



Financial Statements

June 30, 2012

US GAAP

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July 25, 2012

Vale S.A.

Index to Condensed Consolidated Financial Statements

	Nr.
Report of independent registered public accounting firm	3
Condensed Consolidated Balance Sheets as of June 30, 2012 and December 31, 2011.....	4
Condensed Consolidated Statements of Income for the three-month periods ended June 30, 2012, March 31, 2012 and June 30, 2011 and six-month periods ended June 30, 2012 and 2011.....	6
Condensed Consolidated Statements of Comprehensive Income (deficit) for the three-month periods ended June 30, 2012, March 31, 2012 and June 30, 2011 and six-month periods ended June 30, 2012 and 2011.....	7
Condensed Consolidated Statements of Cash Flows for the three-month periods ended June 30, 2012, March 31, 2012 and June 30, 2011 and six-month periods ended June 30, 2012 and 2011.....	8
Condensed Consolidated Statements of Changes in Stockholders' Equity for the three-month periods ended June 30, 2012, March 31, 2012 and June 30, 2011 and six-month periods ended June 30, 2012 and 2011.....	9
Notes to the Condensed Consolidated Financial Statements.....	10



Report of independent registered public accounting firm

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

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

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

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

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

/S/PricewaterhouseCoopers
Auditores Independentes

Rio de Janeiro, Brazil
July 25, 2012

PricewaterhouseCoopers, Av. José Silva de Azevedo Neto 200, 1º e 2º, Torre Evolution IV, Barra da Tijuca, Rio de Janeiro, RJ, Brasil 22775-056
T: (21) 3232-6112, F: (21) 3232-6113, www.pwc.com/br

PricewaterhouseCoopers, Rua da Candelária 65, 20º, Rio de Janeiro, RJ, Brasil 20091-020, Caixa Postal 949,
T: (21) 3232-6112, F: (21) 2516-6319, www.pwc.com/br

Condensed Consolidated Balance Sheets
Expressed in millions of United States dollars

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

Condensed Consolidated Balance Sheets
Expressed in millions of United States dollars
(Except number of shares)

	(Continued)	
	June 30, 2012	December 31, 2011
	(unaudited)	
Liabilities and stockholders' equity		
Current liabilities		
Suppliers	4,481	4,814
Payroll and related charges	994	1,307
Minimum annual remuneration attributed to stockholders	-	1,181
Current portion of long-term debt	1,503	1,495
Short-term debt	503	22
Loans from related parties	19	24
Provision for income taxes	141	507
Taxes payable and royalties	282	524
Employees postretirement benefits	110	147
Railway sub-concession agreement payable	64	66
Unrealized losses on derivative instruments	142	73
Provisions for asset retirement obligations	41	73
Liabilities associated with assets held for sale	32	-
Others	908	810
	9,220	11,043
Non-current liabilities		
Employees postretirement benefits	2,446	2,446
Loans from related parties	81	91
Long-term debt	23,432	21,538
Provisions for contingencies (Note 16 (b))	1,748	1,686
Unrealized losses on derivative instruments	908	663
Deferred income tax	4,271	5,654
Provisions for asset retirement obligations	1,773	1,697
Debentures	1,410	1,336
Others	1,948	2,460
	38,017	37,571
Redeemable noncontrolling interest	412	505
Commitments and contingencies (Note 16)		
Stockholders' equity		
Preferred class A stock - 7,200,000,000 no-par-value shares authorized and 2,108,579,618 (2011 - 2,108,579,618) issued	16,728	16,728
Common stock - 3,600,000,000 no-par-value shares authorized and 3,256,724,482 (2011 - 3,256,724,482) issued	25,837	25,837
Treasury stock - 140,857,692 (2011 - 181,099,814) preferred and 71,071,482 (2011 - 86,911,207) common shares	(4,477)	(5,662)
Additional paid-in capital	(369)	(61)
Mandatorily convertible notes - common shares	-	290
Mandatorily convertible notes - preferred shares	-	644
Other cumulative comprehensive loss	(7,698)	(5,673)
Undistributed retained earnings	39,300	41,130
Unappropriated retained earnings	10,973	4,482
Total Company stockholders' equity	80,294	77,715
Noncontrolling interests	1,613	1,894
Total stockholders' equity	81,907	79,609
Total	129,556	128,728

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

Condensed Consolidated Statements of Income
Expressed in millions of United States dollars
(Except per share amounts)

	(unaudited)				
	Three-month period ended			Six-month period ended	
	June 30, 2012	March 31, 2012	June 30, 2011	June 30, 2012	June 30, 2011
Operating revenues, net of discounts, returns and allowances					
Sales of ores and metals	10,452	9,642	13,659	20,094	25,402
Aluminum products	-	-	-	-	383
Revenues from logistic services	408	403	476	811	804
Fertilizer products	923	830	867	1,753	1,654
Others	367	464	343	831	650
	12,150	11,339	15,345	23,489	28,893
Taxes on revenues	(257)	(285)	(356)	(542)	(691)
Net operating revenues	11,893	11,054	14,989	22,947	28,202
Operating costs and expenses					
Cost of ores and metals sold	(4,568)	(4,256)	(4,361)	(8,824)	(8,462)
Cost of aluminum products	-	-	-	-	(289)
Cost of logistic services	(331)	(353)	(376)	(684)	(665)
Cost of fertilizer products	(734)	(666)	(676)	(1,400)	(1,321)
Others	(382)	(415)	(308)	(797)	(560)
	(6,015)	(5,690)	(5,721)	(11,705)	(11,297)
Selling, general and administrative expenses	(615)	(529)	(434)	(1,144)	(853)
Research and development expenses	(359)	(299)	(363)	(658)	(705)
Gain (loss) on sale of assets	(377)	-	-	(377)	1,513
Others	(604)	(686)	(724)	(1,290)	(1,144)
	(7,970)	(7,204)	(7,242)	(15,174)	(12,486)
Operating income	3,923	3,850	7,747	7,773	15,716
Non-operating income (expenses)					
Financial income	120	119	226	239	391
Financial expenses	(559)	(613)	(514)	(1,172)	(1,096)
Gains (losses) on derivatives, net	(416)	296	358	(120)	597
Foreign exchange gains (losses), net	(1,748)	237	501	(1,511)	784
Indexation gains (losses), net	55	190	77	245	(126)
	(2,548)	229	648	(2,319)	550
Income before discontinued operations, income taxes and equity results	1,375	4,079	8,395	5,454	16,266
Income taxes					
Current	(25)	(813)	(1,719)	(838)	(3,312)
Deferred					
Deferred of period	(151)	260	(688)	109	(472)
Reversal of Deferred Income Tax liabilities (see note 5.a.)	1,236	-	-	1,236	-
	1,060	(553)	(2,407)	507	(3,784)
Equity in results of affiliates, joint ventures and other investments	158	243	406	401	686
Net income	2,593	3,769	6,394	6,362	13,168
Losses attributable to noncontrolling interests	(69)	(58)	(58)	(127)	(110)
Net income attributable to the Company's stockholders	2,662	3,827	6,452	6,489	13,278
Earnings per share attributable to Company's stockholders:					
Earnings per preferred share	0.51	0.74	1.21	1.26	2.50
Earnings per common share	0.51	0.74	1.21	1.26	2.50
Earnings per convertible note linked to preferred share	-	0.97	1.71	-	3.38
Earnings per convertible note linked to common share	-	1.03	1.79	-	3.53

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

Condensed Consolidated Statements of Comprehensive Income (deficit)
Expressed in millions of United States dollars

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

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

Condensed Consolidated Statements of Cash Flows

Expressed in millions of United States dollars

	(unaudited)				
	Three-month period ended			Six-month period ended	
	June 30, 2012	March 31, 2012	June 30, 2011	June 30, 2012	June 30, 2011
Cash flows from operating activities:					
Net income	2,593	3,769	6,394	6,362	13,168
Adjustments to reconcile net income to cash from operations:					
Depreciation, depletion and amortization	1,084	1,055	979	2,139	1,936
Dividends received	112	60	343	172	593
Equity in results of affiliates, joint ventures and other investments	(158)	(243)	(406)	(401)	(686)
Deferred income taxes	151	(260)	688	(109)	472
Reversal of deferred income tax	(1,236)			(1,236)	
Loss on disposal of property, plant and equipment	207	44	19	251	191
Loss (gain) on sale of assets available for sale	377	-	-	377	(1,513)
Foreign exchange and indexation gains, net	82	(182)	257	(100)	153
Unrealized derivative losses (gains), net	642	(114)	(230)	528	(442)
Unrealized interest (income) expense, net	(29)	47	(41)	18	(34)
Others	(73)	(38)	(41)	(111)	(78)
Decrease (increase) in assets:					
Accounts receivable	425	645	(658)	1,070	(547)
Inventories	292	(445)	(73)	(153)	(816)
Recoverable taxes	(287)	355	(79)	68	(191)
Others	(42)	(21)	(280)	(63)	(80)
Increase (decrease) in liabilities:					
Suppliers	92	(391)	246	(299)	403
Payroll and related charges	284	(601)	204	(317)	(152)
Income taxes	(166)	(472)	(24)	(638)	452
Others	29	47	(233)	76	244
Net cash provided by operating activities	4,379	3,255	7,065	7,634	13,073
Cash flows from investing activities:					
Short term investments	-	-	540	-	1,793
Loans and advances receivable					
Related parties					
Others	8	(38)	(34)	(30)	(177)
Judicial deposits	(76)	(12)	(159)	(88)	(188)
Investments	(53)	(217)	(26)	(270)	(141)
Additions to property, plant and equipment	(3,228)	(2,961)	(3,480)	(6,189)	(6,293)
Proceeds from disposal of investments	366	-	-	366	1081
Net cash used in investing activities	(2,983)	(3,228)	(3,159)	(6,211)	(3,925)
Cash flows from financing activities:					
Short-term debt					
Additions	21	507	51	528	818
Repayments	-	(43)	(96)	(43)	(856)
Loans					
Related parties					
Proceeds	-	-	-	-	19
Repayments	-	-	-	-	(1)
Issuances of long-term debt					
Third parties					
Proceeds	1,809	1,014	268	2,823	871
Repayments	(502)	(63)	(419)	(565)	(1,770)
Transactions of noncontrolling interest	(427)	(76)	-	(503)	-
Dividends and interest attributed to Company's stockholders	(3,000)	-	(2,000)	(3,000)	(3,000)
Dividends and interest attributed to noncontrolling interest	(35)	-	(60)	(35)	(60)
Net cash provided by (used in) financing activities	(2,134)	1,339	(2,256)	(795)	(3,979)
Increase (decrease) in cash and cash equivalents	(738)	1,366	1,650	628	5,169
Effect of exchange rate changes on cash and cash equivalents	(101)	25	306	(76)	474
Cash and cash equivalents, beginning of period	4,922	3,531	11,271	3,531	7,584
Cash and cash equivalents, end of period	4,083	4,922	13,227	4,083	13,227
Cash paid during the period for:					
Interest on short-term debt	-	(1)	(1)	(1)	(2)
Interest on long-term debt	(350)	(325)	(374)	(675)	(711)
Income tax	(282)	(656)	(1,171)	(938)	(2,136)
Non-cash transactions					
Interest capitalized	70	56	69	126	102
Conversion of mandatorily convertible notes using 56,081,560 treasury stock (see note 13).					

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

Condensed Consolidated Statements of Changes in Stockholders' Equity

Expressed in millions of United States dollars
(Except number of shares)

	(unaudited)					
	Three-month period ended			Six-month period ended		
	June 30, 2012	March 31, 2012	June 30, 2011	June 30, 2012	June 30, 2011	June 30, 2011
Preferred class A stock (including twelve golden shares)						
Beginning and end of the period	16,728	16,728	10,370	16,728	10,370	10,370
Capital increase	-	-	6,358	-	6,358	6,358
End of the period	16,728	16,728	16,728	16,728	16,728	16,728
Common stock						
Beginning and end of the period	25,837	25,837	16,016	25,837	16,016	16,016
Capital increase	-	-	9,821	-	9,821	9,821
End of the period	25,837	25,837	25,837	25,837	25,837	25,837
Treasury stock						
Beginning of the period	(5,662)	(5,662)	(2,660)	(5,662)	(2,660)	(2,660)
Sales (acquisitions)	1,185	-	-	1,185	-	-
End of the period	(4,477)	(5,662)	(2,660)	(4,477)	(2,660)	(2,660)
Additional paid-in capital						
Beginning of the period	(71)	(61)	2,188	(61)	2,188	2,188
Change in the period	(298)	(10)	(1,870)	(308)	(1,870)	(1,870)
End of the period	(369)	(71)	318	(369)	318	318
Mandatorily convertible notes - common shares						
Beginning and end of the period	290	290	290	290	290	290
Change in the period	(290)	-	-	(290)	-	-
End of the period	-	290	290	-	290	-
Mandatorily convertible notes - preferred shares						
Beginning and end of the period	644	644	644	644	644	644
Change in the period	(644)	-	-	(644)	-	-
End of the period	-	644	644	-	644	-
Other cumulative comprehensive income (deficit)						
Cumulative translation adjustments						
Beginning of the period	(4,411)	(5,238)	934	(5,238)	(253)	(253)
Change in the period	(2,820)	827	1,581	(1,993)	2,768	2,768
End of the period	(7,231)	(4,411)	2,515	(7,231)	2,515	2,515
Unrealized gain (loss) - available-for-sale securities, net of tax						
Beginning of the period	1	1	2	1	3	3
Change in the period	(2)	-	(2)	(2)	(3)	(3)
End of the period	(1)	1	-	(1)	-	-
Surplus (deficit) of accrued pension plan						
Beginning of the period	(475)	(567)	61	(567)	(59)	(59)
Change in the period	(19)	92	(132)	73	(12)	(12)
End of the period	(494)	(475)	(71)	(494)	(71)	(71)
Cash flow hedge						
Beginning of the period	140	131	(19)	131	(24)	(24)
Change in the period	(112)	9	141	(103)	146	146
End of the period	28	140	122	28	122	122
Total other cumulative comprehensive income (deficit)	(7,698)	(4,745)	2,566	(7,698)	2,566	2,566
Undistributed retained earnings						
Beginning of the period	42,007	41,130	43,189	41,130	42,218	42,218
Transfer from unappropriated retained earnings	(2,707)	877	1,202	(1,830)	2,173	2,173
Transfer to capitalized earnings	-	-	(14,309)	-	(14,309)	(14,309)
End of the period	39,300	42,007	30,082	39,300	30,082	30,082
Unappropriated retained earnings						
Beginning of the period	7,416	4,482	5,995	4,482	166	166
Net income attributable to the Company's stockholders	2,662	3,827	6,452	6,489	13,278	13,278
Remuneration of mandatorily convertible notes						
Preferred class A stock	(33)	(11)	(24)	(44)	(42)	(42)
Common stock	(14)	(5)	(10)	(19)	(18)	(18)
Dividends and interest attributed to stockholders' equity						
Preferred class A stock	(722)	-	-	(722)	-	-
Common stock	(1,043)	-	-	(1,043)	-	-
Appropriation to undistributed retained earnings	2,707	(877)	(1,202)	1,830	(2,173)	(2,173)
End of the period	10,973	7,416	11,211	10,973	11,211	11,211
Total Company stockholders' equity	80,294	82,444	85,016	80,294	85,016	85,016
Noncontrolling interests						
Beginning of the period	1,846	1,894	2,904	1,894	2,830	2,830
Disposals (acquisitions) of noncontrolling interests	(205)	(62)	-	(267)	117	117
Cumulative translation adjustments	24	14	40	38	(14)	(14)
Cash flow hedge	-	-	-	-	1	1
Losses attributable to noncontrolling interests	(69)	(58)	(58)	(127)	(110)	(110)
Net income attributable to redeemable noncontrolling interests	42	51	65	93	133	133
Dividends and interest attributable to noncontrolling interests	(35)	(4)	(59)	(39)	(65)	(65)
Capitalization of stockholders advances	10	11	8	21	8	8
Pension plan	-	-	5	-	5	5
End of the period	1,613	1,846	2,905	1,613	2,905	2,905
Total stockholders' equity	81,907	84,290	87,921	81,907	87,921	87,921
Number of shares issued and outstanding:						
Preferred class A stock (including twelve golden shares)	2,108,579,618	2,108,579,618	2,108,579,618	2,108,579,618	2,108,579,618	2,108,579,618
Common stock	3,256,724,482	3,256,724,482	3,256,724,482	3,256,724,482	3,256,724,482	3,256,724,482
Buy-backs						
Beginning of the period	(268,010,734)	(268,011,021)	(147,024,956)	(268,011,021)	(147,024,965)	(147,024,965)
Conversions	56,081,560	287	-	56,081,847	9	9
End of the period	(211,929,174)	(268,010,734)	(147,024,956)	(211,929,174)	(147,024,956)	(147,024,956)
	5,153,374,926	5,097,293,366	5,218,279,144	5,153,374,926	5,218,279,144	5,218,279,144

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

Notes to the Condensed Consolidated Financial Statements

Expressed in millions of United States dollars, unless otherwise stated

1 The Company and its operations

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

Our principal consolidated operating subsidiaries are the following:

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

2 Basis of consolidation

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

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

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

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

3 Basis of presentation

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

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

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

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

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

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

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

4 Accounting pronouncements

Newly issued accounting pronouncements

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

5 Major acquisitions and Disposals

a) Fertilizer Business

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

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

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

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

In addition, Naque was then renamed as Vale Fertilizantes.

b) Sale of coal

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

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

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

c) Acquisition of EBM shares

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

6 Income taxes

There were no changes in the rates of taxes in the countries where we operate in the period. The total amount presented as income tax and social contribution results in the financial statements is reconciled with the rates established by law, as follows:

	Three-month period ended (unaudited)								
	June 30, 2012			March 31, 2012			June 30, 2011		
	Brazil	Foreign	Total	Brazil	Foreign	Total	Brazil	Foreign	Total
Income before discontinued operations, income taxes, equity results and noncontrolling interests	1,613	(238)	1,375	2,957	1,122	4,079	7,303	1,092	8,395
Exchange variation (not taxable) or not deductible	-	368	368	-	(200)	(200)	-	71	71
	1,613	130	1,743	2,957	922	3,879	7,303	1,163	8,466
Tax at Brazilian composite rate	(548)	(44)	(592)	(1,006)	(313)	(1,319)	(2,483)	(395)	(2,878)
Adjustments to derive effective tax rate:									
Tax benefit on interest attributed to stockholders	341	-	341	379	-	379	258	-	258
Difference on tax rates of foreign income	-	164	164	-	296	296	-	219	219
Tax incentives	-	-	-	90	-	90	192	-	192
Reversal/Constitution of provisions for loss of tax loss carryforward	-	-	-	-	-	-	-	(141)	(141)
Other non-taxable, income/non deductible expenses	(46)	(43)	(89)	28	(27)	1	(63)	6	(57)
	(253)	77	(176)	(509)	(44)	(553)	(2,096)	(311)	(2,407)
Reversal of deferred tax (see note 5.a)	1,236	-	1,236	-	-	-	-	-	-
Income tax per consolidated statements of income	983	77	1,060	(509)	(44)	(553)	(2,096)	(311)	(2,407)

	Six-month period ended (unaudited)					
	June 30, 2012			June 30, 2011		
	Brazil	Foreign	Total	Brazil	Foreign	Total
Income before discontinued operations, income taxes, equity results and noncontrolling interests	4,570	884	5,454	11,821	4,445	16,266
Exchange variation (not taxable) or not deductible	-	168	168	-	118	118
	4,570	1,052	5,622	11,821	4,563	16,384
Tax at Brazilian composite rate	(1,554)	(358)	(1,911)	(4,019)	(1,551)	(5,570)
Adjustments to derive effective tax rate:						
Tax benefit on interest attributed to stockholders	720	-	720	694	-	694
Difference on tax rates of foreign income	-	460	460	-	967	967
Tax incentives	90	-	90	363	-	363
Other non-taxable, income/non deductible expenses	(18)	(70)	(88)	(50)	(188)	(238)
	(762)	32	(729)	(3,012)	(772)	(3,784)
Reversal of deferred tax (see note 5a)	1,236	-	1,236	-	-	-
Income tax per consolidated statements of income	474	32	507	(3,012)	(772)	(3,784)

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

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

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

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

7 Cash and cash equivalents

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

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

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

8 Inventories

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

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

9 Assets and liabilities held for sale

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

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

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

10 Investments in affiliated companies and joint ventures

	June 30, 2012 (unaudited)			Investments		Equity in earnings (losses) of investee adjustments (unaudited)						Dividends Received (unaudited)				
	Participation in capital (%)		Net income (loss) of the period	June 30, 2012 (unaudited)	December 31, 2011	Three-month period ended			Six-month period ended			Three-month period ended		Six-month period ended		
	Voting	Total				June 30, 2012	March 31, 2012	June 30, 2011	June 30, 2012	June 30, 2011	June 30, 2012	March 31, 2012	June 30, 2011	June 30, 2012	June 30, 2011	
Bulk Material																
Iron ore and pellets																
Companhia Nipo-Brasileira de Pelotização - NIBRASCO (1)	51.11	51.00	333	17	170	173	3	6	15	9	23	26	-	22	26	22
Companhia Hispano-Brasileira de Pelotização - HISPANOBRA S (1)	51.00	50.89	248	62	126	115	29	2	5	31	8	11	-	20	11	20
Companhia Coreano-Brasileira de Pelotização - KOBRASCO (1)	50.00	50.00	198	30	100	78	8	7	8	15	18	10	-	17	10	17
Companhia Italo-Brasileira de Pelotização - ITABRASCO (1)	51.00	50.90	119	14	61	80	1	6	15	7	25	18	-	-	18	-
Minas da Serra Geral SA - MSG	50.00	50.00	52	6	26	29	(3)	3	(5)	-	(4)	-	-	-	-	-
SAMARCO Mineração SA - SAMARCO (2)	50.00	50.00	1,144	697	626	528	140	209	278	349	485	-	-	225	-	475
Baovale Mineração SA - BAOVALE	50.00	50.00	58	4	29	35	2	-	2	2	4	-	-	-	-	-
Zhuñal YPM Pellet e Co Ltd - ZHUHAI	25.00	25.00	91	1	23	23	-	-	1	-	-	-	-	-	-	-
Tecnored Desenvolvimento Tecnológico SA	43.04	43.04	115	(18)	51	48	(7)	(2)	-	(9)	(1)	-	-	-	-	-
					1,212	1,109	173	231	319	404	558	65	-	284	65	534
Coal																
Henan Longyu Resources Co Ltd	25.00	25.00	1,258	134	314	282	16	18	18	34	42	-	60	-	60	-
Shandong Yankuang International Company Ltd	25.00	25.00	(195)	(26)	(49)	(43)	(3)	(4)	(4)	(7)	(9)	-	-	-	-	-
					265	239	13	14	14	27	33	-	60	-	60	-
Base Metals																
Bauxite																
Mineração Rio do Norte SA - MRN	40.00	40.00	299	26	120	144	4	7	1	11	3	-	-	-	-	-
					120	144	4	7	1	11	3	-	-	-	-	-
Copper																
Teal Minerals Incorporated	50.00	50.00	467	(6)	233	234	(2)	(1)	(2)	(3)	(7)	-	-	-	-	-
					233	234	(2)	(1)	(2)	(3)	(7)	-	-	-	-	-
Nickel																
Heron Resources Inc (3)	-	-	-	-	6	6	-	-	-	-	-	-	-	-	-	-
Korea Nickel Corp	25.00	25.00	76	4	19	4	1	-	-	1	-	-	-	-	-	-
Others (3)	-	-	-	-	-	1	-	-	-	-	-	-	-	-	-	-
					25	11	1	-	-	1	-	-	-	-	-	-
Aluminium																
Norsk Hydro ASA	22.00	22.00	14,418	127	3,172	3,227	-	28	50	28	50	47	-	52	47	52
					3,172	3,227	-	28	50	28	50	47	-	52	47	52
Logistic																
LOG-IN Logística Intermodal SA	31.33	31.33	278	(42)	93	114	(4)	(10)	(2)	(14)	(2)	-	-	-	-	-
MRS Logística SA	46.75	47.59	1,182	126	560	551	19	40	35	59	71	-	-	7	-	7
					653	665	15	30	33	45	69	-	-	7	-	7
Others																
Steel																
California Steel Industries Inc - CSI	50.00	50.00	352	30	176	161	9	6	7	15	13	-	-	-	-	-
CSP - Companhia Siderurgica do PECÉM	50.00	50.00	903	(3)	452	267	(1)	(1)	-	(2)	-	-	-	-	-	-
THYSSENKRUPP CSA Companhia Siderurgica do Atlântico	26.87	26.87	5,623	(317)	1,511	1,607	(46)	(39)	(10)	(85)	(18)	-	-	-	-	-
					2,139	2,035	(38)	(34)	(9)	(72)	(5)	-	-	-	-	-
Other affiliates and joint ventures																
Norte Energia SA	9.00	9.00	721	(11)	65	75	(1)	-	-	(1)	-	-	-	-	-	-
Vale Soluções em Energia SA (1)	52.77	52.77	188	(76)	110	145	(8)	(32)	(6)	(40)	(15)	-	-	-	-	-
Others	-	-	-	-	179	209	1	-	-	1	-	-	-	-	-	-
					354	429	(8)	(32)	(6)	(40)	(15)	-	-	-	-	-
Total					8,173	8,093	158	243	406	401	686	112	60	343	172	593

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

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

(3) Available for sale.

11 Short-term debt

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

12 Long-term debt

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Credit Lines

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

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

In September 2010, Vale entered into agreements with The Export-Import Bank of China and the Bank of China Limited for the financing to build 12 very large ore carriers comprising a facility for an amount of up to US\$ 1,229. The financing has a 13-year total term to be repaid, and the funds will be disbursed during 3 years according to the construction schedule. As of June 30, 2012, we had drawn US\$ 712 under this facility.

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

In May 2008, the Company has signed agreements with Japanese long term financing credit agencies in the amount of US\$ 5 billion, being US\$ 3 billion with Japan Bank for International Cooperation ("JBIC") and US\$ 2 billion with Nippon Export and Investment Insurance ("NEXI"), to finance mining projects, logistics and energy generation. Until June 30, 2012, Vale through its subsidiary PT Vale Indonesia Tbk ("PTVI") withdrew US\$ 300, under the credit facility from NEXI to finance the construction of the hydroelectric plant of Karebbe, Indonesia.

In April 2008, Vale has signed a credit line in the amount of R\$ 7.3 billion (US\$ 4 billion) with BNDES to finance its investment program. As of June 30, 2012, Vale withdrew R\$ 2,849 (US\$ 1,432) in this line.

Revolving credit lines

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

Guarantee

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

Covenants

Our principal covenants require us to maintain certain ratios, such as debt to EBITDA and interest coverage. We have not identified any events of noncompliance as of June 30, 2012.

13 Stockholders' equity

Stockholders

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

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

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

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

Mandatorily convertible

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

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

Earnings per share

Earnings per share amounts have been calculated as follows:

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

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

14 Pension plans

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

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

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

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

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

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

15 Long-term incentive compensation plan

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

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

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

We account for the compensation cost provided to our executives under this long-term incentive compensation plan, following the requirements for Accounting for Stock-Based Compensation. Liabilities are measured at each reporting date at fair value, based on market rates. Compensation costs incurred are recognized, over the defined three-year vesting period. At June 30, 2012, December 31, 2011, we recognized a liability of US\$66, US\$109, respectively.

16 Commitments and contingencies

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

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

Sumic Nickel Netherlands B.V. ("Sumic"), a 21% stockholder of VNC, has a put option to sell to us 25%, 50%, or 100% of the shares they own of VNC if the defined cost of the initial nickel cobalt development project, as measured by funding provided to VNC, in natural currencies and converted to U.S. dollars at specified rates of exchange, in the form of Girardin Act lease financing, shareholder loans and equity contributions by shareholders to VNC, exceeded \$4.6 billion and an agreement cannot be reached on how to proceed with the project. On May 27, 2010 the threshold was reached. The put option discussion and decision period was extended to July 31, 2012. In light of the delay in ramping up the Project, we are currently in discussions with Sumic pertaining to a further extension of the put option.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Asset retirement obligations

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

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

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

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

17 Other expenses

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

18 Fair value disclosure of financial assets and liabilities

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

a) Measurements

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

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

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

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

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

b) Measurements on a recurring basis

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

- **Available-for-sale securities**

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

- **Derivatives**

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

- **Debentures**

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

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

	June 30, 2012 (unaudited)			
	Carrying amount	Fair value	Level 1	Level 2
Available-for-sale securities	6	6	6	-
Unrealized gain on derivatives	(728)	(728)	-	(728)
Debentures	(1,410)	(1,410)	-	(1,410)
	December 31, 2011			
	Carrying amount	Fair value	Level 1	Level 2
Available-for-sale securities	7	7	7	-
Unrealized losses on derivatives	(81)	(81)	-	(81)
Debentures	(1,336)	(1,336)	-	(1,336)

c) Measurements on a non-recurring basis

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

d) Financial Instruments

Long-term debt

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

Time deposits

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

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

	June 30, 2012			
	Carrying amount	Fair value	Level 1	Level 2
Long-term debt (less interests) (a)	(24,594)	(26,724)	(20,155)	(6,569)
Perpetual Notes (b)	(81)	(81)	-	(81)
	December 31, 2011			
	Carrying amount	Fair value	Level 1	Level 2
Long-term debt (less interests) (a)	(22,700)	(24,312)	(18,181)	(6,131)
Perpetual Notes (b)	(80)	(80)	-	(80)

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

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

19 Segment and geographical information

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

Consolidated net income and principal assets are reconciled as follows:

Results by segment

	Three-month period ended (unaudited)																	
	June 30, 2012						March 31, 2012						June 30, 2011					
	Bulk Material	Base Metals	Fertilizers	Logistic	Others	Consolidated	Bulk Material	Base Metals	Fertilizers	Logistic	Others	Consolidated	Bulk Material	Base Metals	Fertilizers	Logistic	Others	Consolidated
RESULTS																		
Gross revenues	8,934	1,781	923	408	104	12,150	8,240	1,775	829	403	92	11,339	11,682	2,230	867	476	90	15,345
Cost and expenses	(3,509)	(1,573)	(740)	(394)	(191)	(6,407)	(3,455)	(1,359)	(660)	(411)	(250)	(6,135)	(3,449)	(1,528)	(658)	(396)	(225)	(6,256)
Research and development	(170)	(122)	(23)	(2)	(42)	(359)	(139)	(96)	(15)	(1)	(48)	(299)	(130)	(98)	(16)	(30)	(89)	(363)
Depreciation, depletion and amortization	(508)	(402)	(114)	(57)	(3)	(1,084)	(506)	(374)	(109)	(64)	(2)	(1,055)	(438)	(350)	(129)	(60)	(2)	(979)
Loss on sale of assets	(377)	-	-	-	-	(377)	-	-	-	-	-	-	-	-	-	-	-	-
Operating income	4,370	(316)	46	(45)	(132)	3,923	4,140	(64)	45	(73)	(208)	3,850	7,665	254	64	(10)	(226)	7,747
Financial Result	(2,504)	41	(57)	(21)	(7)	(2,548)	220	5	4	(9)	9	229	840	(210)	29	(17)	6	648
change in provision for losses on equity investments	186	3	-	15	(46)	158	245	34	-	30	(66)	243	339	(2)	-	33	36	406
Income taxes	(164)	14	1,209	3	(2)	1,060	(504)	(15)	(11)	(19)	(4)	(553)	(2,120)	(228)	(57)	(2)	-	(2,407)
Noncontrolling interests	24	54	(25)	-	16	69	14	59	(18)	-	3	58	1	33	(1)	-	25	58
Net income attributable to the Company's stockholders	1,912	(204)	1,173	(48)	(171)	2,662	4,115	29	20	(71)	(266)	3,827	6,725	(153)	35	4	(159)	6,452
Sales classified by geographic destination:																		
Foreign market																		
America, except United States	207	256	17	-	4	484	183	254	13	36	11	497	298	258	2	-	-	558
United States	54	344	12	-	-	410	29	356	22	-	1	408	5	400	1	-	-	406
Europe	1,799	475	37	-	10	2,321	1,357	475	44	-	13	1,889	2,415	601	41	-	11	3,068
Middle East/Africa/Oceania	373	19	1	-	-	393	315	52	-	-	-	367	361	55	-	-	-	416
Japan	1,067	202	-	-	4	1,273	1,183	150	-	-	2	1,335	1,488	299	-	-	2	1,789
China	3,538	264	-	-	-	3,802	3,395	156	-	-	-	3,551	4,680	325	-	-	-	5,005
Asia, other than Japan and China	921	219	15	-	-	1,155	660	263	16	-	2	941	899	290	8	-	1	1,198
Brazil	975	2	841	408	86	2,312	1,118	69	734	367	63	2,351	1,536	2	815	476	76	2,905
	8,934	1,781	923	408	104	12,150	8,240	1,775	829	403	92	11,339	11,682	2,230	867	476	90	15,345

Results by segment

	Six-month period ended (unaudited)											
	June 30, 2012						June 30, 2011					
	Bulk Material	Base Metals	Fertilizers	Logistic	Others	Consolidated	Bulk Material	Base Metals	Fertilizers	Logistic	Others	Consolidated
RESULTS												
Gross revenues	17,174	3,556	1,752	811	196	23,489	21,201	4,979	1,654	804	255	28,893
Cost and expenses	(6,964)	(2,932)	(1,400)	(805)	(441)	(12,542)	(6,483)	(3,062)	(1,302)	(686)	(516)	(12,049)
Research and development	(309)	(218)	(38)	(3)	(90)	(658)	(242)	(172)	(34)	(51)	(206)	(705)
Depreciation, depletion and amortization	(1,014)	(776)	(223)	(121)	(5)	(2,139)	(872)	(707)	(246)	(104)	(7)	(1,936)
Loss on sale of assets	(377)	-	-	-	-	(377)	-	1,513	-	-	-	1,513
Operating income	8,510	(370)	91	(118)	(340)	7,773	13,604	2,551	72	(37)	(474)	15,716
Financial Result	(2,284)	46	(53)	(30)	2	(2,319)	805	(237)	44	(36)	(26)	550
change in provision for losses on equity investments	431	37	-	45	(112)	401	597	(5)	-	69	25	686
Income taxes	(668)	(1)	1,198	(16)	(6)	507	(3,101)	(629)	(54)	-	-	(3,784)
Noncontrolling interests	38	113	(43)	-	19	127	3	47	3	-	57	110
Net income attributable to the Company's stockholders	6,027	(175)	1,193	(119)	(437)	6,489	11,908	1,727	65	(4)	(418)	13,278
Sales classified by geographic destination:												
Foreign market												
America, except United States	390	510	30	36	15	981	545	720	20	-	-	1,285
United States	83	700	34	-	1	818	10	869	1	-	2	882
Europe	3,156	950	81	-	23	4,210	4,440	1,174	60	-	29	5,703
Middle East/Africa/Oceania	688	71	1	-	-	760	798	73	-	-	1	872
Japan	2,250	352	-	-	6	2,608	2,620	674	-	-	4	3,298
China	6,933	420	-	-	-	7,353	8,338	656	-	-	35	9,029
Asia, other than Japan and China	1,581	482	31	-	2	2,096	1,670	695	16	-	1	2,382
Brazil	2,093	71	1,575	775	149	4,663	2,780	118	1,557	804	183	5,442
	17,174	3,556	1,752	811	196	23,489	21,201	4,979	1,654	804	255	28,893

Operating segment

	Three-month period ended in June 30, 2012 (unaudited)									
	Revenue	Value added tax	Net revenues	Cost and expenses	Operating profit	Depreciation, depletion and amortization	Operating income	Property, plant and equipment	Additions to property, plant and equipment	Investments
Bulk Material										
Iron ore	6,505	(58)	6,447	(2,272)	4,175	(383)	3,792	33,757	1,163	106
Pellets	1,961	(56)	1,905	(724)	1,181	(65)	1,116	2,099	163	1,106
Manganese	63	(1)	62	(57)	5	(3)	2	77	6	-
Ferroalloys	129	(12)	117	(97)	20	(16)	4	173	116	-
Coal	276	-	276	(402)	(126)	(41)	(167)	4,115	442	265
	8,934	(127)	8,807	(3,552)	5,255	(508)	4,747	40,221	1,890	1,477
Base Metals										
Nickel and other products (a)	1,544	-	1,544	(1,472)	72	(385)	(313)	29,498	675	25
Copper (b)	237	(2)	235	(221)	14	(17)	(3)	4,374	291	233
Aluminum products	-	-	-	-	-	-	-	-	-	3,292
	1,781	(2)	1,779	(1,693)	86	(402)	(316)	33,872	966	3,550
Fertilizers										
Potash	81	(6)	75	(67)	8	(9)	(1)	1,425	43	-
Phosphates	630	(20)	610	(508)	102	(83)	19	7,536	20	-
Nitrogen	193	(26)	167	(134)	33	(22)	11	532	-	-
Others fertilizers products	19	(2)	17	-	17	-	17	338	-	-
	923	(54)	869	(709)	160	(114)	46	9,831	63	-
Logistics										
Railroads	294	(43)	251	(270)	(19)	(44)	(63)	1,340	13	560
Ports	114	(11)	103	(72)	31	(13)	18	594	15	93
Ships	-	-	-	-	-	-	-	2,345	128	-
	408	(54)	354	(342)	12	(57)	(45)	4,279	156	653
Others	104	(20)	84	(213)	(129)	(3)	(132)	1,900	153	2,493
Loss on sale of assets	-	-	-	(377)	(377)	-	(377)	-	-	-
	12,150	(257)	11,893	(6,886)	5,007	(1,084)	3,923	90,103	3,228	8,173

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

(b) Includes copper concentrate.

Operating segment

	Three-month period ended in March 31, 2012 (unaudited)									
	Revenue	Value added tax	Net revenues	Cost and expenses	Operating profit	Depreciation, depletion and amortization	Operating income	Property, plant and equipment	Additions to property, plant and equipment	Investments
Bulk Material										
Iron ore	5,987	(78)	5,909	(2,147)	3,762	(373)	3,389	34,950	1,678	114
Pellets	1,698	(71)	1,627	(745)	882	(55)	827	2,100	97	1,265
Manganese	42	(2)	40	(32)	8	(4)	4	85	-	-
Ferroalloys	124	(12)	112	(110)	2	(15)	(13)	257	-	-
Coal	389	-	389	(397)	(8)	(59)	(67)	4,470	108	254
	8,240	(163)	8,077	(3,431)	4,646	(506)	4,140	41,862	1,883	1,633
Base Metals										
Nickel and other products (a)	1,555	-	1,555	(1,242)	313	(355)	(42)	29,742	552	20
Copper (b)	220	-	220	(213)	7	(19)	(12)	4,418	235	234
Aluminum products	-	-	-	-	-	-	-	-	-	3,578
	1,775	-	1,775	(1,455)	320	(374)	(54)	34,160	787	3,832
Fertilizers										
Potash	70	(4)	66	(52)	14	(6)	8	2,369	20	-
Phosphates	548	(18)	530	(409)	121	(74)	47	7,043	73	-
Nitrogen	192	(24)	168	(165)	3	(29)	(26)	447	7	-
Others fertilizers products	19	(3)	16	-	16	-	16	315	1	-
	829	(49)	780	(626)	154	(109)	45	10,174	101	-
Logistics										
Railroads	265	(52)	213	(239)	(26)	(48)	(74)	1,395	20	600
Ports	138	(15)	123	(106)	17	(16)	1	621	46	106
Ships	-	-	-	-	-	-	-	2,163	-	-
	403	(67)	336	(345)	(9)	(64)	(73)	4,179	66	706
Others										
	92	(6)	86	(292)	(206)	(2)	(208)	2,156	124	2,596
	11,339	(285)	11,054	(6,149)	4,905	(1,055)	3,850	92,531	2,961	8,767

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

(b) Includes copper concentrate.

Operating segment

	Three-month period ended in June 30, 2011 (unaudited)									
	Revenue	Value added tax	Net revenues	Cost and expenses	Operating profit	Depreciation, depletion and amortization	Operating income	Property, plant and equipment	Additions to property, plant and equipment	Investments
Bulk Material										
Iron ore	9,102	(134)	8,968	(2,157)	6,811	(347)	6,464	33,602	1,259	123
Pellets	2,122	(73)	2,049	(778)	1,271	(31)	1,240	2,678	-	1,093
Manganese	52	(2)	50	(48)	2	(4)	(2)	25	1	-
Ferrous alloys	150	(15)	135	(96)	39	(16)	23	321	10	-
Coal	256	-	256	(276)	(20)	(40)	(60)	3,686	218	262
	11,682	(224)	11,458	(3,355)	8,103	(438)	7,665	40,312	1,488	1,478
Base Metals										
Nickel and other products (a)	1,966	-	1,966	(1,411)	555	(326)	229	29,801	613	13
Copper (b)	264	(1)	263	(214)	49	(24)	25	4,206	348	133
Aluminum products	-	-	-	-	-	-	-	-	-	3,686
	2,230	(1)	2,229	(1,625)	604	(350)	254	34,007	961	3,832
Fertilizers										
Potash	68	(3)	65	(66)	(1)	(18)	(19)	1,846	293	-
Phosphates	586	(22)	564	(404)	160	(62)	98	7,132	96	-
Nitrogen	194	(25)	169	(151)	18	(49)	(31)	1,592	45	-
Others fertilizers products	19	(3)	16	-	16	-	16	-	-	-
	867	(53)	814	(621)	193	(129)	64	10,570	434	-
Logistics										
Railroads	357	(54)	303	(277)	26	(45)	(19)	1,464	66	565
Ports	119	(14)	105	(81)	24	(15)	9	739	23	-
Ships	-	-	-	-	-	-	-	1,482	140	141
	476	(68)	408	(358)	50	(60)	(10)	3,685	229	706
Others	90	(10)	80	(304)	(224)	(2)	(226)	3,103	368	2,536
	15,345	(356)	14,989	(6,263)	8,726	(979)	7,747	91,677	3,480	8,552

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

(b) Includes copper concentrate.

Operating segment

	Six-month period ended in June 30, 2012 (unaudited)									
	Revenue	Value added tax	Net revenues	Cost and expenses	Operating profit	Depreciation, depletion and amortization	Operating income	Property, plant and equipment	Additions to property, plant and equipment	Investments
Bulk Material										
Iron ore	12,492	(136)	12,356	(4,419)	7,937	(756)	7,181	33,757	2,841	106
Pellets	3,659	(127)	3,532	(1,469)	2,063	(120)	1,943	2,099	260	1,106
Manganese	105	(3)	102	(89)	13	(7)	6	77	6	-
Ferroalloys	253	(24)	229	(207)	22	(31)	(9)	173	116	-
Coal	665	-	665	(799)	(134)	(100)	(234)	4,115	550	265
	17,174	(290)	16,884	(6,983)	9,901	(1,014)	8,887	40,221	3,773	1,477
Base Metals										
Nickel and other products (a)	3,099	-	3,099	(2,714)	385	(740)	(355)	29,498	1,227	25
Copper (b)	457	(2)	455	(434)	21	(36)	(15)	4,374	526	233
Aluminum products	-	-	-	-	-	-	-	-	-	3,292
	3,556	(2)	3,554	(3,148)	406	(776)	(370)	33,872	1,753	3,550
Fertilizers										
Potash	151	(10)	141	(119)	22	(15)	7	1,425	63	-
Phosphates	1,178	(38)	1,140	(917)	223	(157)	66	7,536	93	-
Nitrogen	385	(50)	335	(299)	36	(51)	(15)	532	7	-
Others fertilizers products	38	(5)	33	-	33	-	33	338	1	-
	1,752	(103)	1,649	(1,335)	314	(223)	91	9,831	164	-
Logistics										
Railroads	559	(95)	464	(509)	(45)	(92)	(137)	1,340	33	560
Ports	252	(26)	226	(178)	48	(29)	19	594	61	93
Ships	-	-	-	-	-	-	-	2,345	128	-
	811	(121)	690	(687)	3	(121)	(118)	4,279	222	653
Others	196	(26)	170	(505)	(335)	(5)	(340)	1,900	277	2,493
Loss on sale of assets	-	-	-	(377)	(377)	-	(377)	-	-	-
	23,489	(542)	22,947	(13,035)	9,912	(2,139)	7,773	90,103	6,189	8,173

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

(b) Includes copper concentrate.

Operating segment

	Six-month period ended in June 30, 2011 (unaudited)									
	Revenue	Value added tax	Net revenues	Cost and expenses	Operating profit	Depreciation, depletion and amortization	Operating income	Property, plant and equipment	Additions to property, plant and equipment	Investments
Bulk Material										
Iron ore	16,389	(244)	16,145	(3,893)	12,252	(704)	11,548	33,602	2,436	123
Pellets	4,000	(134)	3,866	(1,618)	2,248	(67)	2,181	2,678	353	1,093
Manganese	95	(4)	91	(69)	22	(9)	13	25	1	-
Ferrous alloys	307	(27)	280	(207)	73	(27)	46	321	21	-
Coal	410	-	410	(529)	(119)	(65)	(184)	3,686	606	262
	21,201	(409)	20,792	(6,316)	14,476	(872)	13,604	40,312	3,417	1,478
Base Metals										
Nickel and other products (a)	4,081	-	4,081	(2,561)	1,520	(664)	856	29,801	984	13
Copper (b)	515	(18)	497	(346)	151	(42)	109	4,206	518	133
Aluminum products	383	(5)	378	(304)	74	(1)	73	-	16	3,686
	4,979	(23)	4,956	(3,211)	1,745	(707)	1,038	34,007	1,518	3,832
Fertilizers										
Potash	130	(7)	123	(135)	(12)	(25)	(37)	1,846	300	-
Phosphates	1,122	(50)	1,072	(812)	260	(149)	111	7,132	223	-
Nitrogen	366	(48)	318	(278)	40	(72)	(32)	1,592	45	-
Others fertilizers products	36	(6)	30	-	30	-	30	-	-	-
	1,654	(111)	1,543	(1,225)	318	(246)	72	10,570	568	-
Logistics										
Railroads	607	(99)	508	(474)	34	(82)	(48)	1,464	102	565
Ports	197	(23)	174	(141)	33	(22)	11	739	60	-
Ships	-	-	-	-	-	-	-	1,482	163	141
	804	(122)	682	(615)	67	(104)	(37)	3,685	325	706
Others	255	(26)	229	(696)	(467)	(7)	(474)	3,103	465	2,536
Gain on sale of assets	-	-	-	1,513	1,513	-	1,513	-	-	-
	28,893	(691)	28,202	(10,550)	17,652	(1,936)	15,716	91,677	6,293	8,552

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

(b) Includes copper concentrate.

20 Derivative financial instruments

Risk management policy

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

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

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

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

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

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

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

Market Risk Management

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

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

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

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

Foreign exchange rate and interest rate risk

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

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

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

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

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

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

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

Product price and Input Cost risk

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

Embedded derivatives

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

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

Hedge Accounting

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

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

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



	Amount of gain or (loss) recognized as financial income (expense)					Financial settlement (Inflows)/ Outflows					Amount of gain or (loss) recognized in OCI				
	Three-month period ended (unaudited)			Six-month period ended		Three-month period ended (unaudited)			Six-month period ended		Three-month period ended (unaudited)			Six-month period ended	
	June 30, 2012	March 31, 2012	June 30, 2011	June 30, 2012	June 30, 2011	June 30, 2012	March 31, 2012	June 30, 2011	June 30, 2012	June 30, 2011	June 30, 2012	March 31, 2012	June 30, 2011	June 30, 2012	June 30, 2011
Derivatives not designated as hedge															
Foreign exchange and interest rate risk															
CDI & TJLP vs. USD fixed and floating rate swap	(407)	208	389	(199)	564	(180)	(129)	(112)	(309)	(160)	-	-	-	-	-
USD floating rate vs. fixed USD rate swap	-	-	-	-	-	-	-	1	-	2	-	-	-	-	-
Eurobond Swap	(36)	19	11	(17)	53	-	4	-	4	-	-	-	-	-	
Pre Dollar Swap	(16)	12	6	(4)	8	(5)	(4)	-	(9)	-	-	-	-	-	
Swap USD fixed rate vs. CDI	-	-	(47)	-	(47)	-	-	-	-	-	-	-	-	-	
South African Rand Forward	-	-	2	-	2	-	-	-	-	-	-	-	-	-	
AUD floating rate vs. fixed USD rate swap	-	-	-	-	-	-	-	-	-	(2)	-	-	-	-	
Treasury Future	-	9	-	9	-	-	(3)	-	(3)	-	-	-	-	-	
	(459)	248	361	(211)	580	(185)	(132)	(111)	(317)	(160)	-	-	-	-	
Commodities price risk															
Nickel															
Fixed price program	8	(4)	12	4	25	(5)	6	(19)	1	(20)	-	-	-	-	
Strategic program	-	-	-	-	15	-	-	-	-	-	-	-	-	-	
Aluminum	-	-	-	-	-	-	-	-	-	7	-	-	-	-	
Bunker Oil Hedge	-	-	2	-	34	-	(4)	(15)	(4)	(23)	-	-	-	-	
Coal	-	-	-	-	-	-	-	-	-	2	-	-	-	-	
Maritime Freight Hiring Protection Program	-	-	-	-	-	-	-	-	-	2	-	-	-	-	
	8	(4)	14	4	74	(5)	2	(34)	(3)	(32)	-	-	-	-	
Embedded derivatives:															
Energy - Aluminum options	-	-	-	-	(7)	-	-	-	-	-	-	-	-	-	
	-	-	-	-	(7)	-	-	-	-	-	-	-	-	-	
Derivatives designated as hedge															
Bunker Oil Hedge	-	-	-	-	-	-	-	-	-	-	(13)	-	-	(13)	
Aluminum	-	-	-	-	-	-	-	-	-	50	-	-	4	4	
Strategic Nickel	35	52	(17)	87	(50)	(36)	(52)	17	(88)	(13)	(21)	(43)	137	(64)	
Foreign exchange cash flow hedge	-	-	-	-	-	-	-	-	-	-	(78)	52	-	(26)	
	35	52	(17)	87	(50)	(36)	(52)	17	(88)	37	(112)	9	141	(103)	
Total	(416)	296	358	(120)	597	(226)	(182)	(128)	(408)	(155)	(112)	9	141	(103)	

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

Final maturity dates for the above instruments are as follows:

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

21 Board of Directors, Fiscal Council, Advisory committees and Executive Officers

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Antonio Henrique Pinheiro Silveira
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Alternate

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President & CEO

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

Tito Botelho Martins
Chief Financial Officer

Roger Allan Downey
Executive Director, Fertilizers and Coal

José Carlos Martins
Executive Director, Ferrous and Strategy

Galib Abrahão Chaim
Executive Director, Capital Projects Implementation

Humberto Ramos de Freitas
Executive Director, Logistics and Mineral Research

Gerd Peter Poppinga
Executive Director, Base Metals and IT

Marcus Vinicius Dias Severini
Chief Officer of Accounting and Control Department

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

Supplemental Financial Information

The following unaudited information provides additional details in relation to certain financial ratios.

EBITDA – Earnings Before Financial Income (Expenses), Noncontrolling Interests, Gain on Sale of Investments, Foreign Exchange and Indexation Gains (Losses), Equity in Results of Affiliates and Joint Ventures and Change in Provision for Losses on Equity Investments, Income Taxes, Depreciation and Amortization

- a) EBITDA represents operating income plus depreciation, amortization and depletion plus impairment plus dividends received from equity investees.
- b) EBITDA is not a U.S. GAAP measure and does not represent cash flows for the periods presented and should not be considered as an alternative to net income (loss), as an indicator of our operating performance or as an alternative to cash flows as a source of liquidity.
- c) Our definition of EBITDA may not be comparable with EBITDA as defined by other companies.
- d) Although EBITDA, as defined above, does not provide a U.S. GAAP measure of operating cash flows, our management uses it to measure our operating performance and financial analysts in evaluating our business commonly use it.

Selected financial indicators for the main affiliates and joint ventures are available on our website, www.vale.com, under “investor relations”.

Indexes on Vale's Consolidated Debt (Supplemental information - Unaudited)

	Three-month period ended			Six-month period ended	
	June 30, 2012	March 31, 2012	June 30, 2011	June 30, 2012	June 30, 2011
Current debt					
Current portion of long-term debt - unrelated parties	1,503	1,850	1,918	1,503	1,918
Short-term debt	503	500	100	503	100
	2,006	2,350	2,018	2,006	2,018
Long-term debt					
Long-term debt - unrelated parties	23,432	22,501	22,435	23,432	22,435
Loans from related parties	80	80	-	80	-
Gross debt (current plus long-term debt)	25,518	24,931	24,453	25,518	24,453
Interest paid over:					
Short-term debt	-	1	1	1	2
Long-term debt	350	325	374	675	711
Interest paid	350	326	375	676	713
EBITDA	5,119	4,965	9,069	10,084	18,245
Stockholders' equity	79,371	82,445	85,016	79,371	85,016
LTM (2) EBITDA / LTM (1) Interest paid	24	27	28	24	28
Gross Debt / LTM (1) EBITDA	1	1	1	1	1
Gross debt / Equity Capitalization (%)	24	23	22	24	22
Financial expenses					
Interest expense	(325)	(338)	(324)	(663)	(664)
Labor and civil claims and tax-related actions	(12)	(36)	-	(48)	(6)
Others	(222)	(239)	(190)	(461)	(426)
	(559)	(613)	(514)	(1,172)	(1,096)
Financial income					
Cash and cash equivalents	18	28	190	46	335
Others	102	91	36	193	56
	120	119	226	239	391
Derivatives	(416)	296	358	(120)	597
Financial income (expenses), net	(855)	(198)	70	(1,053)	(108)
Foreign exchange and indexation gain (losses), net					
Loans	(1,564)	404	100	(1,160)	123
Others	(129)	23	478	(106)	535
	(1,693)	427	578	(1,266)	658
Financial result, net	(2,548)	229	648	(2,319)	550

(1) LTM - Last twelve months

Calculation of EBITDA (Supplemental information - Unaudited)

	Three-month period ended			Six-month period ended	
	June 30, 2012	March 31, 2012	June 30, 2011	June 30, 2012	June 30, 2011
Operating income	3,923	3,850	7,747	7,773	15,716
Depreciation	1,084	1,055	979	2,139	1,936
	5,007	4,905	8,726	9,912	17,652
Dividends received	112	60	343	172	593
EBITDA	5,119	4,965	9,069	10,084	18,245
Net operating revenues	11,893	11,054	14,989	22,947	28,202
Margin EBITDA	43.0%	44.9%	60.5%	43.9%	64.7%

Adjusted EBITDA x Operating Cash Flows (Supplemental information - Unaudited)

	Three-month period ended					
	June 30, 2012		March 31, 2012		June 30, 2011	
	EBITDA	Operation cash flow	EBITDA	Operation cash flow	EBITDA	Operation cash flow
Net income attributable to stockholders' Company	2,593	2,593	3,769	3,769	6,394	6,394
Income tax - deferred	(1,085)	(1,085)	(260)	(260)	688	688
Income tax - current	25	-	813	-	1,719	-
Equity in results of affiliates and joint ventures and other investments	(158)	(158)	(243)	(243)	(406)	(406)
Foreign exchange and monetary gains, net	1,693	82	(427)	(182)	(596)	257
Financial expenses, net	855	(29)	198	47	(52)	(41)
Loss on sale of investments	-	377	-	-	-	-
Net working capital	-	627	-	(883)	-	(897)
Others	-	776	-	(108)	-	(252)
Operating income	3,923	3,183	3,850	2,140	7,747	5,743
Depreciation, depletion and amortization	1,084	1,084	1,055	1,055	979	979
Dividends received	112	112	60	60	343	343
	5,119	4,379	4,965	3,255	9,069	7,065
Operating cash flows		4,379		3,255		7,065
Income tax		25		813		1,719
Foreign exchange and monetary gains (losses)		1,611		(245)		(853)
Financial expenses		884		151		(11)
Net working capital		(627)		883		897
Others		(1,153)		108		252
EBITDA		5,119		4,965		9,069

	Six-month period ended			
	June 30, 2012		June 30, 2011	
	EBITDA	Operation cash flow	EBITDA	Operation cash flow
Net income attributable to stockholders' Company	6,362	6,362	13,168	13,168
Income tax - deferred	(1,345)	(1,345)	472	472
Income tax - current	838	-	3,312	-
Equity in results of affiliates and joint ventures and other investments	(401)	(401)	(686)	(686)
Foreign exchange and monetary gains, net	1,266	(100)	(676)	153
Financial expenses, net	1,053	18	126	(34)
Loss on sale of investments	-	377	-	(1,513)
Net working capital	-	(256)	-	(687)
Others	-	668	-	(329)
Operating income	7,773	5,323	15,716	10,544
Depreciation, depletion and amortization	2,139	2,139	1,936	1,936
Dividends received	172	172	593	593
	10,084	7,634	18,245	13,073
Operating cash flows		7,634		13,073
Income tax		838		3,312
Foreign exchange and monetary gains (losses)		1,366		(829)
Financial expenses		1,035		160
Net working capital		256		687
Others		(1,045)		1,842
EBITDA		10,084		18,245