | (567,455)          | (558,503)  | (662,320)          |
| Labor, tax and civil contingencies           | (61,840)           | (23,300)  | (10,016)           | (61,040)   | (3,941)            |
| Derivatives                                  | (8,635)            | (169,258)   | (67,843)           |  |                    |
| Monetary and exchange rate variation (a)     | (166,397)          | (470,062)   | (67,201)           | (329,589)  | (119,360)          |
| Stockholders debentures                      | (184,147)          | (221,841)   | (119,917)          | (184,147)  | (119,917)          |
| Financial taxes                              | (32,412)           | (12,645)  | (1,725)            | (30,770)   | (617)              |
| Others                                       | (207,098)          | (68,675)  | (263,543)          | (112,206)  | (170,002)          |
|  | <b>(1,258,766)</b> | <b>(1,638,987)</b>  | <b>(1,097,700)</b> | <b>(1,276,255)</b>                                     | <b>(1,076,157)</b> |
| <b>Financial income</b>                      |                    |   |                    |  |                    |
| Related parties                              | 27                 | 3,219   |                    | 27   | 8,145              |
| Short-term investments                       | 49,309             | 195,576   | 241,506            | 32,476   | 190,347            |
| Derivatives                                  | 527,705            | 230,667   | 464,444            | 272,927  | 200,940            |
| Monetary and exchange rate variation (b)     | 744,736            | 28,290  | 90,357             | 698,178  | 34,295             |
| Others                                       | 158,378            | 80,376  | 33,978             | 120,396  | 4,330              |
|  | <b>1,480,155</b>   | <b>538,128</b>  | <b>830,285</b>     | <b>1,124,004</b>                                       | <b>438,057</b>     |
| <b>Financial results, net</b>                | <b>221,389</b>     | <b>(1,100,859)</b>  | <b>(267,415)</b>   | <b>(152,251)</b>                                       | <b>(638,100)</b>   |
| <b>Summary of Monetary and exchange rate</b> |                    |   |                    |  |                    |
| Cash and cash equivalents                    | 57,501             | 1,116   | 3,233              |  |                    |
| Loans and financing                          | 687,114            | (6,695)   | 37,204             | 84,971   | 19,301             |
| Related parties                              | (18,514)           |   |                    | 100,171  | 2,199              |
| Others                                       | (147,762)          | (436,193)   | (17,281)           | 183,447  | (106,565)          |
| <b>Net (a + b)</b>                           | <b>578,339</b>     | <b>(441,772)</b>  | <b>23,156</b>      | <b>368,589</b>   | <b>(85,065)</b>    |

(I) Period adjusted according to note 4.

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**29 - Commitments**

**a) Nickel project New Caledonia**

The construction and installation of our processing plant for nickel and cobalt in New Caledonia, we provide significant assurance to our financing agreements, which are listed below.

In connection with the Girardin tax law arrangement sponsored by the french government which gives advantage to financial leasing operations, Vale warrants to BNP Paribas, a tax investors according to French law, certain payments due by VNC. Vale also committed that the assets associated with the finance lease would be determined by the Girardin Act substantially completed by December 31, 2011. Due to the delay in the start-up operations of the VNC, Vale has proposed an extension of this deadline to December 31, 2012. The French government and tax investors formally agreed to this extension. The likelihood of the guarantee is sought is remote.

Sumic Nickel Netherlands BV ( Sumic ), which owns 21% of the shares of VNC has an option to sell is worth 25%, 50% or 100% of its shares of VNC to set the cost of the initial project development of nickel cobalt, as defined by the VNC funding in local currency and converted to U.S. dollars at exchange rates specific funding in the form of Girardin, shareholder loans and capital contributions by shareholders to the VNC, exceed the limit of R\$8.4 billion (equivalent to US\$4.6 billion) and an agreement is not reached on how to proceed with the project. On May 27, 2010, the limit was reached. Vale agreed with Sumic a further extension of the sales option for 1 January 2012 and is in the process of finalizing a further extension to the beginning of the discussion and decision of choice for March 1, 2012. Currently, the Company discusses with Sumic about continued participation in the VNC, and expects to reach a resolution during the third quarter of 2012, following a process that occurs more than five months.

Moreover, throughout our operations, we have letters of credit and guarantees amounting to R\$1.4 billion (equivalent to US\$762 million) that are associated with items such as environmental claims, asset retirement obligations, insurance, electricity commitments, benefits post-retirement agreements, community service and import and export commitments.

**b) Participative Debentures**

At the time of privatization in 1997, Vale debentures issued to existing shareholders, including the Brazilian Government. The terms of the debentures were established to ensure that the pre-privatization shareholders, participate in possible future benefits that could be obtained from the exploitation of certain mineral resources.



A total of 388,559,056 debentures were issued at a par value of R\$0.01 (one cent real), whose value will be adjusted according to the variation of the General Market Price ( IGP-M ), as defined in the Indenture. In March 31, 2012 and December 31, 2011 the value of these debentures at fair value totaled R\$2,495,995 and R\$2,674,090, respectively.

The debenture holders are entitled to receive awards, payable semiannually, equivalent to a percentage of net revenues of certain mineral resources as the indenture. In April 2012, compensation was paid to these debentures in the amount of R\$ 11,399.

**c) Operational lease**

There was no change from the published statements for the year ended December 31, 2011.

**d) Concession Contracts and Sub-concession**

**i. Rail companies**

There was no change from the published statements for the year ended December 31, 2011.

Table of Contents**30 - Related parties**

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

In the normal course of operations, Vale contracts rights and obligations with related parties (subsidiaries, associated companies, jointly controlled entities and Stockholders), derived from operations of sale and purchase of products and services, leasing of assets, sale of raw material, so as rail transport services, with prices agreed between the parties and also mutual transactions.

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

|   | <b>Consolidated Assets</b>        |                        |                          |                        |
|---|-----------------------------------|------------------------|--------------------------|------------------------|
|   | <b>March 31, 2012 (unaudited)</b> |                        | <b>December 31, 2011</b> |                        |
|   | <b>Customers</b>                  | <b>Related parties</b> | <b>Customers</b>         | <b>Related parties</b> |
| Baovale Mineração S.A.                                    | 9,952                             | 9,802                  | 9,939                    | 3,323                  |
| Companhia Coreano-Brasileira de Pelotização - KOBRASCO    |                                   | 68,257                 |                          | 40                     |
| Companhia Hispano-Brasileira de Pelotização - HISPANOBRÁS | 333,129                           | 11,873                 | 330,569                  | 265                    |
| Companhia Ítalo-Brasileira de Pelotização - ITABRASCO     | 725                               | 18,788                 | 649                      |                        |
| Companhia Nipo-Brasileira de Pelotização - NIBRASCO       | 665                               | 19,223                 | 1,070                    |                        |
| Minas da Serra Geral S.A.                                 | 15                                | 6,137                  | 11                       |                        |
| Mineração Rio do Norte S.A.                               | 61                                | 13,929                 |                          | 52                     |
| MRS Logística S.A.  | 18,072                            | 71,570                 | 15,411                   | 75,580                 |
| Norsk Hydro ASA   |                                   | 900,889                |                          | 867,984                |
| Samarco Mineração S.A.                                    | 62,215                            | 12,685                 | 75,430                   | 12,685                 |
| Others  | 251,033                           | 99,483                 | 104,256                  | 97,981                 |
| <b>Total</b>  | <b>675,867</b>                    | <b>1,232,636</b>       | <b>537,335</b>           | <b>1,057,910</b>       |
| Current   | 675,867                           | 299,861                | 537,335                  | 153,738                |
| Non-current   |                                   | 932,775                |                          | 904,172                |
| <b>Total</b>  | <b>675,867</b>                    | <b>1,232,636</b>       | <b>537,335</b>           | <b>1,057,910</b>       |

**Consolidated Liabilities**

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|   | March 31, 2012 (unaudited) |                 | December 31, 2011 (I) |                 |
|---|----------------------------|-----------------|-----------------------|-----------------|
|   | Suppliers                  | Related parties | Suppliers             | Related parties |
| Baovale Mineração S.A.                                    | 82,520                     |                 | 37,179                |                 |
| Companhia Coreano-Brasileira de Pelotização - KOBRASCO    | 36,573                     |                 | 9,335                 |                 |
| Companhia Hispano-Brasileira de Pelotização - HISPANOBRÁS | 190,935                    |                 | 303,165               |                 |
| Companhia Ítalo-Brasileira de Pelotização - ITABRASCO     | 7,848                      |                 |                       |                 |
| Companhia Nipo-Brasileira de Pelotização - NIBRASCO       | 31,210                     | 21,201          | 2,475                 | 21,201          |
| Minas da Serra Geral                                      | 21,513                     |                 | 16,135                |                 |
| Mineração Rio do Norte S.A.                               | 41                         |                 |                       |                 |
| MRS Logística S.A.  | 81,508                     |                 | 26,742                |                 |
| Norsk Hydro ASA   |                            | 143,184         |                       | 149,432         |
| Samarco Mineração S.A                                     |                            |                 | 317                   |                 |
| Mitsui & CO, LTD  | 96,445                     |                 | 68,643                |                 |
| Others  | 22,017                     | 15,007          | 47,360                | 42,890          |
| <b>Total</b>  | <b>570,610</b>             | <b>179,392</b>  | <b>511,351</b>        | <b>213,523</b>  |
| Current   | 570,610                    | 36,208          | 511,351               | 42,907          |
| Non-current   |                            | 143,184         |                       | 170,616         |
| <b>Total</b>  | <b>570,610</b>             | <b>179,392</b>  | <b>511,351</b>        | <b>213,523</b>  |

(I) Period adjusted according to note 4.

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|   | Parent Company<br>Assets   |                  |                   |                  |
|---|----------------------------|------------------|-------------------|------------------|
|   | March 31, 2012 (unaudited) |                  | December 31, 2011 |                  |
|   | Customers                  | Related parties  | Customers         | Related parties  |
| Baovale Mineração S.A.                                    | 9,952                      | 9,802            | 9,939             | 3,323            |
| Biopalma da Amazônia                                      |                            | 503,728          |                   | 349,417          |
| Companhia Coreano-Brasileira de Pelotização - KOBRASCO    |                            | 13,315           |                   | 40               |
| Companhia Hispano-Brasileira de Pelotização - HISPANOBRÁS | 331,340                    | 11,873           | 329,059           | 265              |
| Companhia Ítalo-Brasileira de Pelotização - ITABRASCO     | 725                        | 18,789           |                   |                  |
| Companhia Nipo-Brasileira de Pelotização - NIBRASCO       | 665                        | 19,223           | 1,070             |                  |
| Companhia Portuária Baía de Sepetiba - CPBS               | 2,410                      | 126,303          | 2,976             |                  |
| Ferrovias Centro - Atlântica S.A.                         | 10,842                     | 24,562           | 6,061             | 35,700           |
| Minerações Brasileiras Reunidas S.A. - MBR                | 18,400                     | 906,586          | 18,113            | 554,784          |
| Mineração Corumbaense Reunida S.A.                        | 139,252                    | 79,648           | 138,871           | 79,648           |
| Mineração Rio do Norte S.A.                               | 423                        | 13,902           |                   |                  |
| MRS Logística S.A.  | 17,299                     | 28,615           | 14,920            | 28,615           |
| Salobo Metais S.A.  | 16,379                     | 5,167            | 20,181            | 5,167            |
| Samarco Mineração S.A.                                    | 62,208                     | 12,685           | 75,430            | 12,685           |
| Vale International S.A.                                   | 14,334,960                 | 1,752,721        | 14,270,675        | 1,705,079        |
| Vale Manganês S.A.  | 52,947                     |                  | 43,826            |                  |
| Vale Mina do Azul   | 1,823                      | 750              | 134               | 47,270           |
| Vale Operações Ferroviárias                               | 59,887                     | 11,308           | 134,910           | 11,308           |
| Vale Potássio Nordeste                                    | 47,751                     |                  | 44,641            |                  |
| Others  | 150,954                    | 209,692          | 137,750           | 173,776          |
| <b>Total</b>  | <b>15,258,217</b>          | <b>3,748,669</b> | <b>15,248,556</b> | <b>3,007,077</b> |
| Current   | 15,258,217                 | 3,134,853        | 15,248,556        | 2,561,308        |
| Non-current   |                            | 613,816          |                   | 445,769          |
| <b>Total</b>  | <b>15,258,217</b>          | <b>3,748,669</b> | <b>15,248,556</b> | <b>3,007,077</b> |

|   | Parent Company<br>Liabilities |                 |                   |                 |
|---|-------------------------------|-----------------|-------------------|-----------------|
|   | March 31, 2012 (unaudited)    |                 | December 31, 2011 |                 |
|   | Suppliers                     | Related parties | Suppliers         | Related parties |
| Baovale Mineração S.A.                                    | 82,520                        |                 | 37,179            |                 |
| Companhia Coreano-Brasileira de Pelotização - KOBRASCO    | 36,573                        |                 | 9,335             |                 |
| Companhia Hispano-Brasileira de Pelotização - HISPANOBRÁS | 190,935                       |                 | 303,165           |                 |
| Companhia Ítalo-Brasileira de Pelotização - ITABRASCO     | 10,594                        |                 |                   |                 |
| Companhia Nipo-Brasileira de Pelotização - NIBRASCO       | 31,210                        | 21,201          | 2,475             | 21,201          |
| Companhia Portuária Baía de Sepetiba - CPBS               | 89,921                        |                 | 58,360            |                 |

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|  |                  |                   |                |                   |
|--|------------------|-------------------|----------------|-------------------|
| Ferrovia Centro - Atlântica S.A.           | 16,093           | 6                 | 18,708         | 6                 |
| Minerações Brasileiras Reunidas S.A. - MBR | 428,140          | 155               | 44,045         | 155               |
| Mineração Rio do Norte S.A.                | 1                |                   |                |                   |
| MRS Logística S.A.                         | 91,412           |                   | 36,863         |                   |
| Mitsui & CO, LTD                           | 96,445           |                   | 68,643         |                   |
| Vale International S.A.                    | 35,888           | 34,048,903        | 8,452          | 33,581,838        |
| Vale Mina do Azul                          | 25,503           |                   | 151,770        |                   |
| Vale Operações Ferroviárias                | 84               |                   |                |                   |
| Vale Potássio Nordeste                     | 36,718           |                   | 36,712         |                   |
| Others                                     | 139,743          | 9,755             | 98,571         | 9,949             |
| <b>Total</b>                               | <b>1,311,780</b> | <b>34,080,020</b> | <b>874,278</b> | <b>33,613,149</b> |
| Current                                    | 1,311,780        | 5,227,391         | 874,278        | 4,959,017         |
| Non-current                                |                  | 28,852,629        |                | 28,654,132        |
| <b>Total</b>                               | <b>1,311,780</b> | <b>34,080,020</b> | <b>874,278</b> | <b>33,613,149</b> |

|  | <b>Consolidated<br/>Income</b> |   |  |                           |
|--|--------------------------------|---|--|---------------------------|
|  | <b>March 31, 2012</b>          | <b>Three-month period ended (unaudited)<br/>December 31, 2011 (I)</b> |  | <b>March 31, 2011 (I)</b> |
| Baovale Mineração S.A.                                       |                                |   |  | 1,704                     |
| Companhia Coreano-Brasileira de Pelotização - KOBRASCO       | 267                            |   |  |                           |
| Companhia Hispano-Brasileira de Pelotização -<br>HISPANOBRÁS | 263,204                        | 276,325   |  | 309,617                   |
| Log-in S.A.  | 34                             | 1,264   |  | 1,642                     |
| Mineração Rio do Norte S.A.                                  | 17                             | 30  |  | 32                        |
| MRS Logística S.A.   | 7,095                          | 6,911   |  | 6,219                     |
| Samarco Mineração S.A.                                       | 170,967                        | 169,329   |  | 226,817                   |
| Others   | 4,563                          | 1,028   |  | 8,708                     |
| <b>Total</b>   | <b>446,147</b>                 | <b>454,887</b>  |  | <b>554,739</b>            |

(I) Period adjusted according to note 4.

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|   | March 31, 2012 | Consolidated<br>Cost / Expense       |                    |
|---|----------------|--------------------------------------|--------------------|
|   |                | Three-month period ended (unaudited) |                    |
|   |                | December 31, 2011 (I)                | March 31, 2011 (I) |
| Baovale Mineração S.A.                                    | 10,368         | 10,298                               | 9,745              |
| Companhia Coreano-Brasileira de Pelotização - KOBRASCO    | 90,864         | 54,742                               | 47,084             |
| Companhia Hispano-Brasileira de Pelotização - HISPANOBRÁS | 190,568        | 431,162                              | 363,341            |
| Companhia Ítalo-Brasileira de Pelotização - ITABRASCO     | 12,919         | 49,311                               | 58,975             |
| Companhia Nipo-Brasileira de Pelotização - NIBRASCO       | 34,069         | 44,800                               | 61,921             |
| Mineração Rio do Norte S.A.                               |                |                                      | 29,335             |
| Mitsui & Co Ttd   | 17,561         | 61,602                               | 97,357             |
| MRS Logística S.A.  | 318,712        | 303,165                              | 237,255            |
| Samarco Mineração S.A.                                    |                | 38                                   |                    |
| Others  | 7,697          | 8,853                                | 11,026             |
| <b>Total</b>  | <b>682,758</b> | <b>963,971</b>                       | <b>916,039</b>     |

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(I) Period adjusted according to note 4.

|   | March 31, 2012  | Consolidated<br>Financial            |                    |
|---|-----------------|--------------------------------------|--------------------|
|   |                 | Three-month period ended (unaudited) |                    |
|   |                 | December 31, 2011 (I)                | March 31, 2011 (I) |
| Baovale Mineração S.A.                                    |                 |                                      | 4,668              |
| Companhia Coreano-Brasileira de Pelotização - KOBRASCO    | 7               |                                      |                    |
| Companhia Hispano-Brasileira de Pelotização - HISPANOBRÁS |                 | (1)                                  | (3,694)            |
| Companhia Ítalo-Brasileira de Pelotização - ITABRASCO     | 9               |                                      |                    |
| Companhia Nipo-Brasileira de Pelotização - NIBRASCO       | 11              |                                      |                    |
| Samarco Mineração S.A.                                    | (60)            |                                      |                    |
| Others  | (11,873)        | 22,034                               | (30,906)           |
| <b>Total</b>  | <b>(11,906)</b> | <b>22,033</b>                        | <b>(29,932)</b>    |

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(I) Period adjusted according to note 4.

|   | March 31, 2012 | Parent Company<br>Income             |                |
|---|----------------|--------------------------------------|----------------|
|   |                | Three-month period ended (unaudited) |                |
|   |                | December 31, 2011                    | March 31, 2011 |
| Baovale Mineração S.A.                                    |                |                                      | 1,704          |
| Companhia Coreano-Brasileira de Pelotização - KOBRASCO    | 267            |                                      |                |
| Companhia Hispano-Brasileira de Pelotização - HISPANOBRÁS | 255,215        | 270,529                              | 302,375        |

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|  |                   |                   |                   |
|--|-------------------|-------------------|-------------------|
| Ferrovias Centro - Atlântica S.A.          | 20,926            | 41,023            | 48,330            |
| Ferrovias Norte Sul S.A.                   | 546               | 4,122             | 5,347             |
| Vale Canada Limited                        |                   | 5,000             | 5,620             |
| Minerações Brasileiras Reunidas S.A. - MBR |                   | 845               |                   |
| MRS Logística S.A.                         | 5,922             | 5,582             | 5,044             |
| Samarco Mineração S.A.                     | 169,332           | 165,751           | 223,333           |
| Vale Energia S.A.                          |                   | 12,720            |                   |
| Vale International S.A.                    | 10,016,694        | 15,366,630        | 11,370,205        |
| Vale Manganês S.A.                         | 2,806             |                   | 22,386            |
| Vale Operações Ferroviárias                | 55,718            | 155,803           |                   |
| Vale Operações Portuárias                  | 8,876             |                   |                   |
| Vale Mina do Azul                          | 11,817            | 20,929            |                   |
| Others                                     | 17,399            | 3,925             | 190               |
| <b>Total</b>                               | <b>10,565,518</b> | <b>16,052,859</b> | <b>11,984,534</b> |

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|   | <b>Parent Company<br/>Cost / Expense</b> |   |                  |
|---|--|---|------------------|
|   | <b>March 31, 2012</b>                    | <b>Three-month period ended (unaudited)<br/>December 31, 2011</b> |                  |
| Baovale Mineração S.A.                                    | 10,368                                   | 10,298  | 9,745            |
| Companhia Coreano-Brasileira de Pelotização - KOBRASCO    | 41,280                                   | 54,742  | 47,084           |
| Companhia Hispano-Brasileira de Pelotização - HISPANOBRÁS | 190,568                                  | 431,162   | 363,341          |
| Companhia Ítalo-Brasileira de Pelotização - ITABRASCO     | 12,919                                   | 49,311  | 58,975           |
| Companhia Nipo-Brasileira de Pelotização - NIBRASCO       | 34,069                                   | 44,800  | 61,921           |
| Companhia Portuária Baía de Sepetiba - CPBS               | 77,499                                   | 60,772  | 84,526           |
| Ferrovia Centro - Atlântica S.A.                          | 17,840                                   | 34,630  | 12,528           |
| Mitsui & Co Ltd   | 17,561                                   | 61,602  | 97,357           |
| MRS Logística S.A.  | 316,126                                  | 301,569   | 235,713          |
| Vale Energia S.A.   | 63,827                                   | 52,875  | 36,120           |
| Vale Manganês S.A.  |  | 2,425   |                  |
| Vale Mina do Azul S.A.                                    | 6,381                                    | 119,235   |                  |
| Vale Colombia Holdings                                    | 11,918                                   |   |                  |
| Minerações Brasileiras Reunidas S.A. - MBR                | 179,685                                  | 496,007   | 80,000           |
| Others  | 5,226                                    | 6,605   | 4,824            |
| <b>Total</b>  | <b>985,267</b>                           | <b>1,726,033</b>  | <b>1,092,134</b> |

|   | <b>Parent Company<br/>Financial</b> |   |                  |
|---|-------------------------------------|---|------------------|
|   | <b>March 31, 2012</b>               | <b>Three-month period ended (unaudited)<br/>December 31, 2011</b> |                  |
| Companhia Hispano-Brasileira de Pelotização - HISPANOBRÁS |                                     |   | (3,694)          |
| Companhia Portuária Baía de Sepetiba - CPBS               |                                     |   | 3                |
| Ferrovia Centro - Atlântica S.A.                          | 302                                 |   | (292)            |
| Vale Canada Limited                                       |                                     | 14,785  |                  |
| Vale International S.A.                                   | (250,321)                           | (247,560)   | (374,606)        |
| Sociedad Contractual Minera Tres Valles                   | (406)                               | (591)   |                  |
| Mineração Corumbaense Reunida S.A.                        |                                     | (14,059)  |                  |
| Biopalma da Amazonia S.A.                                 | 4,312                               | 46,825  |                  |
| Others  | (165)                               | 107   | (8,358)          |
| <b>Total</b>  | <b>(246,278)</b>                    | <b>(200,493)</b>  | <b>(386,947)</b> |

Additionally we have loans payable to Banco Nacional de Desenvolvimento Social and BNDES Participações S.A in the amounts of R\$ 5,429,870 and R\$ 1,713,767 respectively, accruing interest at market rates, which fall due through 2029. The operations generated interest expenses of R\$ 62,848 and R\$ 28,264. We also maintain cash equivalent balances with Banco Bradesco S.A. in the amount of R\$ 29,385 in March 31, 2012. The effect of these operations in results of the period was R\$ 1,789.

Remuneration of key management personnel:



|                                | March 31, 2012 | Three-month period ended (unaudited)<br>December 31, 2011 | March 31, 2011 |
|--------------------------------|----------------|---|----------------|
| <b>Short-term benefits:</b>    | <b>33,115</b>  | <b>14,369</b>   | <b>38,679</b>  |
| Wages or pro-labor             | 3,945          | 4,906   | 4,852          |
| Direct and indirect benefits   | 9,590          | 5,015   | 9,123          |
| Bonus                          | 19,580         | 4,448   | 24,704         |
| <b>Long-term benefits:</b>     |                |   |                |
| Based on stock                 | 13,043         | 4,579   | 11,186         |
|                                | <b>13,043</b>  | <b>4,579</b>  | <b>11,186</b>  |
| <b>Termination of position</b> | 6,034          | 5,799   | 570            |
|                                | <b>52,192</b>  | <b>24,747</b>   | <b>50,435</b>  |

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

**Board of Directors**

Ricardo José da Costa Flores

**Chairman**

Mário da Silveira Teixeira Júnior

**Vice-President**

Fuminobu Kawashima

José Mauro Mettrau Carneiro da Cunha

José Ricardo Sasserón

Luciano Galvão Coutinho

Nelson Henrique Barbosa Filho

Oscar Augusto de Camargo Filho

Paulo Soares de Souza

Renato da Cruz Gomes

Robson Rocha

**Alternate**

Deli Soares Pereira

Eduardo de Oliveira Rodrigues Filho

Eustáquio Wagner Guimarães Gomes

Hajime Tonoki

João Moisés de Oliveira

Luiz Carlos de Freitas

Marco Geovanne Tobias da Silva

Paulo Sergio Moreira da Fonseca

Raimundo Nonato Alves Amorim

Sandro Kohler Marcondes

**Advisory Committees of the Board of Directors**

**Controlling Committee**

Luiz Carlos de Freitas

Paulo Ricardo Ultra Soares

Paulo Roberto Ferreira de Medeiros

**Executive Development Committee**

João Moisés de Oliveira

José Ricardo Sasserón

Oscar Augusto de Camargo Filho

**Strategic Committee**

**Governance and Sustainability Committee**

Gilmar Dalilo Cezar Wanderley

Renato da Cruz Gomes

Ricardo Simonsen

**Fiscal Council**

Marcelo Amaral Moraes

**Chairman**

Aníbal Moreira dos Santos

Antonio Henrique Pinheiro Silveira

Arnaldo José Vollet

**Alternate**

Cícero da Silva

Oswaldo Mário Pêgo de Amorim Azevedo

Paulo Fontoura Valle

**Executive Officers**

Murilo Pinto de Oliveira Ferreira

**President & CEO**

Vânia Lucia Chaves Somavilla

**Executive Director, HR, Health & Safety, Sustainability and Energy**

Tito Botelho Martins

**Chief Financial Officer**

Eduardo de Salles Bartolomeo

**Executive Director, Fertilizers and Coal**

José Carlos Martins

**Executive Director, Ferrous and Strategy**

Galib Abrahão Chaim

**Executive Director, Capital Projects Implementation**

Humberto Ramos de Freitas

**Executive Director, Logistics and Mineral Research**

Gerd Peter Poppinga

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

**Executive Director, Base Metals and IT**

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

**Finance Committee**

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

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

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**Signatures**

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

Date: April 25, 2012

By:

Vale S.A.  
(Registrant)

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