United States
Securities and Exchange Commission

Washington, D.C. 20549

FORM 6-K/A

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

For the month of

February, 2013

Vale S.A.

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

(Address of principal executive office)

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

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

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

(Check One) Yes o No x

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

(Check One) Yes o No x

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

(Check One) Yes o No x

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

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REASON FOR AMENDMENT

The reason for this amendment is to amend certain annual financial information for the year ended Dec 31, 2012 furnished to the SEC in a report on Form 6-K on February 27, 2013. Specifically, we made minor adjustments to Note 32 Board of Directors, Fiscal Council, Advisory committee and Executives Officers.

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Financial Statements

December 31, 2012

IFRS

Filed with the CVM, SEC and HKEx on

February 27, 2013

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Vale S.A.

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Independent auditor s report

To the Board of Directors and Shareholders
Vale S.A.

We have audited the accompanying consolidated financial statements of Vale S.A. and its subsidiaries (the Company), which comprise the consolidated balance sheet as at December 31, 2012 and the consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management s responsibility for

the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor s responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor s judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity s preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Vale S.A. and its subsidiaries as at December 31, 2012, and their financial performance and their cash flows for the year then ended, in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

Rio de Janeiro, February 27, 2012

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

João César de Oliveira Lima Júnior
Contador CRC 1RJ077431/O-8

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Consolidated Balance Sheets

Expressed in millions of United States dollars

	Note	December 31, 2012	December 31, 2011	December 31, 2010
Current assets				
Cash and cash equivalents	7	5,832	3,531	7,584
Short-term investments	8	246		1,793
Unrealized gains on derivative instruments	25	281	595	52
Accounts receivable	9	6,795	8,505	8,211
Related parties	30	384	82	96
Inventory	10	5,052	5,251	4,298
Recoverable taxes	12	2,260	2,230	1,603
Advances to suppliers		256	393	188
Other		963	946	606
		22,069	**21,533**	**24,431**
Non-current assets held for sale	11	457		7,128
		22,526	**21,533**	**31,559**
Non-current assets				
Related parties	30	408	509	29
Loans and financing agreements receivable		246	210	164
Judicial deposits	18	1,515	1,464	1,731
Deferred income tax and social contribution	21	3,981	1,894	1,358
Recoverable taxes	12	658	587	361
Unrealized gains on derivative instruments	25	45	60	301
Deposit on incentive/ reinvestment		160	229	143
Other		604	538	472
		7,617	**5,491**	**4,559**
Investments	13	6,384	8,013	4,394
Intangible assets	14	9,211	9,521	10,100
Property, plant and equipment, net	15	84,882	82,342	76,015
		108,094	**105,367**	**95,068**
Total		**130,620**	**126,900**	**126,627**

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Consolidated Balance sheets

Expressed in millions of United States dollars, except number of shares

(continued)

	Note	December 31, 2012	December 31, 2011	December 31, 2010
Liabilities				
Current liabilities				
Suppliers and contractors		4,529	4,814	3,558
Payroll and related charges		1,481	1,307	1,134
Unrealized losses on derivative instruments	25	347	73	35
Current portion of long-term debt	17	3,471	1,495	2,825
Short-term debt	17		22	139
Loans from related parties	30	207	24	21
Taxes payable and royalties		324	524	264
Provision for income taxes		641	507	751
Employee postretirement benefit obligations	21	205	169	188
Provision for asset retirement obligations	19	70	73	75
Dividends and interest on capital			1,181	4,842
Other		1,127	904	950
		12,402	**11,093**	**14,782**
Liabilities directly associated with assets held for sale		160		3,205
		12,562	**11,093**	**17,987**
Non-current liabilities				
Unrealized losses on derivative instruments	25	783	663	61
Long-term debt	17	26,799	21,538	21,593
Loans from related parties	30	72	91	2
Employee postretirement benefit obligations	21	1,660	1,550	2,003
Provisions for contingencies	18	2,065	1,686	2,043
Deferred income tax and social contribution	20	3,795	5,681	7,699
Asset retirement obligations	19	2,678	1,849	1,443
Stockholders debentures	29	1,653	1,336	1,284
Redeemable noncontrolling interest		487	505	712
Other		1,907	2,398	1,965
		41,899	**37,297**	**38,805**
Total liabilities		**54,461**	**48,390**	**56,792**
Stockholders equity	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		22,907	22,907	17,426
Common stock - 3,600,000,000 no-par-value shares authorized and 3,256,724,482 (2011 - 3,256,724,482)		37,671	37,671	27,840

issued			
Mandatorily convertible notes - common shares		191	236
Mandatorily convertible notes - preferred shares		422	528
Treasury stock - 140,857,692 (2011 - 181,099,814) preferred and 71,071,482 (2011 - 86,911,207) common shares	(4,477)	(5,662)	(2,660)
Results from operations with noncontrolling stockholders	(400)	7	411
Results from the translation/ issue of shares	(152)		1,002
Unrealized fair value gains/(losses)	(552)	118	(15)
Cumulative translation adjustments	(18,816)	(20,665)	(20,963)
Retained earnings	38,390	41,806	43,504
Total Company stockholders equity	**74,571**	**76,795**	**67,309**
Noncontrolling interests	1,588	1,715	2,526
Total stockholders equity	**76,159**	**78,510**	**69,835**
Total liabilities and stockholders equity	**130,620**	**126,900**	**126,627**

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

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Consolidated Statements of Income

Expressed in millions of United States dollars, except as otherwise stated

		Year ended December 31,		
	Note	**2012**	**2011**	**2010**
Net operating revenue	26	47,694	60,946	47,029
Cost of goods sold and services rendered	27	(26,483)	(25,371)	(20,420)
Gross profit		**21,211**	**35,575**	**26,609**
Operating (expenses)/ income				
Selling and administrative expenses	27	(2,240)	(2,324)	(1,696)
Research and development expenses	27	(1,478)	(1,674)	(878)
Other operating expenses, net	27	(3,639)	(2,810)	(2,205)
Gains /(losses) on non-current assets held for sale		(506)		
Impairment of assets	16	(4,023)	1,494	
		(11,886)	**(5,314)**	**(4,779)**
Operating income		**9,325**	**30,261**	**21,830**
Financial income	28	1,602	1,907	1,775
Financial expenses	28	(5,709)	(5,480)	(3,338)
Equity results from associates	13	645	1,138	997
Impairment of investments	16	(1,941)		
Income before income tax and social contribution		**3,922**	**27,826**	**21,264**
Income tax and social contribution	20			
Current income tax		(2,529)	(5,547)	(4,996)
Deferred income tax		860	276	1,304
Deferred Income Tax of impairment		1,627		
Reversal of Deferred Income Tax liabilities (Note 6.b.)		1,236		
		1,194	**(5,271)**	**(3,692)**
Income from continuing operations		**5,116**	**22,555**	**17,572**
Results of discontinued operations				(125)
Net income for the year	26	**5,116**	**22,555**	**17,447**
Gain/(loss) attributable to noncontrolling interests		(257)	(233)	190
Net income attributable to the Company s stockholders		**5,373**	**22,788**	**17,257**
Earnings per share attributable to the Company s stockholders:				
Basic and diluted earnings per preferred share and per common share				
Continuing operations		0.99	4.34	3.25

Discontinued operations	0.99	(0.02)

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

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Consolidated Statement of Others Comprehensive Income

Expressed in millions of United States dollars

	Year ended December 31,		
	2012	**2011**	**2010**
Net income	**5,116**	**22,555**	**17,447**
Other comprehensive income			
Cumulative translation adjustments	(2,201)	(4,641)	2,065
Unrealized gains /(losses) on available-for-sale investmenties			
Gross balance as of the year end		3	23
Tax benefits /(expenses)	(1)		(10)
	(1)	**3**	**13**
Cash flow hedge			
Gross balance as of the year end	(113)	118	36
Tax benefits (expenses)	(8)	11	(11)
	(121)	**129**	**25**
Total other comprehensive income for the year	**2,793**	**18,046**	**19,550**
Other comprehensive income (deficit) attributable to Noncontrolling interests	(223)	(319)	255
Other comprehensive income (deficit) attributable to the Company s stockholders	3,016	18,365	19,295
	2,793	**18,046**	**19,550**

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

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Statement of Changes in Equity

Expressed in millions of United States dollars

	Capital	**Results from the translation of shares**	**Mandatorily convertible notes**	**Revenue reserves**	**Treasury stock**	**Unrealized fair value gain (losses)**	**Gains/(losses) from operations with noncontrolling stockholders**	**Cumulative translation adjustments**	**Retained earnings**	**Total Company stockholders equity**	**no s**
Balance as at January 1, 2010	**43,869**	**(98)**	**2,398**	**28,298**	**(1,150)**	**(12)**		**(21,758)**	**3,448**	**54,995**	
Net income for the year									17,257	17,257	
Capitalization of reserves	1,397			(1,397)							
Capitalization of noncontrolling stockholder advances											
Gains on conversions of shares		1,100	(1,591)		491						
Repurchases of stock					(2,001)					(2,001)	
Additional remuneration for mandatorily convertible notes			(43)							(43)	
Cash flow hedges, net of taxes						(15)				(15)	
Unrealized fair value results						13				13	
Translation adjustments for the year				1,130		(1)		795	116	2,040	
Dividends to noncontrolling stockholders											
Acquisitions and disposals of noncontrolling							411			411	

stockholders										
Transfers to assets held for sale of noncontrolling stockholders										
Additional Remuneration				(308)						(308)
Interim interest on capital and dividends									(863)	(863)
Destination of earnings:										
Supplemental distributions proposed to stockholders									(4,177)	(4,177)
Appropriation to undistributed retained earnings				15,781					(15,781)	
Balance as at December 31, 2010	**45,266**	**1,002**	**764**	**43,504**	**(2,660)**	**(15)**	**411**	**(20,963)**		**67,309**
Net income for the year									22,788	22,788
Capitalization of reserves	15,312	(1,002)		(14,310)						
Capitalization of noncontrolling stockholder advances										
Repurchases of stock					(3,002)					(3,002)
Supplemental distributions for mandatorily convertible notes			(151)							(151)
Cash flow hedge, net of taxes						128				128
Unrealized fair value results						3				3
Translation adjustments for the year				(2,777)		2		298	(2,077)	(4,554)
Dividends to noncontrolling stockholders										
Redeemable noncontrolling stockholder interests										
Acquisitions and disposals of noncontrolling stockholders							(404)			(404)
									(4,141)	(4,141)

Interim interest on capital and dividends										
Destination of earnings:										
Supplemental distributions proposed to stockholders									(1,181)	(1,181)
Appropriation to undistributed retained earnings				15,389					(15,389)	
Balance as of December 31, 2011	**60,578**		**613**	**41,806**	**(5,662)**	**118**	**7**	**(20,665)**		**76,795**
Net income for the year									5,373	5,373
Capitalization of noncontrolling stockholder advances										
Gains on conversion of shares		(152)	(545)		1,185	(488)				
Additional remuneration for mandatorily convertible notes			(68)							(68)
Cash flow hedges, net of taxes						(121)				(121)
Unrealized fair value results						(1)				(1)
Translation adjustments for the year				(4,024)		(60)		1,849		(2,235)
Dividends to noncontrolling stockholders										
Redeemable noncontrolling stockholders interest										
Acquisitions and disposals of noncontrolling stockholders							(407)			(407)
Realization of reserve				(362)					362	
Destination of earnings:										
Appropriation to undistributed retained earnings				531					(5,735)	(5,204)

Remuneration intermediate								
Balance as of December 31, 2012	**60,578**	**(152)**	**37,951**	**(4,477)**	**(552)**	**(400)**	**(18,816)**	**74,132**

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

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Consolidated Statement of Cash Flows

Expressed in millions of United States dollars

	Year ended December 31, 2012	2011	2010
Cash flow from operating activities:			
Net income	5,116	22,555	17,447
Adjustments to reconcile net income with cash from operations			
Results of equity investments	(645)	(1,138)	(997)
Realized gains on assets held for sale	505	(1,494)	
Results from discontinued operations			125
Depreciation, amortization and depletion	4,288	3,944	3,092
Deferred income tax and social contribution	(860)	(276)	(1,304)
Reversal of deferred income tax (note 5a)	(1,236)		
Deferred Income Tax of impairment	(1,627)		
Foreign exchange and indexation (gain) losses, net	1,309	3,139	(605)
Loss on disposal of property, plant and equipment	216	223	623
Unrealized derivative (gains) losses, net	613	490	594
Impairment	5,964		
Stockholders debentures	109		
Other	(333)	1	240
Decrease (increase) in assets:			
Accounts receivable from customers	1,900	(821)	(3,800)
Inventories	(296)	(1,343)	(425)
Recoverable taxes	177	(563)	42
Other	530	(295)	345
Increase (decrease) in liabilities:			
Suppliers and contractors	(168)	1,076	928
Payroll and related charges	185	285	214
Taxes and contributions	(143)	(2,478)	1,311
Other	531	153	192
Net cash provided by operating activities	**16,135**	**23,458**	**18,022**
Cash flow from investing activities:			
Short-term investments	(246)	1,793	1,954
Loans and advances	292	(178)	(58)
Guarantees and deposits	(116)	(186)	(94)
Additions to investments	(474)	(504)	(87)
Additions to property, plant and equipment	(15,777)	(16,075)	(12,647)
Dividends/interest on capital received from Joint controlled entities and associates	460	1,038	1,161
Proceeds from disposal of investments held for sale	974	1,081	
Acquisitions/sales of subsidiaries			(6,252)
Net cash used in investing activities	**(14,887)**	**(13,031)**	**(16,023)**
Cash flow from financing activities:			
Short-term debt			

Additions	593	859	2,233
Repayments	(526)	(955)	(2,132)
Loans			
Additions		19	24
Repayments		(1)	(25)
Long-term debt			
Additions	8,740	1,564	4,436
Repayments	(1,186)	(2,621)	(2,629)
Dividends and interest on capital paid to stockholders	(6,000)	(9,000)	(3,000)
Dividends and interest on capital attributed to noncontrolling interest	(45)	(100)	(140)
Transactions with noncontrolling stockholders	(411)	(1,134)	660
Treasury stock		(3,002)	(1,510)
Net cash used in financing activities	**1,165**	**(14,371)**	**(2,083)**
Increase (decrease) in cash and cash equivalents	2,413	(3,944)	(84)
Cash and cash equivalents of cash, beginning of the year	3,531	7,584	7,293
Effect of exchange rate changes on cash and cash equivalents	(112)	(109)	375
Cash and cash equivalents, end of the year	**5,832**	**3,531**	**7,584**
Cash paid during the year for:			
Short-term interest	(8)	(3)	(5)
Long-term interest	(1,308)	(1,143)	(1,097)
Income tax and social contribution	(1,238)	(7,293)	(1,972)
Non-cash transactions:			
Additions to property, plant and equipment - interest capitalization	335	234	164

Conversion of mandatorily convertible notes using 56,081,560 treasury stock (note 24c)

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

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Notes to Financial Statements

Expressed in millions of United States Dollars, unless otherwise stated

1- Operational Context

Vale S.A. (Vale or Parent 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 , Company or We) are principally engaged in the research, production and marketing of iron ore and pellets, nickel, fertilizer, copper, coal, manganese, ferroalloys, cobalt, platinum group metals and precious metals. In addition, it operates in the segments of energy, logistics and steel.

At December 31, 2012, our principal consolidated operating subsidiaries the following:

Entities	% ownership	% voting capital	Location	Principal activity
Subsidiaries				
Compañia Minera Miski Mayo S.A.C	40.00	51.00	Peru	Fertilizers
Ferrovia Centro-Atlântica S. A.	99.99	99.99	Brazil	Logistics
Ferrovia 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 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.	95.00	95.00	Mozambique	Coal
Vale Nouvelle-Calédonie SAS	80.50	80.50	New Caledonia	Nickel
Vale Oman Pelletizing Company LLC	70.00	70.00	Oman	Pellet
Vale Shipping Holding PTE Ltd.	100.00	100.00	Singapore	Logistics

In a subsequent period, pursuant a contract with the Sultanate of Oman, Vale transferred 30 % of its shares to Oman Oil Company for R$ 144 (US$ 71).

The Board of Directors authorized these financial statements for issue on Februay 27, 2013.

2 - Summary of the Main Accounting Practices and Accounting Estimates

a) Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), and interpretations issued by International Financial Reporting Interpretations Committee (IFRIC).

The financial statements have been prepared under the historical cost convention as adjusted to reflect the fair value of available for sale financial assets, and financial assets and liabilities (including derivative instruments) measured at fair value through the Statement of Income.

b) Functional currency and presentation currency

Items included in the financial statements of each Group s entities are measured using the currency of the primary economic environment in which the entity operates (functional currency), which in the case of the Parent Company is the Brazilian Real (R$). For presentation purposes, these consolidated financial statements are presented in United States Dollars (US$) as we understand this is how our international investors are used to analyze our financial statements in order to take their decisions.

The operations with others currencies are translated into the functional currency of each entity using the actual exchange rate on the transaction dates. 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.

In 2011, based on entity business assessment, the subsidiary Vale International had its functional currency changed from the Brazilian Real to US Dollar. This change did not cause significant effects in the financial statements presented.

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The exchange rates of the major currencies that impact our operations against the functional currency were:

	Exchange rates used for conversions in Brazilian Reais - R$		
	December 31, 2012	December 31, 2011	December 31, 2010
US dollar - US$	2.0435	1.8683	1.6662
Canadian dollar - CAD	2.0546	1.8313	1.6700
Australian dollar - AUD	2.1197	1.9092	1.6959
Euro - EUR or	2.6954	2.4165	2.2280

Translation differences on non-monetary financial assets and liabilities are recognized in income as part of fair value gain or loss. The exchange rate gain or loss of non-monetary financial assets, such as investments in shares classified as available for sale, is included in Comprehensive Income.

The net income and balance sheet of all Group entities whose functional currency is different from the presentation currency are translated into the presentation currency as follows: (i) The assets and liabilities for each Statement of Balance Sheet presented are translated at the closing rate at the Statement of Balance Sheet date; (ii) income and expenses for each Statement of Income are translated at the average exchange rates, except in specific transactions that, considering their relevance, are translated at the rate at the dates of transactions and; (iii) The components for each Stockholders equity are translated at the rate at the dates of transactions. All resulting exchange differences are recognized in a separate component of the Stockholder s equity, named Cumulative Translation Adjustment .

c) Consolidation and investments

1. The consolidated financial statements reflect the balances of assets and liabilities and transactions of the Parent Company and its direct and indirect subsidiaries. Subsidiaries over which control is achieved through other means, such as stockholders agreement, are also consolidated even if we hold less than 51% of voting capital.

2. For associates, entities over which the Company has significant influence but not control, and jointly controlled entities, the investments are accounted for under the equity method.

3. Accounting practices of subsidiaries, joint ventures and associated companies are set to ensure consistency with the policies adopted by the Parent Company. Transactions between consolidated companies, as well as balances, unrealized profits and losses on these transactions are eliminated.

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

For interests in joint arrangements (e.g.: consortium agreements), the assets, liabilities and transactions of these enterprises are recognized in the proportion held by Vale.

d) Business combinations

When Vale acquires control over an entity, the identifiable assets acquired the liabilities and contingent liabilities assumed and the noncontrolling stockholders interests recognized are measured initially at fair value at the acquisition date.

The excess of consideration transferred and of the fair value at the acquisition date of any previous equity interests in the acquire, against the fair value of group interests in the identifiable net assets acquired, is recorded as goodwill, which is allocated to each cash-generating unit.

e) Segment information

Operating and geographic segments are reported consistently with the internal reporting provide to, and used by, the Company s decision makers in evaluating performance and taking investment decisions. The information is analyzed by operating segment as follows:

Bulk Material - includes the extraction of iron ore and pellet production and the transport systems of Brazil, including railroads, ports and terminals, linked to mining operations. The manganese ore, ferroalloys and coal are also included in this segment.

Base metals includes the production of non-ferrous minerals, including nickel operations (co-products and by-products), copper

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and investment in aluminum affiliate.

Fertilizers comprises three major groups of nutrients: potash, phosphate and nitrogen.

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

Other comprises sales and expenses of other products and investments in joint ventures and associate in other businesses.

f) Current and non-current assets and liabilities

Vale classifies assets and liabilities as current when it expects to realize the assets and to settle the liabilities, within twelve months after the reporting period. Others assets and liabilities are classified as non-current.

g) Cash equivalents and short-term investments

The amounts recorded as cash and cash equivalents correspond to the values available in cash, bank deposits and investments in the short-term that have immediately liquidity and original maturity within 90 days. Other investments between 91 day and 360 day maturities are recognized as fair value through income and presented in short-term investments.

h) Accounts receivables

Represent receivables from the sale of products and services made by the Company. The receivables are initially recorded at fair value and subsequently measured at amortized cost, net of impairment losses, when applicable.

i) Financial Assets

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

- Financial assets measured at fair value through the Statement of Income financial assets held for trading acquired for the purpose of selling in the short term.

- Loans and receivables non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are initially measured at fair value and subsequently at amortized cost using the effective interest method.

- Available for sale non-derivative financial assets not classified in another category of financial instrument. They are recognized at fair value through other comprehensive income. After the initial recognition, when financial assets available for sale do not have a quoted market price in an active market and whose fair value cannot be reliably measured, we are held at acquisition cost less impairment losses.

j) Inventories

Inventories are stated at the lower of average cost of acquisition or production and net realizable value. The inventories production cost is determined by variable and fixed costs, direct and indirect costs of production, using the average cost method. When applicable an estimate of losses with obsolete or slow-moving inventories is recognized.

k) Non-current assets and liabilities held for sale

Non-current assets and liabilities are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. Non-current assets and liabilities held for sale are measured at the lower of carrying amount and fair value, less cost of sales and presented as current assets, separate from other current assets and liabilities.

l) Stripping Costs

Stripping costs (the cost associated with the removal of overburdened and other waste materials) incurred during the development of mine, before production takes place, are capitalized as part of the depreciable cost of developing the property. Such costs are subsequently amortized during the useful life of the mine based on proven and probable reserves.

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Post-production stripping costs are included in the cost of inventory, except when a special campaign is developed to permit the access to a significant ore body. In these cases, the cost are capitalized as non-current asset and amortized during the extraction of the ore body.

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m) Intangible assets

Intangible assets are evaluated at the acquisition cost, less accumulated amortization and impairment losses, when applicable.

Intangible assets that have finite useful lives are amortized considering their effective use, while those with indefinite useful lives are not amortized but are tested at least annually in terms of their recoverability (impairment test).

The Company holds concessions to exploit railway assets over a certain period o f time. Railways are classified as intangible assets and amortized over the shorter of their useful lives and the concession term will returned to the government.

Intangible assets acquired in a business combination are recognized separately from goodwill.

n) Property, plant and equipment

Property, plant and equipment are carried at acquisition or production cost. The asset costs include costs directly attributable to bringing the asset into use, financial charges incurred during the construction period, acquisition expenses, after deducting trade discounts and rebates, and estimated decommissioning and site restoration expenses (asset retirement obligations Note 2v).

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

The depreciation and depletion are determined in accordance with the following estimated useful lives:

Buildings	between 20 and 50 years
Installations	between 20 and 33 years
Equipment	between 10 and 33 years

Computer Equipment	5 years
Mineral rights	between 2 and 33 years
Locomotives	25 years
Wagon	33 years
Railway equipment	25 years
Ships	between 5 and 20 years
Other	between 2 and 50 years

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

Significant industrial maintenance costs (for example, ships and other such assets), including spare parts, assembly services, and others, are recorded in property, plant and equipment and depreciated through the next programmed maintenance overhaul.

o) Non-controlling stockholders interests

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

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

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p) Impairment of assets

The Company assesses, at each reporting date whether there is evidence that the carrying amount of financial assets measured through amortized cost and long-live non-financial asset, should be impaired.

For financial assets measured through amortized cost, Vale compares the carrying amount with expected cash flows for the asset, and when appropriate, the carrying value is adjusted to cash flow value.

For long-live non-financial assets, when impairment indication are identified, the test is conducted by campaign the recoverable value of these assets grouped at the lowest levels for which there are separately identifiable cash flows of the cash-generating unit to which the asset belongs to their carrying amount. If we identify the need for adjustment, it is consistently appropriate to each asset s cash-generating unit.

For investments in affiliated companies with publicly traded stock, Vale assesses recoverability of assets when there is prolonged or significant decline in market value. The balance of their investments in relation to the market value of the shares, when available. If the market value is less than the carrying value of investments, and reducing for seasonal, the Company performs the adjustment of the investment to the realizable value quoted in the market.

The Company determines its cash flows based on approved budgets, considering mineral reserves and mineral resources calculated by internal experts, costs and investments based on the best estimate of past performance, sale prices consistent with the projections used in reports published by industry considering the market price when available and appropriate. Cash flows used are designed based on the life of each cash-generating unit (consumption of reserve units in the case of minerals) and considering discount rates that reflect specific risks relating to the relevant assets in each cash-generating unit, depending on their composition and location.

Regardless the indication of impairment of its carrying value, goodwill balances arising from business combinations and intangible assets with indefinite useful lives are tested for impairment at least once a year.

q) Research and development

i. Expenditures on ore research

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

ii. Expenditures on feasibility studies and new technologies and others research

Vale also conducts feasibility study for many whose business which we operates and researching new technologies to optimize the mining process. After proven to generate future benefits to the Company, the expenditures incurred are capitalized.

r) Leases

The Company classifies its contracts as finance leases or operating leases based on the substance of the contract as to whether it is linked to the transfer of substantially all risks and benefits of the assets ownership to the Company during their useful life.

For finance leases, the lower of the fair value of the leased asset and the present value of minimum lease payments is recorded in tangible fixed assets and the corresponding obligation recorded in liabilities. For operating leases, payments are recognized on a straight line basis during the term of the contract as a cost or expense in the Statement of Income.

s) Accounts payable to suppliers and contractors

Accounts payable to suppliers and contractors are obligations to pay for goods and services that were acquired in the ordinary course of business, and are initially recognized at fair value and subsequently measured at amortized cost using effective interest rate method.

t) Loans and financing

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

Compound financial instruments issued by the Company which include financial liability (debt) components and Stockholders equity components, comprise notes mandatorily convertible into preferred or common stock.

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The liability component of a compound financial instrument is initially recognized at fair value that is determined using discounted cash flow, considering the interest rate market for a non-convertible debt instrument with similar characteristics (period, value, credit risk). After initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest rate method.

The Stockholders equity component is recognized at the difference between the total values received by the Company with the issuance of the securities, and the initial recognition amount of the liability component. After initial recognition, the stockholders equity component of a compound financial instrument is not remeasured until its conversion.

u) Provision

Provisions are recognized only when there is a present obligation (legal or constructive) resulting from a past event, and it is probable that settlement of this obligation would result in an outflow of resources and the amount of the obligation may be reasonably estimated. Provisions are reviewed and adjusted to reflect the current best estimate at the end of each reporting period. Provisions are measured at the present value of the expenditure expected to be required to settle an obligation using a pre-tax rate, which reflects current market assessments of time value of money and the risks specific to the obligation. The increase in the obligation due to the passage of time is recognized as interest expense.

v) Provision for asset retirement obligations

The provision made by the Company refers basically to costs in order to mine closure, with the completion of mining activities and decommissioning of assets related to mine. The provision is set initially recording a liability for long-term return on fixed asset item. The long-term liability is updated using a discount rate of long-term updated and recorded at Statement of income for this period, in the counter entry of financial expenses. The asset is depreciated linearly over the useful life and recorded at Statement of income.

w) Employee benefits

i. Current benefits wages, vacations and related taxes

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

ii. Current benefits profit sharing

The Company has a profit sharing policy, based on the achievement of the Company is whole, specific areas as well as employees individual performance goals. The Company recognizes provision based on the recurring measurement of the compliance with goals, using the accrual basis and recognition of present obligation arising from past events in the estimated outflow of resources in the future. The counter entry of the provision is recorded as cost of sales or service rendered or operating expenses in accordance with the activity of each employee.

iii. Non-current benefits non-current incentive

The Company has established a procedure to award certain eligible executives (Matching Plan and Long-Term Incentive Plan - ILP) with the goal of encouraging retention and sustained performance among others. The Matching plan establishes that these executives eligible to the plan are entitled to a specific quantity of their own preferred class A stocks of the Company, and shall be entitled at the end of three years to a cash sum corresponding to the market value of the shares lot initially linked by the executives, provided that they are under the ownership of executives throughout the entirety of the period. As well as matching, the ILP provides at the end of three years the payment in the amount equivalent to a certain number of shares based on the assessment of the executives career and Company performance factors in relation to a group of companies of similar size (per group). Liabilities are measured at each reporting date, at fair value, based on market quotations. Obligations are measured at each reporting date, to the fair value based on market quotations. The compensation costs incurred are recognized in income during the three-year vesting period as defined.

iv. Non-current benefit pension cost and other post-retirement benefits

The Company maintains several retirement plans for its employees.

For defined contribution plans, the Company s obligation is limited to a monthly contribution linked to a pre-defined percentage over remuneration of employees related to these plans.

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For defined benefit plans, actuarial calculations are periodically obtained for liabilities determined in accordance with the Projected Unit Credit Method in order to estimate the Company s obligation. The liability recognized in the Balance Sheet is the present value of the defined benefit obligation at the Balance Sheet date, less the fair value of plan assets, with adjustments for past service cost not recognized. Actuarial gain and loss are appointed and controlled at corridor method. This method separates the amounts which exceed the limits of 10% of amounts of assets or liabilities, whichever is greater; amortizing it based on the remaining life expectancy active participants of plan. For plans without active participants, the excess amount is recognized fully in the income. Past service costs that arise with changes in plans are released immediately in income.

For plans with a surplus position, the Company does not recognize any asset or benefit in the Balance Sheet or Statement of Income, in the absence of a clear position on the use of this surplus. For plans with a deficit position, the Company recognizes liabilities and results arising from the actuarial valuation and actuarial gains and losses generated by the evaluation of these plans in income, according to the corridor method.

x) Derivative financial instruments and hedging operations

The Company uses derivative instruments to manage its financial risks as a way to hedge these risks. The Company does not use derivative instruments for speculative purposes. Derivative financial instruments are recognized as assets or liabilities on the Statement of Balance Sheet and are measured at fair value. Changes in fair value of derivatives are recorded in each year as gains or losses in the statements of income or in unrealized fair value gain/ (losses) in stockholders equity when the transaction is illegible and characterized as an effective cash flow hedge.

The Company documents the relationship between hedging instruments and hedged items with the objective of risk management and strategy for carrying out hedging operations. The Company also documents its assessment, both initially and continuously, that the derivatives used in hedging transactions are highly effective in their changes in fair value or cash flows of hedged items.

The variations in fair value of derivative financial instruments designated as cash flow hedges have their effective component recorded in unrealized fair value gain/ (losses) and recognized as stockholders equity; and their ineffective component recorded in income. The amounts recorded in Comprehensive Income, will only be transferred to the income in an appropriate account (cost, operating expense or financial expense) when the hedged item is actually performed.

y) Current and deferred income tax and social contribution

The amounts of income tax and social contribution are recognized in the Statement of Income, except for items recognized directly in stockholders equity, in which cases the tax is also recognized in stockholder s equity.

The provision for income tax is calculated individually for each entity in the Group based on tax rates and tax rules in force in the location of the entity. The recognition of deferred taxes is based on temporary differences between carrying value and the tax basis of assets and liabilities as well as tax and social contribution losses carry forwards. Deferred tax liabilities are fully recognized. The deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against fiscal current liabilities and when the deferred income tax assets and liabilities are related to income taxes recorded by the same taxation authority on the same taxable entity.

z) Capital

The Company periodically practices the repurchase of shares to remain in treasury for future sale or cancellation. These shares are recorded in a specific account as reduction of stockholders´ equity at acquisition value and kept at cost value. These programs are approved by the Board with a term and quantities by determined type of shares.

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

aa) Noncontrolling stockholders interests

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

When the Company ceases to hold control or significant influence, any retained interest in the entity is remeasured to its fair value,

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with the change in carrying amount recognized in the income statement. Furthermore, any amounts previously recognized in Gain/ (loss) from operations with noncontrolling stockholders relating to that entity are accounted for as if the Group had directly sold the related assets or liabilities. This means that the amounts previously recognized in Gain/ (loss) from operations with noncontrolling stockholders are reclassified in income.

bb) Revenue recognition

Revenue is recognized when Vale transfers to its customers all significant risks and rewards of ownership of the product sold and services rendered. Revenue excludes any applicable sales taxes and is recognized at the fair value of the consideration received or receivable to the extent that it is probable that economic benefits will flow to Vale and the revenues and costs can be reliably measured.

In most instances sales revenue is recognized when the product is delivered to the destination specified by the customer, which is typically the vessel on which it is shipped, the destination port or the customer s premises. However, when the model negotiated with the customer is transferring risks and benefits of the product in shipment, revenue is recognized at the time.

In some cases, the sale price is determined on a provisional basis at the date of sale as the final selling price is subject to escalation clauses in contracts up to the date of final pricing. Revenue from the sale of provisionally priced is recognized when risks and rewards of ownership are transferred to the customer and revenue can be measured reliably. At this date, the amount of revenue to be recognized are estimated based on the forward price of product sold.

Amounts billed to customers for shipping correspond to products sold by the Company are recognized as revenue when that is responsible for shipping. Shipping costs are recognized as operating costs.

cc) Government grants and support

Government grants and support are accounted for when the Company complies with reasonable security conditions set by the government related to grants and support received. The Company records via the Statement of Income, as reductions in taxes or spending according to the nature of the item, through the distribution of results in the Statement of Income, retained earnings in stockholders equity.

dd) Basic and diluted earnings per share

Basic earnings per share are calculated by dividing the income attributable to stockholders of the Company, deducted from the remuneration of holders of equity securities, at the weighted average number of shares outstanding (total shares less treasury shares).

Diluted earnings per share are calculated by adjusting the weighted average number of shares outstanding to assume conversion of all diluted potential shares. Vale does not have mandatory convertible securities that generate the effect of dilution on earning per share.

dd) Interest on stockholder´s equity (Dividends)

Vale is permitted to distribute interest attributable to stockholders equity. The calculation is based on the stockholders equity amounts as stated in the statutory accounting records and the interest rate applied may not exceed the long-term interest rate (TJLP) determined by the Brazilian Central Bank. Also, such interest may not exceed 50% of net income for the year or 50% of retained earnings plus revenue reserves as determined by Brazilian corporate law.

The benefit to Vale, as opposed to making a dividend payment, is a reduction in our income tax burden because this interest charge is tax deductible in Brazil. Income tax of 15% is withheld on behalf of the stockholders relative to the interest distribution. Under Brazilian law, interest attributed to stockholders equity is considered as part of the annual minimum mandatory dividend (Note 24-f). This notional interest distribution is treated for accounting purposes as a deduction from stockholders equity in a manner similar to a dividend and the tax credit recorded in income.

3. Critical Accounting Estimates and Assumptions

The preparation of financial statements requires the use of certain critical accounting estimates and also the exercise of judgments by management of the Company.

These estimates are based on the best knowledge existing in each period. Changes in facts and circumstances may lead to the revision of the estimates, because those actual future results may differ from estimates.

The significant estimates and assumptions used by management in preparing these financial statements are presented as such:

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a) Mineral reserves and mine useful life

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

The estimated volume of mineral reserves is used as basis for the calculation of depletion of the mines, and also for the estimated useful life which is a major factor to quantify the provision for asset retirement obligation and environmental rehabilitation of mines. Any change to the estimates of the volume of mine reserves and the useful life of assets may have significant impact on charges for depreciation, depletion and amortization recognized in the financial statements as cost of goods sold. Changes in estimated useful life of the mines could cause significant impact on the estimates of environmental provision and impairment analysis.

b) Asset Retirement

The provision made by the Company refers basically to the cost of mine closure, upon the completion of mining activities and removal of assets related to mine. The provision is set up initially by recording long-term liabilities with a counter entry to property, plant and equipment. The long-term liabilities are subsequently carried at amortize cost, considering the original discount rate with changes registered against the income of the period, as interest expenses. The asset is depreciated on a straight line by useful life of the main asset, and recorded against income.

The Company considers the accounting estimates related to closure costs of a mine as a critical accounting policy because they involve significant values for the provision and are estimated using several assumptions, such as interest rate, inflation, useful life of the asset considering the current state of closure and the projected date of depletion of each mine. The estimates are reviewed annually.

c) Deferred income tax and social contribution

The Company recognizes the effects of deferred taxes arising from tax losses and temporary differences on its consolidated and Parent Company s financial statements. It recognizes impairment where it believes that tax credits are not fully recoverable in the future.

The determination of the provision for income taxes or deferred income tax, assets and liabilities, and any impairment on tax credits requires estimates by the Company. For each future credit tax, the Company assesses the probability that part or all of the tax assets may not be recovered. The impairment made with respect to accumulated tax losses depends on the assessment of the Company on the probability of the generation of future taxable profits based on production and sales planning, commodity prices, operational costs, restructuring plans, reclamation costs and planned capital costs.

d) Litigation loss

Provisions are recorded when the possibility of loss is considered probable by our legal department and legal advisors regarding legal processes and contingent liabilities.

The provisions are recorded when the amount of loss can be reasonably estimated. By their nature, contingencies will be resolved when one or more future event occurs or fails to occur. Typically, the occurrence of such events does not depend on our performance, which complicates the realization of precise estimates about the date on which such events are verified.

Assessing such liabilities, particularly in the uncertain Brazilian legal environment and other jurisdictions, involves the exercise of significant estimates and judgments of management regarding the results of future events.

e) Post retirement benefits for employees

The amount recognized and disclosed depend on a number of factors that are determined based on actuarial calculations using several assumptions in order to determine costs, liabilities, among others. One of the assumptions used in determining the amounts to be recorded in accounting is the discount rate. Any changes to these assumptions will affect the amount accounted.

The Company, together with external actuaries, reviews at the end of each year, the assumptions that should be used for the following year. These premises are used for upgrades and estimated of fair value of assets and liabilities, costs and expenses and

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determination of future values of estimated cash outflows, which are recorded in the plan obligations.

f) Impairment

The Company tests impairment of tangible and intangible assets segregated by cash-generating units, usually using discounted cash flow that depends on several estimates, which are influenced by market conditions prevailing at the time the impairment test, is performed.

g) Fair Value of derivatives and others financial instruments

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

The analysis of the impacts, if actual results were different from management s estimate, is presented in note 25(c) sensitivity analysis.

4. Accounting Pronouncements

The Company prepared its consolidated financial statements under IFRS based on the pronouncements issued by the IASB. The pronouncements issued by the IASB, with adoption required for the years ending after December 31, 2012 will not be adopted by the Company in advance.

Pronouncements, interpretations or updates issued by the IASB for adoption after December 31, 2012

Investment Entities - In October 2012 the IASB issued an update statement to IFRS 10 - Consolidated Financial Statements, IFRS 12 - Disclosure of Interests in other Entities and IAS 27 - Separate Financial Statements, which, among other rules, defines the concept of entity investment and introduces an exception to the consolidation of subsidiaries for specific investment entities. The adoption of the updates will be applied from January 1, 2014 and Vale does not expect those upgrades produce significant impacts on its financial statements.

Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance - In June 2012 the IASB issued an update statement to IFRS 10 - Consolidated Financial Statements, IFRS 11 - Joint Arrangements and IFRS 12 - Disclosure Of Interests In Other Entities, which, among other rules, clarifies issues on the date of adoption of IFRS 10 and aspects relating to the presentation of comparative information of IFRS 11 and IFRS 12. The adoption of the updates will be applied from January 1, 2013 and Vale does not expect those upgrades produce significant impacts on its financial statements.

Annual Improvements to IFRSs - In May 2012 the IASB issued updates consolidated annual for the year 2012. The updates represent changes not urgent, but necessary, to general pronouncements. The pronouncements were affected: IFRS 1 - First-time Adoption of International Financial Reporting Standards, IAS 1 - Presentation of Financial Statements, IAS 16 - Property, Plant and Equipment, IAS 32 - Financial Instruments: Presentation and IAS 34 - Interim Financial Reporting. The adoption of the updates will be applied from January 1, 2013 and Vale does not expect those upgrades produce significant impacts on its financial statements.

Offsetting Financial Assets and Financial Liabilities - In December 2011 the IASB issued an update statement to IAS 32 - Financial Instruments: Presentation updated guide to applying this pronouncement about the recognition of financial assets and liabilities on a gross and net. The adoption of required updates will be applied from January 1, 2014.

Mandatory Effective Date and Transition Disclosures - In December 2011 the IASB issued an update statement to IFRS 9 - Financial Instruments and IFRS 7 - Financial Instruments: Disclosures postponing the date of initial adoption of IFRS 9 and IFRS 7 updates have occurred in January 1, 2013 to January 1, 2015. Vale does not expect this change to take material impact on its financial statements.

IFRIC 20 - Stripping Costs in the Production Phase of a Surface Mine - In October 2011 the IASB issued IFRIC 20 which defines rules for the measurement and recognition of the costs of stripping of surface mine in production. The adoption of this interpretation will be applied from January 1, 2013 and Vale does not expect this interpretation produce relevant impacts on its financial statements.

IAS 19 - Employee Benefits - In June 2011 the IASB remitted the standard IAS 19 on employee benefits. Among the amendments, with the most significant highlight: (i) the exclusion of the possibility of using the corridor method - which allowed the actuarial gains and losses up to a maximum of 10% of the present value of the defined benefit obligation or Fair value of plan assets, whichever is higher, would be allocated to income over the average remaining working lives of the employees participating in the plan, (ii) the full recognition of actuarial gains and losses in Other Comprehensive Income and (iii) the financial revenue and expenditure plan shall be recognized on a net basis in the discount rate. The adoption of this standard will be required from 1 June

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2013 and we are analyzing potential impacts regarding this update on our financial statements.

IFRS 10 - Consolidated Financial Statements - In May 2011 the IASB issued IFRS 10, which, among other changes, creates a specific statement to the consolidated financial statements, determines that the jointly-controlled companies will no longer be consolidated accounts for the aspects of the definition of control and significant influence and eliminates conflicts between this standard, IAS 28 and IAS 27. The adoption of this standard will be applied from January 1, 2013 and Vale does not expect those changes produce significant impacts on its financial statements.

IAS 28 - Investments in Associates and Joint Ventures - In May 2011 the IASB remitted the standard IAS 28 on investment related companies, which among other changes, equates the jointly-controlled companies and affiliates determines that investment in both is measured by equity method. The adoption of this standard will be applied from January 1, 2013 and Vale does not expect those changes produce significant impacts on its financial statements.

IAS 27 - Separate Financial Statements - In May 2011 the IASB remitted the standard IAS 27 on separate financial statements, which remains the only regulating separate statements and reflects updates introduced by IFRS 10 and IAS 28 remitted, which are the relevant separate statements. The adoption of this standard will be applied from January 1, 2013 and Vale does not expect those changes produce significant impacts on its financial statements.

IFRS 11 - Joint Arrangements - In May 2011 the IASB issued IFRS 11, standard pronouncement on contracts together, which regulates the measurement, recognition and presentation of contracts and operating agreements together, specifically for cases where no constituting entities. The adoption of this standard will be applied from January 1, 2013 and Vale does not expect those upgrades produce significant impacts on its financial statements.

IFRS 12 - Disclosure of Interests in Other Entities - In May 2011 the IASB issued IFRS 12 on the pronouncement investments in entities that in general, determine the accounting treatment for investments in other entities, making references to IFRS 10, IFRS 11, IAS 28 remitted and IAS 27 remitted. The adoption of this standard will be applied from January 1, 2013 and Vale does not expect those upgrades produce significant impacts on its financial statements.

IFRS 13 - Fair Value Measurement - In May 2011 the IASB issued IFRS 13 pronouncement on fair value measurements which defines the fair value measurement applied in all cases where it is required and presents specific rules for the disclosure of fair value. The adoption of this standard will be applied from January 1, 2013 and Vale does not expect those upgrades produce significant impacts on its financial statements.

IFRS 9 - Financial Instruments - In October 2010 the IASB issued IFRS 9 pronouncement that, among other things, amends and simplifies the criteria for recognizing and measuring financial assets and financial liabilities and some contracts to buy and sell non-financial assets. After update in December 2011, the adoption of the statement will be required from January 1, 2015 and is still worth analyzing potential impacts regarding this update on its financial statements.

5. Risk Management

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

a) Risk management policy

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

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

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

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

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

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

b) Liquidity risk management

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

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

c) Credit risk management

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

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

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- **Commercial Credit Risk Management**

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

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

On 31 December 2012, 83% of accounts receivable due to Vale commercial sales had low or insignificant risk, 14% had moderate risk and only 3% high risk.

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

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

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

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

- **Treasury Credit Risk Management**

The management of exposure arising from cash investments and derivatives instruments is realized through the following procedures: annual approval by the Executive Board of the credit limits by counterparty, controls of portfolio diversification, counterparties` credit spread variations and the treasury portfolio overall credit risk. There s also a monitoring of all positions, exposure versus limit control and periodic report to the Executive Risk Management Committee.

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

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

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

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d) Market risk management

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

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

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

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

- **Foreign exchange and interest rate risk**

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

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

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

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

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

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

Vale has also exposure to interest rates risks over loans and financings. The US Dollar floating rate debt in the portfolio consists mainly of loans including export pre-payments, commercial banks and multilateral organizations loans. In general, such debt instruments are indexed to the LIBOR (London Interbank Offer Rate in US dollar). Considering the impact of interest rate volatility on the cash flow, Vale observes the potential natural hedges effects between US Dollar floating rates and commodities prices in the decision process of acquiring financial instruments.

- **Risk of product and Input prices**

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

e) Operational risk management

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

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

f) Capital Management

The Company s policy aims, to manage its capital, to seek a structure that will ensure the continuity of your business in the long term. Within this perspective, the Company has been able to deliver value to stockholders through dividend payments and capital gain, and at the same time maintain a debt profile suitable for its activities, with an amortization well distributed over the years, on average 10 years, thus avoiding a concentration in one specific period.

g) Insurance

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

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

6. Acquisitions and Divestitures

a) Belvedere Coal Project

In 2012, Vale concluded the purchase option on additional 24.5% participation in the Belvedere Coal Project owned by Aquila Resources Limited (Aquila) in the amount of AUD150 million (US$156).

The acquisition is subject to approvals from the government of Queensland, Australia. As a result of this transaction, Vale will increase its participation in Belvedere to 100%. Additionally, Vale agreed to pay AUD20 million (US$21) to end litigations and disputes relating to the Belvedere with Aquila.

The project is still in stage of development and, consequently, subject to approval of the Board of Directors of Vale. At the end of transaction, Vale will have paid US$338 for 100% of Belvedere.

b) Fertilizer Business

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

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

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

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Therefore, upon concluding the merger, there are no longer differences between tax basis and carrying amounts of the net assets acquired, and consequently there is no longer deferred tax liability amount to be recognized. The outstanding balance of the initially recognized deferred tax liability (accounted for in connection with the purchase accounting) totaling US$ 1,236 was entirely recycled through P&L for the year ended December 31, 2012, in connection with the legal merger of Vale Fertilizantes into Naque. In addition, Naque was then renamed as Vale Fertilizantes S.A.

c) Sale of coal

In June 2012, we have concluded the sale of our thermal coal operations in Colombia to CPC S.A.S., an affiliate of Colombian Natural Resources S.A.S. (CNR).

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

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

d) Acquisition of EBM shares

Continuing the process of optimization its corporate structure, during the second quarter 2012 Vale acquired additional 10.46% of Empreendimentos Brasileiros de Mineração S. A. (EBM), whose main asset is the participation in Minerações Brasileiras Reunidas S. A. (MBR), which owns mines sites Itabirito, Vargem Grande and Paraopeba. As a result of the acquisition, we increased our share of the capital of EBM to 96.7% and of MBR to 98.3%, and the amount of US$62 are recognized as a result from operations with non-controlling interest in Stockholders Equity .

e) Manganese and ferroalloys

In October 2012, we have concluded the sale of the manganese ferroalloys operations in Europe to subsidiaries of Glencore International Plc., a company listed on the London and Hong Kong Stock Exchanges, for US$ 160 in cash, subject to the fulfillment of certain precedent conditions. We recognized a loss of US$ 22 presented in our statement of income as gain (loss) on sale of assets .

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

f) Participation of Vale Oman Pelletizing

In October 2012, Vale sold 30% of participation in Vale Oman Pelletizing LLC for the Oman Oil Company, wholly owned subsidiary of the Government of the Sultanate of Oman, for US$71. We recognized a gain of US$63 recorded in equity.

7 Cash and Cash Equivalents

	Year ended December 31,		
	2012	**2011**	**2010**
Cash and bank accounts	1,194	945	560
Short-term investments	4,638	2,586	7,024
	5,832	**3,531**	**7,584**

Cash and cash equivalents includes cash values, demand deposits, and financial investments with insignificant risk of changes in value, being part Brazilian Reais indexed to the Brazilian Interbank Interest rate (DI Rate or CDI) and those denominated in US Dollars are mainly in time deposits, with the original maturities of less than three months.

The increase in cash equivalents during the 2012, is mainly related to the cash provided by operating activities and the notes issued during 2012 (Note 17).

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8 Short-term investment

	Year ended December 31, 2012	2011	2010
Time deposits	**246**		**1,793**

This includes the financial investments in low risk investments with a maturity of between 91 and 360 days, classified as a financial asset fair value through profit or loss held to maturity (Note 23).

9 - Accounts Receivables

	Year ended December 31, 2012	2011	2010
Denominated in Brazilian Reais	849	1,228	1,227
Denominated in other currencies, mainly US Dollars	6,060	7,382	7,102
	6,909	**8,610**	**8,329**
Allowance for doubtful accounts	(114)	(105)	(118)
	6,795	**8,505**	**8,211**

Accounts receivables related to the steel industry market represent 71.26% and 67.9%, of receivables on December 31, 2012 and December 31, 2011, respectively.

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

The loss estimates for credit losses recorded in income as at December 31, 2012 and December 31, 2011 totaled US$ 34, US$ 2, respectively. Write offs as at December 31, 2012, and December 31, 2011 totaled US$16 and US$ 1, respectively.

10 - Inventories

	Year ended December 31, 2012	2011	2010
Inventories of products			
Finished	2,244	2,598	1,786
In process	1,353	1,377	968
	3,597	**3,975**	**2,754**
Inventories of spare parts and maintenance supplies	1,455	1,276	1,544
Total	**5,052**	**5,251**	**4,298**

On December 31, 2012, 2011 and 2010 inventory balances include a provision for adjustment to market value of nickel, in the amount of US$ 0, US$ 14 and US$ 0, respectively, and manganese in the amount of US$ 3, US$ 9 and US$ 0 respectively, and copper in the amount of US$ 3, US$ 0 and US$ 0 respectively

	Year ended December 31, 2012	2011	2010
Changes in the inventory			
Beginning of the year	**3,975**	**2,754**	**2,238**
Addition	22,221	23,737	17,950
Transfer on maintenance supplies	4,262	3,758	3,036
Sale	(26,483)	(25,371)	(20,420)
Inventory adjustment	(38)	(604)	(152)
Cumulative translation adjustments	(340)	(299)	102
End of period	**3,597**	**3,975**	**2,754**
Beginning of the year changes in the inventory of consumable materials	**1,276**	**1,544**	**959**
Addition	4,550	3,635	3,578
Consumption	(4,262)	(3,758)	(3,036)
Cumulative translation adjustments	(109)	(145)	43
End of the period	**1,455**	**1,276**	**1,544**

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11 - Non-current assets and liabilities held for sale

In December 2012, Vale Executed an agreement with Petróleo Brasileiro S.A. (Petrobras) to sell Araucária, a Brazilian operation for the production of nitrogens, located in Araucária, Paraná, for US$234. The purchase price will be paid by Petrobras through installments accrued quarterly, indexed to the Brazilian Interbank Interest rate (CDI), in amounts equivalent to the royalties due by Vale for the lease of potash assets at Taquari-Vassouras and Carnalita project.

The major classes of assets and liabilities reclassified as held for sales as at 31 December, 2012 are as follows.

	DECEMBER 31, 2012
Assets held for sale	
Accounts receivable	14
Recoverable taxes	20
Inventories	20
Property, plant and equipment	389
Other	14
Total	**457**
Liabilities related to assets held for sale	
Supplies	12
Deferred income tax	110
Others	38
Total	**160**

12 Recoverable Taxes

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

	Year ended December 31,		
	2012	2011	2010
Income tax	1,160	814	459
Value-added tax	1,023	997	484
PIS COFINS	670		
Others Brazilian Federal Contributions	65	1,006	1,021
Total	**2,918**	**2,817**	**1,964**

Current	2,260	2,230	1,603
Non-current	658	587	361
Total	**2,918**	**2,817**	**1,964**

13 Investments

	Year ended December 31,		
	2012	**2011**	**2010**
Changes in Investments beginning of the year	**8,013**	**4,394**	**4,465**
Additions	466	4,321	164
Disposals	(32)	(17)	
Cumulative translation adjustment	(216)	(686)	(153)
Equity	645	1,138	997
Equity Adjustment	35	(1)	6
Dividends declared	(587)	(1,136)	(1,085)
Impairment	(1,941)		
Balance on ended of year	**6,384**	**8,013**	**4,394**

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Investments in affiliated Companies, joint ventures and others investments (continued)

	December 31, 2012												
	Participation in capital (%)			Net income (loss)	Investments			Equity in earnings (losses) of investee adjustments			Dividends Received		
Bulk Material	**Voting**	**Total**	**Net equity**	**of the year**	**2012**	**2011**	**2010**	**2012**	**2011**	**2010**	**2012**	**2011**	**2010**
Iron ore and pellets													
Companhia Nipo-Brasileira de Pelotização - NIBRASCO (1)	51.11	51.00	349	42	178	199	199	22	45	48	26	22	3
Companhia Hispano-Brasileira de Pelotização - HISPANOBRÁS (1)	51.00	50.89	205	74	104	115	128	38	19	40	36	20	
Companhia Coreano-Brasileira de Pelotização - KOBRASCO (1)	50.00	50.00	214	52	107	112	125	26	32	43	20	32	11
Companhia Ítalo-Brasileira de Pelotização - ITABRASCO (1)	51.00	50.90	125	17	64	80	86	8	47	18	18	38	25
Minas da Serra Geral S.A. - MSG	50.00	50.00	53	8	26	29	36	2	3	6			
Samarco Mineração S.A.	50.00	50.00	1,260	1,291	630	399	406	645	881	808	179	812	950
Baovale Mineração S.A. - BAOVALE	50.00	50.00	55	12	28	35	31	6	8	4	1		
Zhuhai YPM Pellet e Co, Ltd - ZHUHAI	25.00	25.00	93	3	23	23	25	1		9			
Tecnored Desenvolvimento Tecnológico S.A.	49.21	49.21	74	(47)	38	48	40	(20)	(7)	(10)			
					1,198	**1,040**	**1,076**	**728**	**1,028**	**966**	**280**	**924**	**989**
Coal													
Henan Longyu Co Ltd	25.00	25.00	1,365	234	341	282	250	59	85	76	60		83
Shandong Yankuang International Company Ltd	25.00	25.00	(239)	(62)	(60)	(43)	(27)	(16)	(15)	(19)			
					281	**239**	**223**	**43**	**70**	**57**	**60**		**83**
Base Metals													
Bauxite													
Mineração Rio do Norte S.A. - MRN	40.00	40.00	339	51	136	133	142	20	8	(2)	7		10
					136	**133**	**142**	**20**	**8**	**(2)**	**7**		**10**
Copper													

Teal Minerals Incorporated	50.00	50.00	505	(9)	252	234	90	(5)	(6)	(10)			
					252	**234**	**90**	**(5)**	**(6)**	**(10)**			
Nickel													
Heron Resources Inc (3)					6	6	7						
Korea Nickel Corp	25.00	25.00	96		24	4	11			2			
Others (3)					1	1	5						
					31	**11**	**23**			**2**			
Aluminium													
Norsk Hydro ASA (4)					2,237	3,227		(35)	99		47	52	
					2,237	**3,227**		**(35)**	**99**		**47**	**52**	
Logistic													
LOG-IN Logística Intermodal S.A.	31.33	31.33	281	(29)	94	114	135	(10)	(7)	4			
MRS Logística S.A.	46.75	47.59	1,231	259	586	551	511	122	132	90	57	55	72
					680	**665**	**646**	**112**	**125**	**94**	**57**	**55**	**72**
Others													
Steel													
California Steel Industries Inc - CSI	50.00	50.00	334	31	167	161	155	16	14	12	9	7	7
CSP- Companhia Siderurgica do PECEM	50.00	50.00	998	(13)	499	267	18	(7)	(3)				
THYSSENKRUPP CSA Compahia Siderúrgica do Atlântico	26.87	26.87	5,273	(628)	534	1,607	1,840	(169)	(177)	(85)			
					1,200	**2,035**	**2,013**	**(160)**	**(166)**	**(73)**	**9**	**7**	**7**
Other affiliates and joint ventures													
Norte Energia S.A.	9.00	9.00	1,335	(23)	120	75		(2)					
Vale Soluções em Energia S.A.	53.13	53.13	134	(266)	71	145	115	(58)	(16)	(33)			
Others					178	209	66	2	(4)	(4)			
					369	**429**	**181**	**(58)**	**(20)**	**(37)**			
Total					**6,384**	**8,013**	**4,394**	**645**	**1,138**	**997**	**460**	**1,038**	**1,161**

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

(2) Investment includes goodwill of US$ 53 in December 31, 2012 and US$58 in December, 2011.

(3) Available for sale.

(4) Investment at market value as at December, accounted for under the equity method until September. We recognized an impairment charge on this investment (Note 16a.).

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14 - Intangible

	Year ended December 31,								
	2012			2011			2010		
Indefinite useful lifetime	**Cost**	**Amortization**	**Net Intangible**	**Cost**	**Amortization**	**Net Intangible**	**Cost**	**Amortization**	**Net Intangible**
Goodwill	4,603		4,603	4,812		4,812	5,194		5,194
Finite useful lifetime									
Concession and sub concession	5,375	(1,618)	3,757	5,351	(1,506)	3,845	5,671	(1,762)	3,909
Right to use	358	(56)	302	606	(43)	563	661	(29)	632
Others	1,225	(676)	549	900	(599)	301	879	(514)	365
	6,958	**(2,350)**	**4,608**	**6,857**	**(2,148)**	**4,709**	**7,211**	**(2,305)**	**4,906**
Total	**11,561**	**(2,350)**	**9,211**	**11,669**	**(2,148)**	**9,521**	**12,405**	**(2,305)**	**10,100**

The useful life of the concessions and sub-concessions are detailed in Note 29d.

	Goodwill	Concessions and sub concessions	Right to use	Others	Total
Balance as of January 1º, 2010	**4,124**	**3,571**	**727**	**334**	**8,756**
Addition through acquisition	793	756	4	178	1,731
Disposal		(358)	(15)	(156)	(529)
Amortization		(219)	(115)	(6)	(340)
Translation adjustment	277	159	31	15	482
Balance as of December 31, 2010	**5,194**	**3,909**	**632**	**365**	**10,100**
Addition through acquisition		803		179	982
Disposal		(49)		(1)	(50)
Amortization		(520)	(15)	(111)	(646)
Translation adjustment	(382)	(444)	(54)	15	(865)
Others		146		(146)	
Balance as of December 31, 2011	**4,812**	**3,845**	**563**	**301**	**9,521**
Addition through acquisition		534		420	954
Write off by transfer as assets held for sale		(9)	(232)		(241)
Amortization		(273)	(10)	(134)	(417)
Translation adjustment	(209)	(340)	(19)	(38)	(606)
Balance as of December 31, 2012	**4,603**	**3,757**	**302**	**549**	**9,211**

The rights of use refers basically to the contract entered into with non-controlling stockholders under which Vale has the rights over the Empreendimentos Brasileiros de Mineração S.A. shares (owner of the shares of MBR) and intangible identified in business combination of Vale Canada. The amortization of the right to use will expires in 2037 and Vale Canada s intangible will end in September 2046.

15 - Property, plant and equipment

	Year ended December 31,								
	2012			2011			2010		
	Cost	**Amortization**	**Net Intangible**	**Cost**	**Amortization**	**Net Intangible**	**Cost**	**Amortization**	**Net Intangible**
Land	676		676	695		695	356		356
Building	7,710	(1,617)	6,093	8,058	(1,925)	6,133	5,959	(1,087)	4,872
Facilities	16,320	(4,564)	11,756	14,835	(3,695)	11,140	21,033	(5,971)	15,062
Computer equipment	985	(609)	376	1,208	(842)	366	755	(492)	263
Mineral assets	23,705	(4,838)	18,867	22,949	(4,410)	18,539	28,553	(4,150)	24,403
Others	26,754	(8,576)	18,178	27,471	(7,839)	19,632	13,026	(3,726)	9,300
Constructions in progress	28,936		28,936	25,837		25,837	21,759		21,759
Total	**105,086**	**(20,204)**	**84,882**	**101,053**	**(18,711)**	**82,342**	**91,441**	**(15,426)**	**76,015**

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	Land	Building	Facilities	Computer equipment	Mineral assets	Others	Constructions im progress	Total
Costs								
Balance as of January 1º, 2010	**274**	**2,970**	**9,455**	**21**	**16,629**	**13,676**	**17,857**	**60,882**
Acquisitions							12,493	12,493
Disposals	(1)	(114)	(292)	(19)	(103)	(66)	(508)	(1,103)
Depreciation and amortization		(294)	(999)	(194)	(146)	(1,181)		(2,814)
Translation adjustment	13	(15)	2,574	(2)	1,206	639	2,142	6,557
Transfers	70	2,325	4,324	457	6,817	(3,768)	(10,225)	
Balance as of December 31, 2010	**356**	**4,872**	**15,062**	**263**	**24,403**	**9,300**	**21,759**	**76,015**
Acquisitions							13,596	13,596
Disposals		(38)	(13)	(1)	(22)	(42)	(114)	(230)
Depreciation and amortization		(118)	(492)	(75)	(150)	(1,769)		(2,604)
Translation adjustment	(84)	(735)	(2,777)	(38)	(1,697)	1,960	(1,064)	(4,435)
Transfers	441	2,134	(640)	217	(3,995)	10,183	(8,340)	
Balance as of December 31, 2011	**713**	**6,115**	**11,140**	**366**	**18,539**	**19,632**	**25,837**	**82,342**
Acquisitions							16,888	16,888
Disposals	(1)	(63)	(49)	(9)	(57)	(353)	(562)	(1,094)
Transfer to non-current assets held for sale		(25)	(33)		(2)	(940)	(12)	(1,012)
Impairment		(1,083)	(269)	(1)	(522)	(1,381)	(818)	(4,074)
Depreciation and amortization		(320)	(921)	(92)	(808)	(1,932)		(4,073)
Translation adjustment	(161)	(238)	(1,090)	136	(177)	(902)	(1,663)	(4,095)
Transfers	125	1,707	2,978	(24)	1,894	4,061	(10,741)	
Balance as of December 31, 2012	**676**	**6,093**	**11,756**	**376**	**18,867**	**18,185**	**28,929**	**84,882**

The depreciation period, allocated to production cost and expense, amounted to Year ended December 31, 2012 and December 31, 2011 was US$216 and US$223 in consolidated.

The net property, plant and equipments given in guarantees for judicial claims in December 31, 2012 and 2011 correspond to US$ 96 and US$ 97, respectively.

16 - Impairment

In 2012 we identified evidence of impairment in relation to certain investments and property, plant and equipment in our nickel, aluminum, coal and other cash generating units. The following impairment charges were recorded:

		December 31, 2012		
Product	**Cash-generating unit**	**Carrying amount**	**Recoverable amount**	**Impairment charge**
Investment in affiliates and joint ventures				
Aluminum	Norsk Hydro ASA	3,212	2,237	975
Steel	Thyssenkrupp CSA	936	353	583
Energy	Vale Soluções de Energia	100	17	83
		4,248	**2,607**	**1,641**
Property, plant and equipment				
Nickel	Onça Puma	3,779	930	2,849
Coal	Australia	1,619	590	1,029
Other		185	40	145
		5,583	**1,560**	**4,023**
		9,831	**4,167**	**5,664**

a) Investment

- **Investment in Norsk Hydro ASA**

The Company holds 22% stake in the affiliated Norsk Hydro ASA (Norsk Hydro), which is accounted for the equity method.

The volatility of aluminum prices and uncertainties about the European economy contributed to a reduction in the traded market value of Norsk Hydro.

The Company assessed that the reduction of the market value of Norsk Hydro as other than temporary and thus recognized an impairment charge in this affiliated, adjusting the book value for its fair value.

At December 31, 2012 Norsk Hydro s shares at the close of trading were quoted at US$ 4.99 per share resulting in a value of US$ 2,237.

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- **Investment in Thyssenkrupp CSA**

We recorded an impairment charge against the carrying value of our 26.87% interest in Thyssenkrupp CSA to reflect a reduction in the investment recoverable amount. The fair value based on future cash flow and does not take into account the inherent value o our rights as the exclusive suppliers of ore to the mill which comprise an integral component of our investment strategy.

- **Investment in Vale Soluções de Energia**

Changes in the investment strategy of the Company have altered the expected cash flows from operations of our joint venture Vale Soluções de Energia.

The carrying value for VSE was ascertained from the new cash flow projections from financial budgets recently approved by management for the joint venture.

b) Propert plant and equipment

- **Onça Puma nickel assets**

Problems with the two furnaces in the Onça Puma project have led to the total stoppage of its iron-nickel ope