

PUTNAM HIGH INCOME SECURITIES FUND  
Form 5  
January 26, 2007

**FORM 5**

UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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Form 3 Holdings Reported Form 4 Transactions Reported

**ANNUAL STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

1. Name and Address of Reporting Person \*  
HILL JOHN A

(Last) (First) (Middle)

20 N. BROADWAY

(Street)

OKLAHOMA CITY, OK 73012

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol  
PUTNAM HIGH INCOME SECURITIES FUND [pcf]

3. Statement for Issuer's Fiscal Year Ended (Month/Day/Year)  
08/31/2006

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

Director  10% Owner  
 Officer (give title below)  Other (specify below)

6. Individual or Joint/Group Reporting

(check applicable line)

Form Filed by One Reporting Person  
 Form Filed by More than One Reporting Person

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned at end of Issuer's Fiscal Year (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
				(A) Amount or (D) Price			
Closed-end fund	08/31/2006 <sup>(1)</sup>	Â	J	1,117.767 A	\$ 7.87	71,164.05 D	Â
					<sup>(2)</sup>		

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 2270 (9-02)

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)**



In Brazil, Vale has a tax incentive which allows for a partial reduction of income tax from business results in the North and Northeast regions with iron, railroads, manganese, copper, bauxite, kaolin and potash. The incentive is calculated based on the taxable profit from the activity, which takes into consideration the allocation of operating profit according to incentives for production levels during the periods specified for each product as guaranteed. Generally, these expire after 10 years and are in the case of Company prescribed in 2020. An amount equal to the tax incentive must be appropriated from retained earnings to a reserve account in Stockholders' equity, and may not be distributed as dividends.

Vale benefits from the allocation of portion of income tax to be reinvested in the purchase of equipment in incentive operation, subject to subsequent approval by the regulatory agency in the incentive area Superintendence for the Development of Amazonia (SUDAM) and the Northeast Development Superintendence (SUDENE). When the reinvestment is approved, the tax benefit is also appropriated from retained earnings to a non-distributable reserve.

Vale also has tax incentives related to the production of nickel from Vale New Caledonia (VNC). These incentives include temporary exemptions from the income tax during the construction phase of the project, and for a period of 15 years beginning in the first year of commercial production as defined by the applicable law, followed by five years of a refund of 50%. In addition, VNC is eligible for certain exemptions from indirect taxes such as import tax during the construction phase and throughout the commercial life of the project. Some of these tax benefits, including temporary tax incentives, are subject to an earlier interruption if the project achieves a specified cumulative rate of return. VNC is taxable for a portion of the profits starting in the first year in which commercial production commences, as defined by the applicable law. So far, there has been no taxable income realized in New Caledonia. Vale also benefits from tax incentives for projects in Mozambique, Oman and Malaysia.

Vale is subject to revision by local tax authorities for up to five years for its companies operating in Brazil, generally ten years for its operations in Indonesia and up to seven years for companies with operations in Canada.

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**21. Employee Benefits Obligations**

**a) Retirement Benefits Obligations**

The Company is the sponsor of pension plans mixed with characteristics of benefit and defined contribution (such as benefit plan Vale Mais), which includes retirement income and the risk benefits (death pension, retirement for disability and sickness benefit). These plans are calculated based on length of service, age, salary base and supplement to Social Security benefits. These plans are administered by Fundação Vale do Rio Doce de Seguridade Social - VALIA.

The Company also sponsors a pension plan with defined benefit characteristics. This plan was funded through monthly contributions made by the sponsor and employees, calculated on the basis of periodic actuarial estimates. With the creation of the plan Vale Mais in May 2000, more than 98% of active employees opted to transfer. The defined benefit is still there, covering almost exclusively retired participants and their beneficiaries. This plan is also administered by VALIA.

Additionally, a specific group of former employees are entitled to payments in addition to the normal benefits of Valia through a Supplemental Bonus plus a post-retirement benefit that covers medical, dental and pharmaceutical assistance to that specific group.

The Company also has defined benefit plans and other post-employment benefits administered by other foundations and social security entities which, together, benefiting all employees.

The following information details the status of defined benefit elements of all the plans, as well as costs related to them.

The results of the actuarial valuations were as follows:

**i. Changes in the present value of obligations**

Explanation of Responses:

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	Consolidated		Others	Parent Company		Others
	Overfunded pension plans	Underfunded pension plans	underfunded pension plans	Overfunded pension plans	Underfunded pension plans	underfunded pension plans
<b>Present value of obligations on January 1, 2011</b>	<b>6,036</b>	<b>8,820</b>	<b>2,500</b>	<b>5,276</b>	<b>2,767</b>	<b>387</b>
<b>Initial liability recognized with new consolidation</b>						
Current service cost	2	148	52		28	5
Interest cost	650	631	160	573	304	42
Benefits paid	(494)	(688)	(138)	(441)	(166)	(41)
Plan amendment		4				
Net transfers		26				
Alteration of hypotheses		(44)	(52)			
Actuarial loss (gain)	444	(210)	192	404	(4)	78
Exchange rates changes effects		561	200			
<b>Present value of obligations on December 31, 2011</b>	<b>6,638</b>	<b>9,248</b>	<b>2,914</b>	<b>5,812</b>	<b>2,929</b>	<b>471</b>
<b>Initial liability recognized with new consolidation</b>						
Current service cost		196	66		52	7
Interest cost	603	731	185	603	322	50
Benefits paid	(463)	(851)	(149)	(463)	(178)	(49)
Plan amendment		(6)	(68)		1	(52)
Net transfers	(826)	826				
Alteration of hypotheses		(228)	(48)			
Actuarial loss	1,338	1,560	310	1,338	1,002	223
Exchange rates changes effects		757	286			
<b>Present value of obligations on December 31, 2012</b>	<b>7,290</b>	<b>12,233</b>	<b>3,496</b>	<b>7,290</b>	<b>4,128</b>	<b>650</b>

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	Consolidated			Parent Company		
	Overfunded pension plans	Underfunded pension plans	Others underfunded pension plans	Overfunded pension plans	Underfunded pension plans	Others underfunded pension plans
<b>Fair value of assets on January 1, 2011</b>	<b>9,307</b>	<b>7,741</b>	<b>22</b>	<b>8,493</b>	<b>2,482</b>	
<b>Initial asset recognized with new consolidation</b>						
Actual return on assets	1,097	388		994	279	
Sponsor contributions	4	964	138	1	242	41
Benefits paid	(494)	(690)	(138)	(441)	(166)	(41)
Actuarial loss (gain)	(242)	13		(331)	11	
Early termination of the plan		(44)	(18)			
Exchange rates changes effects		526	(1)			
<b>Fair value of assets on December 31, 2011</b>	<b>9,672</b>	<b>8,898</b>	<b>3</b>	<b>8,716</b>	<b>2,848</b>	
<b>Initial asset recognized with new consolidation</b>						
Transfers	(956)	956				
Actual return on assets	1,210	1,034		1,210	393	
Sponsor contributions	1	437	149	1	281	49
Benefits paid	(463)	(851)	(149)	(463)	(178)	(49)
Plan amendment		5			2	
Liquidação antecipada no plano		(208)				
Actuarial loss	(449)	460		(449)	467	
Exchange rates changes effects		727	(1)			
<b>Fair value of assets on December 31, 2012</b>	<b>9,015</b>	<b>11,458</b>	<b>2</b>	<b>9,015</b>	<b>3,813</b>	

A special contribution was made to the Vale Canada Limited defined underfunded benefit plans of R\$ 588 during the period of 2011. The contribution was made to provide suitable indexes to support the Vale Canada Limited with more appropriate financing requirements for 2011 to 2013

Administrative plan assets by Valia at December 31, 2012 and December 31, 2011 include investments in a portfolio of our own stocks amounting to R\$613 and R\$636, investments in debentures amounting to R\$116 and R\$ 117 and investments in the equity of related parties in the amount of R\$4 and R\$157, respectively. They also included on December 31, 2012 and December 31, 2011, R\$7,953 and R\$6,637 of securities of the Federal Government. The assets of the pension plans of Vale Canada Limited are invested in securities of the Government of Canada and as at December 31, 2012 and 2011, amounted to R\$ 987 and R\$1,219, respectively. The plan assets linked to fertilizers assets, at December 31, 2012 and 2011 invested in securities of the Brazilian Federal Government amounted to R\$390 and R\$278, respectively.

iii. Reconciliation of assets and liabilities recognized in the balance sheet

	December 31, 2012			Consolidated December 31, 2011			1 de janeiro de 2011		
	Overfunded pension plans	Underfunded pension plans	Others underfunded pension plans	Overfunded pension plans	Underfunded pension plans	Others underfunded pension plans	Overfunded pension plans	Underfunded pension plans	Others underfunded pension plans
Present value of obligations in the year-end	(7,290)	(12,233)	(3,496)	(6,638)	(9,248)	(2,914)	(6,037)	(8,849)	(2,561)
Fair value of assets in the year-end	9,015	11,458	2	9,672	8,898	3	9,306	7,738	22
Net value of (gains) and losses not recorded in the balance sheet		500	194		(75)	174		(57)	57
Effect of limit of CPC 33, paragraph 65	(1,725)			(3,034)			(3,269)		
<b>Total</b>		<b>(275)</b>	<b>(3,300)</b>		<b>(425)</b>	<b>(2,737)</b>		<b>(1,168)</b>	<b>(2,482)</b>
<b>Net actuarial asset/liability accrued</b>									
Current assets		235							
Current liabilities		(238)	(182)		(172)	(144)		(163)	(150)
Non-current liabilities		(272)	(3,118)		(253)	(2,593)		(1,005)	(2,332)
<b>Total</b>		<b>(275)</b>	<b>(3,300)</b>		<b>(425)</b>	<b>(2,737)</b>		<b>(1,168)</b>	<b>(2,482)</b>

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	Parent Company					
	December 31, 2012		December 31, 2011		Others	
	Overfunded pension plans	Underfunded pension plans	Others underfunded pension plans	Overfunded pension plans	Underfunded pension plans	Others underfunded pension plans
Present value of obligations in the year-end	(7,290)	(4,128)	(650)	(5,812)	(2,929)	(471)
Fair value of assets in the year-end	9,015	3,813		8,716	2,848	
Net value of (gains) and losses not recorded in the balance sheet		371	65		(74)	79
Effect of limit of CPC 33, paragraph 65	(1,725)			(2,904)		
<b>Total</b>		<b>56</b>	<b>(585)</b>		<b>(155)</b>	<b>(392)</b>
<b>Net actuarial asset/liability accrued</b>						
Current assets		235				
Current Liabilities		(179)	(41)		(120)	(21)
Non-current liabilities			(544)		(35)	(371)
<b>Total</b>		<b>56</b>	<b>(585)</b>		<b>(155)</b>	<b>(392)</b>

iv. Recorded costs in the statement of income

	Consolidated					
	December 31, 2012		December 31, 2011		Others	
	Overfunded pension plans	Underfunded pension plans	Others underfunded pension plans	Overfunded pension plans	Underfunded pension plans	Others underfunded pension plans
Current service cost	39	157	66	2	147	50
Interest on actuarial liabilities	771	686	189	650	630	160
Expected return on assets	(1,423)	(825)		(1,097)	(640)	(2)
Amortization and (gains) / losses, net (paragraph65)	1,786	183	153	761	46	(11)
Transfers	(22)	22				
Effect of limit described in paragraph 65 in CPC 33	(1,151)			(314)		
<b>Total costs, net</b>		<b>223</b>	<b>408</b>	<b>2</b>	<b>183</b>	<b>197</b>

	Parent Company					
	December 31, 2012		December 31, 2011		Others	
	Overfunded pension plans	Underfunded pension plans	Others underfunded	Overfunded pension plans	Underfunded pension plans	Others underfunded



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			pension plans		pension plans	
Current service cost	39	13	7		28	5
Interest on actuarial liabilities	771	265	50	573	304	42
Expected return on assets	(1,423)	(319)		(994)	(277)	
Amortization and (gains) / losses, net (paragraph 58a)	1,786	89	185	735		48
Transfers	(22)	22				
Effect of limit described in paragraph 65 in CPC 33	(1,151)			(314)		
<b>Total costs, net</b>		<b>70</b>	<b>242</b>		<b>55</b>	<b>95</b>

v. **Actuarial and economic assumptions**

All of these calculations involve actuarial projections for certain parameters, such as: salaries, interest, inflation, the behavior of INSS benefits, mortality, disability, etc.

The economic actuarial assumptions adopted were based on the long-term securities and should therefore be considered on that basis. Therefore, in the short term, they may not necessarily be realized.

The evaluations adopted the following economic assumptions:

	December 31, 2012		Brazil (p.y.)		December 31, 2011	
	Overfunded pension plans	Underfunded pension plans	Others underfunded pension plans	Overfunded pension plans	Underfunded pension plans	Others underfunded pension plans
Discount rate to determine the actuarial liability	8.90% a.a.	9.04% a.a.	9.05% a.a.	10,78% a.a.	10,30% a.a.	10,30% a.a.
Discount rate to determine the expense / (income)	8.90% a.a.	9.45% a.a.	9.40% a.a.	10,78% a.a.	10,30% a.a.	10,30% a.a.
Expected return on assets	12.48% a.a.	12.55% a.a.	N/A	14.25% a.a.	13.79% a.a.	N/A
Growth rate of payroll and related charges - up to 47 years	8,15% a.a.	8,15% a.a.	N/A	8,15% a.a.	N/A	N/A
Growth rate of payroll and related charges - after 47 years	5,00% a.a.	5,00% a.a.	N/A	5,00% a.a.	5,00% a.a.	N/A
Inflation	5,00% a.a.	5,00% a.a.	5,00% a.a.	5,00% a.a.	5,00% a.a.	5,00% a.a.
Nominal growth rate of medical costs	N/A	N/A	8,15% a.a.	N/A	N/A	8,15% a.a.

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	Foreign (p.y.)			
	December 31, 2012		December 31, 2011	
	Underfunded pension plans	Others underfunded pension plans	Underfunded pension plans	Others underfunded pension plans
Discount rate to determine the actuarial liability	4.16% a.a.	4.20% a.a.	5.43%	5.43%
Discount rate for determinate expenses\income)	5,08% a.a.	4.20% a.a.	5.43%	5.43%
Expected return on assets	6,21% a.a.	6,50% a.a.	6.51%	6.51%
Growth rate of payroll and related charges - up to 47 years	4,04% a.a.	3,00% a.a.	4.10%	4.10%
Growth rate of payroll and related charges - after 47 years	4,04% a.a.	3,00% a.a.	4.10%	4.10%
Inflation	2,00% a.a.	2,00% a.a.	2.00%	2.00%
Nominal growth rate of medical costs	N/A	7.01% a.a.	N/A	N/A

**vi. Data from participants:**

	Consolidated					
	December 31, 2012			December 31, 2011		
	Overfunded pension plans	Underfunded pension plans	Others underfunded pension plans	Overfunded pension plans	Underfunded pension plans	Others underfunded pension plans
Number of actives participants	14	81,324	11,727	202	67,951	74,729
Average age	52	36	40	50	36	36
Average service length	28	7	7	27	7	8
Number of participants with deferred benefit (*)		6,519			5,815	
Average age		47			39	
Number of de retirees and pensioners	16,740	19,253	31,737	18,380	18,189	32,633
Average age	67	70	68	66	71	64

	Parent Company					
	December 31, 2012			December 31, 2011		
	Overfunded pension plans	Underfunded pension plans	Others underfunded pension plans	Overfunded pension plans	Underfunded pension plans	Others underfunded pension plans
Number of actives participants	14	63,735		14	54,179	65,047
Average age	52	34.5		51	35	35
Average service length	27.7	6.1		27	7	7

Number of participants with deferred benefit (*)		5,107			4,141	
Average age		47			35	
Number of de retirees and pensioners	16,740	3,267	7,144	16,901	3,167	7,516
Average age	67.4	64.8	60.7	67.0	65.0	45.0

(\*) Employees dismissed from the Company retaining the right to plan.

**vii. Assets of pension plans**

**Brazilian Plans**

The Investment Policy Statements of the pension plans sponsored for Brazilian employees are based on a long term macroeconomic scenario and expected returns. An Investment Policy Statement was established for each obligation by following results of a strategic asset allocation study.

Plan asset allocations comply with local pension funds regulations issued by the Conselho Monetário Nacional (CMN Resolution 3,792/09). We are allowed to invest in the following six different asset classes, defined as Segments by the law, : Fixed Income, Equity, Structured Investments (Alternative Investments and Infra-Structure Projects), International Investments, Real Estate and Loans to Participants in compliance with pre-approved policies.

The investment policies aims to achieve adequate diversification, revenue and long-term value, through a combination of the asset classes described above to meet their obligations to each plans at the appropriate level of risk.

The pension fund has a risk management process with established policies intended to identify measure and control all , such as: market, liquidity, credit, operational, systemic and legal.

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**Foreign plans**

The strategy for each of the pension plans sponsored by Vale Canada is based upon a combination of local practices and the specific characteristics of the pension plans in each country, including the structure of the liabilities, the risk versus reward trade-off between different asset classes and the liquidity required to meet benefit payments obligations.

**viii. Overfunded pension plans**

**Brazilian Plans**

The Defined Benefit Plan (the Old Plan) has most of its assets allocated to fixed income, mainly in Brazilian government bonds (such as TIPS) and long term inflation linked corporate bonds with the objective of reducing the asset-liability volatility. The limit allocation for these investments indexed to inflation is of 55% assets total. This Liability Driven Investments (LDI) strategy, together with Loans to Participants segment, aims to hedge the plan's liabilities against inflation risk and volatility. This plan had an average nominal income of 20% per annum, over the past 12 years. The target allocations for each investment segment or asset class are as follow:

	December 31, 2012	December 31, 2011
Fixed income investments	56.00%	57.00%
Variable income investments	25.00%	24.00%
Structures investments	6.00%	6.00%
Foreing investments	1.00%	1.00%
Real Estate	8.00%	8.00%
Operations with participants (loans)	4.00%	4.00%

The Vale Mais Plan has obligations with the characteristics of defined benefit plans and defined contribution plans. Most investments are in fixed income. To reduce the volatility of assets and liabilities from the components with defined benefit characteristics, we used Brazilian government bonds indexed to inflation. The target allocation for this strategy is 55% of the total assets of this sub-plan. The following table shows the target allocations for each investment segment or asset class:

	December 31, 2012	December 31, 2011
Fixed income investments	55.00%	56.00%
Variable income investments	24.00%	24.00%
Structures investments	3.50%	3.50%

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Foreing investments	0.50%	0.50%
Real Estate	7.00%	6.00%
Operations with participants (loans)	0.00%	10.00%

The Defined Contribution Vale Mais component offers four asset class mix options that can be chosen by participants. The options are: 100% Fixed Income ; 80% Fixed Income and 20% Equities and 65% Fixed Income and 35% Equities, or 60% Fixed income and 40% Equities. Loans to participants are included in the fixed income options. Equities management is done through investment funds that target Ibovespa index.

Assets by category are as follows:

	December 31, 2012				Consolidated December 31, 2011				January 1, 2011			
	Level 1	Level 2	Level 2	Total	Level 1	Level 2	Level 2	Total	Level 1	Level 2	Level 2	Total
<b>Assets by category</b>												
Cash and cash equivalents									10			10
Accounts receivable	10			10	28			28	135			135
Equity securities net	2,305	1		2,306	2,391	146		2,537	2,201	125		2,326
Debt securities corporate bonds		557		557		832		832		700		700
Debt securities government bonds	4,037			4,037	3,442			3,442	3,522			3,522
Investment funds Fixed Income	3,430			3,430	2,879			2,879	2,683			2,683
Investment funds equity private	516			516	538			538	855			855
Investment funds equity not listed companies	28			28	21			21	38			38
Investment funds real state			393	393			331	331			213	213
Real estate			17	17			37	37			32	32
Loans from participants			935	935			748	748			480	480
			398	398			343	343			303	303
<b>Total</b>	<b>10,326</b>	<b>558</b>	<b>1,743</b>	<b>12,627</b>	<b>9,299</b>	<b>978</b>	<b>1,459</b>	<b>11,736</b>	<b>9,444</b>	<b>825</b>	<b>1,028</b>	<b>11,297</b>
Funds not related to risk plans				(3,612)				(2,064)				(1,991)
<b>Fair value of plan assets at year-end</b>				<b>9,015</b>				<b>9,672</b>				<b>9,306</b>

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	Parent Company				December 31, 2011			Total
	Level 1	December 31, 2012		Total	Level 1	Level 2	Level 2	
	Level 1	Level 2	Level 2	Total	Level 1	Level 2	Level 2	Total
<b>Assets by category</b>								
Accounts receivable	10			10	28			28
Equity securities net	2,305	1		2,306	2,093	146		2,239
Debt securities								
corporate bonds		557		557		782		782
Debt securities								
government bonds	4,037			4,037	3,246			3,246
Investment funds								
Fixed Income	3,430			3,430	2,636			2,636
Investment funds								
equity	516			516	498			498
Investment funds								
private equity	28			28	21			21
Investment funds not								
listed companies			393	393			258	258
Investment funds real								
state			17	17			32	32
Real estate			935	935			708	708
Loans from								
participants			398	398			332	332
<b>Total</b>	<b>10,326</b>	<b>558</b>	<b>1,743</b>	<b>12,627</b>	<b>8,522</b>	<b>928</b>	<b>1,330</b>	<b>10,780</b>
Funds not related to risk plans				(3,612)				(2,064)
<b>Fair value of plan assets at year-end</b>				<b>9,015</b>				<b>8,716</b>

Measurement of overfunded plan assets at fair value with no observable market variables - level 3

	Consolidated					Total
	Investments fund of not listed companies	Fund of real state	Real state	Loans from participants		
<b>On January 1, 2011</b>	<b>213</b>	<b>32</b>	<b>480</b>	<b>303</b>		<b>1,028</b>
Actual return on plan assets	(12)	1	133	39		161
Assets sold during the year	(2)		(36)	(119)		(157)
Assets purchased and settled	59		171	120		350
Transfers between levels	73	4				77
<b>On December 31, 2011</b>	<b>331</b>	<b>37</b>	<b>748</b>	<b>343</b>		<b>1,459</b>
Actual return on plan assets	25	(15)	235	50		295
Assets sold during the year	(36)		(61)	(165)		(262)
Assets purchased and settled	146		53	181		380
Transfers between levels	(73)	(5)	(40)	(11)		(129)

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<b>On December 31, 2012</b>	<b>393</b>	<b>17</b>	<b>935</b>	<b>398</b>	<b>1,743</b>
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	Investments fund of not listed companies	Parent Company			Total
		Fund of real state	Real state	Loans from participants	
<b>On January 1, 2011</b>	<b>213</b>	<b>31</b>	<b>438</b>	<b>292</b>	<b>974</b>
Actual return on plan assets	(12)	1	132	40	161
Assets sold during the year	(2)		(33)	(119)	(154)
Assets purchased and settled	59		171	119	349
<b>On December 31, 2011</b>	<b>258</b>	<b>32</b>	<b>708</b>	<b>332</b>	<b>1,330</b>
Actual return on plan assets	25	(15)	235	50	295
Assets sold during the year	(36)		(61)	(165)	(262)
Assets purchased and settled	146		53	181	380
<b>On December 31, 2012</b>	<b>393</b>	<b>17</b>	<b>935</b>	<b>398</b>	<b>1,743</b>

The targeted return on private equity assets in 2013 is 11% p.a. for the Old Plan and 11% p.a. for the New Plan. The targeted allocation is 6% for the Old Plan and 3.5% for the New Plan, ranging between 2% and 10% for the Old Plan and ranging between 1% and 10% for the New Plan. These investments have a longer investment horizon and lower liquidity intended to profit from economic growth, especially in the infrastructure sector of the Brazilian economy. Usually the fair values of non-liquid assets are similar to their acquisition cost or book value. Some private equity funds, alternatively, apply the following methodologies: discounted cash flows analysis or analysis based on multiples.

The target return on loans to participants in 2013 was 12% p.a. The fair value pricing of these assets includes provisions for unpaid loans, according to the local pension fund regulations.

The target return on real estate assets in 2013 is 12% p.a. The fair values of these assets are near to their carrying values. The pension fund hires companies specialized in real estate valuation that do not act in the market as brokers. All valuation techniques follow the local regulations.

Table of Contents**ix. Underfunded pension plans****i. Brazilian Plans**

The obligation is exclusively allocated to fixed income. A Liability Driven Investments( LDI ) strategy was also used for this plan. Most of the resources were invested in long term Brazilian government bonds (similar to TIPS) and inflation linked corporate bonds with the objective of minimizing asset-liability volatility and reduce inflation risk. This obligation has had an average nominal return of 17% p.a. in local currency over the last seven years.

**ii. Foreign plans**

For all pension plans except that of PT International Nickel Indonésia Tbk, a target asset allocation was 60% in equity investments and 40% in fixed income investments, with all securities being traded in the public markets. Fixed income investments are in domestic bonds for each plan s market and represent a mixture of government and corporate bonds. Equity investments are primarily global in nature and involve a mixture of large, mid and small capitalization companies with a modest explicit investment in domestic equities for each plan. The Canadian plans also use a currency hedging strategy (each currency exposure is 50% hedged) due to the large exposure to foreign securities. For PT International Nickel Indonésia Tbk, the target allocation is 20% equity investment and the remainder fixed income.

Assets by category are shown below:

	December 31, 2012				Consolidated December 31, 2011				January 1, 2011			
	Level 1	Level 2	Level 2	Total	Level 1	Level 2	Level 2	Total	Level 1	Level 2	Level 2	Total
<b>Assets by category</b>												
Cash and cash equivalents	113	69		182	36	44		80	37	50		87
Accounts receivable	9			9	22			22	33			33
Equity securities net	3,200	39		3,239	2,571	113		2,684	2,704	8		2,712
Debt securities corporate bonds		1,043		1,043		594		594		292		292
Debt securities government bonds	1,041	989		2,030	605	1,171		1,776	616	693		1,309
Investment funds Fixed Income	3,258	871		4,129	2,225	1,061		3,286	1,798	1,200		2,998
Investment funds equity	1,042	842		1,884	610	703		1,313	512	577		1,089



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Investment funds private equity	9		9	3	4		7	5	5		10
Investment funds not listed companies			88	88			31	31			25
Investment funds real state			1	1			2	2			2
Real estate			282	282			153	153			62
Loans from participants			422	422			301	301			252
<b>Total</b>	<b>8,672</b>	<b>3,853</b>	<b>793</b>	<b>13,318</b>	<b>6,072</b>	<b>3,690</b>	<b>487</b>	<b>10,249</b>	<b>5,705</b>	<b>2,825</b>	<b>341</b>
Funds not related to risk plans				(1,860)				(1,351)			(1,131)
<b>Fair value of plan assets at year-end</b>				<b>11,458</b>				<b>8,898</b>			<b>7,740</b>

	December 31, 2012				December 31, 2011		
	Level 1	Level 2	Level 2	Total	Level 1	Level 2	Level 2
<b>Assets by category</b>							
Cash and cash equivalents	1			1	4		
Accounts receivable	1			1	2		
Equity securities net	414			414	271	110	
Equity securities not net		332		332			
Debt securities corporate bonds						212	
Debt securities government bonds	653			653	555		
Investment funds Fixed Income	3,040			3,040	2,084		
Investment funds equity	485			485	471		
Investment funds private equity	5			5	3		
Investment funds not listed companies			88	88		31	
Investment funds real state			1	1		2	
Real estate			231	231		153	
Loans from participants			422	422		301	
<b>Total</b>	<b>4,599</b>	<b>332</b>	<b>742</b>	<b>5,673</b>	<b>3,390</b>	<b>322</b>	<b>487</b>
Funds not related to risk plans				(1,860)			
<b>Fair value of plan assets at year-end</b>				<b>3,813</b>			<b>2,848</b>



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	Level 1	Level 2	Level 2	Total	Level 1	Level 2	Level 2	Total
<b>Assets by category</b>								
Cash and cash equivalents		2		2	3			3
<b>Fair value of plan assets at year-end</b>				<b>2</b>				<b>3</b>

**xi. Disbursement of future cash flow**

Vale expects to disburse in 2013 in relation to pension plans and other benefits, R\$827 on the consolidated and R\$286 on the parent company.

**xii. Sensitivity to the nominal growth rate of medical costs**

	Consolidated			
	Increase of 1%		Decrease of 1%	
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
Present value of obligations	735	483	(573)	(385)
Interest and service cost	61	41	(39)	(32)

	Parent Company			
	Increase of 1%		Decrease of 1%	
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
Present value of obligations	71	40	(60)	(34)
Interest and service cost	4	4	(5)	(4)

Table of Contents**xiii. Estimated future benefit payments**

The following table presents the expected benefit payments, which reflect future services:

	<b>Consolidated</b>			<b>Total</b>
	<b>Overfunded pension plans</b>	<b>Underfunded pension plans</b>	<b>Others underfunded pension plans</b>	
2013	463	1,004	189	1,656
2014	478	776	196	1,450
2015	494	793	204	1,491
2016	509	808	210	1,527
2017	524	824	216	1,564
2018 onwards	2,820	4,220	1,055	8,095

	<b>Parent Company</b>			<b>Total</b>
	<b>Overfunded pension plans</b>	<b>Underfunded pension plans</b>	<b>Others underfunded pension plans</b>	
2013	463	197	48	708
2014	478	214	51	743
2015	494	235	55	784
2016	509	254	59	822
2017	524	274	63	861
2018 onwards	2,820	1,727	236	4,783

**b) Participation in profit sharing program**

The Company's Participation in Results Program ( PPR ) measured on the evaluation of individual and collective performance of its employees.

The Participation in Results in the Company for each employee is calculated individually according to the achievement of goals previously established using indicators for the performance of the Company, Business Unit, Team and individual. The contribution of each performance unit to the performance scores of employees is discussed and agreed each year, between Vale and the unions representing the employees.

The Company accrued expenses / costs related to participation in the results as follows:

Explanation of Responses:

	Consolidated		Parent Company	
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
Operational expenses	871	697	575	627
Cost of good sold	954	828	871	715
<b>Total</b>	<b>1,825</b>	<b>1,525</b>	<b>1,446</b>	<b>1,342</b>

c) **Long-Term stock option compensation plan**

In order to promote a stockholder cultures, in addition to increasing the ability to retain executives and to strengthen the culture of sustainability performance, Vale has a Long-term Compensation Plan, for some executives of the Company, covering three years cycles.

Under the terms of the plan, the participants may allocate a portion of their annual bonus to the plan. Part of the bonus allocated to the plan can be used by executive to purchase preferred stock of Vale, through a prescribed financial institution under market conditions and without any benefit being provided by Vale.

The shares purchased by executives have no restrictions and can, be sold at any time. However, the shares need to be held for a period of three years, and the executives need to maintain their employment relationship with Vale during this period. The participant shall be entitled, as long as the shares are not sold and employment relationship is maintained, to receive from Vale a payment in cash equivalent to the value of their stock holdings under this scheme, based on market quotations. The total number of stocks linked to the plan as at December 31, 2012, 2011 was 4,426,046 and 3,012,538, respectively.

Additionally, certain executives eligible for long-term incentives have the opportunity to receive, at the end of three year cycle, an amount in cash equivalent to the Market value of a number of shares based on factors measured using the total return to the stockholders as an indicator.

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Liabilities are measured at fair value as at the date of each issue of the report, based on Market rates.

The compensation costs incurred are recognized according to the defined vesting period of three years. As at December 31, 2012, 2011 we recorded a liability of R\$ 178 and R\$ 204 respectively, in the statement of Income

**22 - Classification of financial instruments**

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

	<b>Consolidated December 31, 2012</b>			
	<b>Loans and receivables (a)</b>	<b>At fair value through profit or loss (b)</b>	<b>Derivatives designated as hedge (c)</b>	<b>Total</b>
<b>Financial assets</b>				
<b>Current</b>				
Cash and cash equivalents	11,918			11,918
Short-term investments		506		506
Derivatives at fair value		543	32	575
Accounts receivable from customers	13,885			13,885
Related parties	786			786
	<b>26,589</b>	<b>1,049</b>	<b>32</b>	<b>27,670</b>
<b>Non current</b>				
Related parties	833			833
Loans and financing	502			502
Derivatives at fair value		83	10	93
	<b>1,335</b>	<b>83</b>	<b>10</b>	<b>1,428</b>
<b>Total of Assets</b>	<b>27,924</b>	<b>1,132</b>	<b>42</b>	<b>29,098</b>
<b>Financial liabilities</b>				
<b>Current</b>				
Suppliers and contractors	9,255			9,255
Derivatives at fair value		708	2	710
Current portion of long-term debt	7,093			7,093
Related parties	423			423
	<b>16,771</b>	<b>708</b>	<b>2</b>	<b>17,481</b>
<b>Non current</b>				
Derivatives at fair value		1,601		1,601
Loans and financing	54,763			54,763

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Related parties	146			146
Debentures		3,379		3,379
	<b>54,909</b>	<b>4,980</b>		<b>59,889</b>
<b>Total of Liabilities</b>	<b>71,680</b>	<b>5,688</b>	<b>2</b>	<b>77,370</b>

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

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

(c) See note 25(a).

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	Consolidated December 31, 2011			
	Loans and receivables (a)	At fair value through profit or loss (b)	Derivatives designated as hedge (c)	Total
<b>Financial assets</b>				
<b>Current</b>				
Cash and cash equivalents	6,593			6,593
Derivatives at fair value		810	302	1,112
Accounts receivable from customers	15,889			15,889
Related parties	154			154
	<b>22,636</b>	<b>810</b>	<b>302</b>	<b>23,748</b>
<b>Non current</b>				
Related parties	904			904
Loans and financing	399			399
Derivatives at fair value		112		112
	<b>1,303</b>	<b>112</b>		<b>1,415</b>
<b>Total of financial assets</b>	<b>23,939</b>	<b>922</b>	<b>302</b>	<b>25,163</b>
<b>Financial liabilities</b>				
<b>Current</b>				
Suppliers and contractors	8,851			8,851
Derivatives at fair value		110	26	136
Current portion of long-term debt	2,807			2,807
Loans and financing	40			40
Related parties	43			43
	<b>11,741</b>	<b>110</b>	<b>26</b>	<b>11,877</b>
<b>Non current</b>				
Derivatives at fair value		1,239		1,239
Loans and financing	40,225			40,225
Related parties	171			171
Debentures		2,496		2,496
	<b>40,396</b>	<b>3,735</b>		<b>44,131</b>
<b>Total of financial liabilities</b>	<b>52,137</b>	<b>3,845</b>	<b>26</b>	<b>56,008</b>

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

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

(c) See note 25(a).

	Consolidated January 1, 2011			
	Loans and receivables (a)	At fair value through profit or loss (b)	Derivatives designated as hedge (c)	Total

Explanation of Responses:



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<b>Financial assets</b>				
<b>Current</b>				
Cash and cash equivalents	12,636			12,636
Short-term investments		2,987		2,987
Derivatives at fair value		54	33	87
Accounts receivable from customers	13,681			13,681
Related parties	160			160
	<b>26,477</b>	<b>3,041</b>	<b>33</b>	<b>29,551</b>
<b>Non current</b>				
Related parties	48			48
Loans and financing	273			273
Derivatives at fair value		502		502
	<b>321</b>	<b>502</b>		<b>823</b>
<b>Total of financial assets</b>	<b>26,798</b>	<b>3,543</b>	<b>33</b>	<b>30,374</b>
<b>Financial liabilities</b>				
Suppliers and contractors	5,928			5,928
Derivatives at fair value		58		58
Current portion of long-term debt	4,707			4,707
Loans and financing	232			232
Related parties	35			35
	<b>10,902</b>	<b>58</b>		<b>10,960</b>
<b>Non current</b>				
Derivatives at fair value		13	89	102
Loans and financing	35,978			35,978
Related parties	3			3
Debentures		2,139		2,139
	<b>35,981</b>	<b>2,152</b>	<b>89</b>	<b>38,222</b>
<b>Total of financial liabilities</b>	<b>46,883</b>	<b>2,210</b>	<b>89</b>	<b>49,182</b>

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

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

(c) See note 25(a).

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	Loans and receivables (a)	Parent Company December 31, 2012 At fair value through profit or loss (b)	Total
<b>Financial assets</b>			
<b>Current</b>			
Cash and cash equivalents	688		688
Short-term investments		43	43
Derivatives at fair value		500	500
Accounts receivable from customers	21,839		21,839
Related parties	1,347		1,347
	<b>23,874</b>	<b>543</b>	<b>24,417</b>
<b>Non Current</b>			
Related parties	864		864
Loans and financing	188		188
Derivatives at fair value		3	3
	<b>1,052</b>	<b>3</b>	<b>1,055</b>
<b>Total of Assets</b>	<b>24,926</b>	<b>546</b>	<b>25,472</b>
<b>Financial Liabilities</b>			
<b>Current</b>			
Suppliers and contractors	4,178		4,178
Derivatives at fair value		558	558
Current portion of long-term debt	5,328		5,328
Related parties	6,434		6,434
	<b>15,940</b>	<b>558</b>	<b>16,498</b>
<b>Non Current</b>			
Derivatives at fair value		1,410	1,410
Loans and financing	26,867		26,867
Related parties	29,363		29,363
Debentures		3,379	3,379
	<b>56,230</b>	<b>4,789</b>	<b>61,019</b>
<b>Total of Liabilities</b>	<b>72,170</b>	<b>5,347</b>	<b>77,517</b>

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

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

	Loans and receivables (a)	Parent Company December 31, 2011 At fair value through profit or loss (b)	Derivatives designated as hedge (c)	Total
<b>Financial assets</b>				
<b>Current</b>				
Cash and cash equivalents	575			575

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Derivatives at fair value		573	1	574
Accounts receivable from customers	15,809			15,809
Related parties	2,561			2,561
	<b>18,945</b>	<b>573</b>	<b>1</b>	<b>19,519</b>
<b>Non current</b>				
Related parties	446			446
Loans and financing	158			158
Derivatives at fair value		96		96
	<b>604</b>	<b>96</b>		<b>700</b>
<b>Total of financial assets</b>	<b>19,549</b>	<b>669</b>	<b>1</b>	<b>20,219</b>
<b>Financial liabilities</b>				
<b>Current</b>				
Suppliers and contractors	3,504			3,504
Derivatives at fair value		91	26	117
Current portion of long-term debt	892			892
Related parties	4,959			4,959
	<b>9,355</b>	<b>91</b>	<b>26</b>	<b>9,472</b>
<b>Non current</b>				
Derivatives at fair value		953		953
Loans and financing	18,596			18,596
Related parties	28,654			28,654
Debentures		2,496		2,496
	<b>47,250</b>	<b>3,449</b>		<b>50,699</b>
<b>Total of financial liabilities</b>	<b>56,605</b>	<b>3,540</b>	<b>26</b>	<b>60,171</b>

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

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

(c) See note 25a.

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

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

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

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

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

	December 31, 2012			Consolidated December 31, 2011			1 de janeiro de 2011		
	Level 1	Level 2	Total (i)	Level 1	Level 2	Total (i)	Level 1	Level 2	Total (i)
<b>Financial Assets</b>									
<b>Current</b>									
Derivatives									
Derivatives at fair value through profit or loss		543	543		810	810	22	32	54
Derivatives designated as hedges		32	32		302	302		33	33
		<b>575</b>	<b>575</b>		<b>1,112</b>	<b>1,112</b>	<b>22</b>	<b>65</b>	<b>87</b>
<b>Non-Current</b>									
Derivatives									
Derivatives at fair value through profit or loss		83	83		112	112		502	502
		10	10						

Explanation of Responses:

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Derivatives designated as hedges

	<b>93</b>	<b>93</b>	<b>112</b>	<b>112</b>		<b>502</b>	<b>502</b>
<b>Total of Assets</b>	<b>668</b>	<b>668</b>	<b>1,224</b>	<b>1,224</b>	<b>22</b>	<b>567</b>	<b>589</b>

**Financial Liabilities**

**Current**

Derivatives at fair value through profit or loss	3	705	708	1	109	110	20	38	58
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Derivatives designated as hedges

	3	707	710	1	135	136	20	38	58
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**Non-Current**

Derivatives

Derivatives at fair value through profit or loss		1,601	1,601		1,239	1,239		14	14
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Derivatives designated as hedges

								88	88
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Stockholders debentures		3,379	3,379		2,496	2,496		2,139	2,139
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		<b>4,980</b>	<b>4,980</b>		<b>3,735</b>	<b>3,735</b>		<b>2,241</b>	<b>2,241</b>
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<b>Total of Liabilities</b>	<b>3</b>	<b>5,687</b>	<b>5,690</b>	<b>1</b>	<b>3,870</b>	<b>3,871</b>	<b>20</b>	<b>2,279</b>	<b>2,299</b>
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(i) No classification according to the level 3.

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	Parent Company	
	December 31, 2012 Level 2 (i)	December 31, 2011 Level 2 (i)
<b>Financial Assets</b>		
<b>Current</b>		
Derivatives		
Derivatives at fair value through profit or loss	500	573
Derivatives designated as hedges		1
	<b>500</b>	<b>574</b>
<b>Non-current</b>		
Derivatives at fair value through profit or loss	3	96
	<b>3</b>	<b>96</b>
<b>Total of assets</b>	<b>503</b>	<b>670</b>
<b>Financial Liabilities</b>		
<b>Current</b>		
Derivatives		
Derivatives at fair value through profit or loss	558	91
Derivatives designated as hedges		26
	<b>558</b>	<b>117</b>
<b>Non-current</b>		
Derivatives		
Derivatives at fair value through profit or loss	1,410	953
Stockholders' debentures	3,379	2,496
	<b>4,789</b>	<b>3,449</b>
<b>Total of liabilities</b>	<b>5,347</b>	<b>3,566</b>

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(i) No classification according to the level 1 and 3.

a) **Methods and Techniques of Evaluation**

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

Comprise derivatives not designated as hedges and stockholders' debentures.

- **Derivatives designated or not as hedge**

Explanation of Responses:

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

The pricing method used for European options is the Black-Scholes model. In this model, the fair value of the derivative is a function of the volatility in the price of the underlying asset, the exercise price of the option, the interest rate and period to maturity. In the case of options when the income is a function of the average price of the underlying asset over the period of the option, we use the Turnbull & Wakeman model. In this model, besides the factors that influence the option price in the Black-Scholes model, the formation period of the average price is also considered.

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

In the case of swaps tied to the TJLP the calculation of fair value considers the TJLP as a constant, that is, the projections of future cash flows in Brazilian Reals are made on the basis of the last TJLP disclosed.

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

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• **Stockholders Debentures**

Comprises the debentures issued during the privatization process (see Note 29(b)), whose fair values are measured based on the market approach. Reference prices are available on the secondary market.

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

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

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

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

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

	<b>Consolidated December 31, 2012</b>			
	<b>Balance</b>	<b>Fair value (a)</b>	<b>Level 1</b>	<b>Level 2</b>
<b>Financial liabilities</b>				
Loans (long term)(i)	60,988	66,872	52,757	14,115
Perpetual notes (ii)	146	146		146

(i) Net interest of R\$ 868

(ii) classified on Related parties (Non-current liabilities)



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(a) No classification according to the level 3.

	Consolidated December 31, 2011			
	Balance	Fair value (a)	Level 1	Level 2
<b>Financial liabilities</b>				
Loans (long term)(i)	42,410	48,325	35,884	12,441
Perpetual notes (ii)	149	149		149

(i) Net interest of R\$ 622

(ii) classified on Related parties (Non-current liabilities)

(a) No classification according to the level 3.

	Consolidated January 1, 2011			
	Balance	Fair value (a)	Level 1	Level 2
Time deposit	2,987	2,987		2,987
<b>Financial liabilities</b>				
Loans (long term)(i)	(40,107)	(42,095)	(32,874)	(9,221)

(i) Net interest of R\$ 578

(a) No classification according to the level 3.

	Parent Company (a) December 31, 2012			
	Balance	Fair value (a)	Level 1	Level 2
<b>Loans (long term) (i)</b>	31,795	33,183	18,817	14,366

(i) net interest of R\$ 400

(a) There are no level 3 classification.

	Parent Company (a) 40908			
	Balance	Fair value (a)	Level 1	Level 2
<b>Loans (long term) (i)</b>	19,209	19,719	12,010	7,710

Explanation of Responses:

(i) net interest of R\$ 279

(a) There are no level 3 classification.

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

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

In December 31 2012, the capital was R\$ 75 billion corresponding to 5.365.304.100 (3.256.724.482 common and 2.108.579.618 preferred) shares with no par value.

<b>Stockholders</b>	<b>December 31, 2012</b>		<b>Total</b>
	<b>ON</b>	<b>PNA</b>	
Valepar S.A.	1,716,435,045	20,340,000	1,736,775,045
Brazilian Government (Golden Share)		12	12
Foreign investors - ADRs	678,752,292	740,850,726	1,419,603,018
FMP - FGTS	93,278,145		93,278,145
PIBB - BNDES	1,921,106	2,859,336	4,780,442
BNDESPar	206,378,881	67,342,071	273,720,952
Foreign institutional investors in the local market	251,342,812	442,520,400	693,863,212
Institutional investors	181,510,919	366,954,770	548,465,689
Retail investors in the country	56,033,800	326,854,611	382,888,411
Treasure stock in the country	71,071,482	140,857,692	211,929,174
<b>Total</b>	<b>3,256,724,482</b>	<b>2,108,579,618</b>	<b>5,365,304,100</b>

**b) Revenue reserves**

The changes in earnings were as follow:

<b>Investment reserve</b>	<b>Legal reserve</b>	<b>Tax incentive reserve</b>	<b>Total of undistributed revenue reserves</b>
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<b>Total amount in January 1, 2011</b>	<b>65,685</b>	<b>5,700</b>	<b>1,102</b>	<b>72,487</b>
Capitalization of reserves	(22,867)		(266)	(23,133)
Allocation of income	25,864	1,891	996	28,751
<b>Total amount in December 31, 2011</b>	<b>68,682</b>	<b>7,591</b>	<b>1,832</b>	<b>78,105</b>
Allocation of income		486	599	1,085
Realization of reserves	(740)			(740)
<b>Total amount in December 31, 2012</b>	<b>67,942</b>	<b>8,077</b>	<b>2,431</b>	<b>78,450</b>

The investment reserve aims to retain funding for the maintenance and development of the major activities that comprise the Company's corporate purpose in an amount not exceeding 50% of net income.

The legal reserve is a requirement for all Brazilian Public Company and represents appropriations of 5% of annual net income based on Brazilian law, up to 20% of the capital.

The tax incentive reserve resulting from the option to designate a portion of the income tax for investments to projects approved by the Brazilian Government as well as tax incentives (Note 20).

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

In June 2012, the convertible 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. The Conversion was made using 56,081,560 treasury stocks held by the Company. The difference between the book value of the treasury stocks R\$ 2.079 and the total amount received R\$ 2.129 was recognized in the stockholders' equity, with no profit or loss impact.

**d) Treasury stocks**

In November 2011, as part of the buy-back program approved in June 2011, we concluded the acquisitions 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 R\$44.06 and R\$40.90 per share (including shares of each class in the form of ADR), for a total aggregate purchase price of US\$3 billion. The repurchased

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shares represented 3.1% of the free float of common shares, and 4.24% of the free float of preferred shares, outstanding before the launch of the program. The shares acquired are to be held in treasury for cancellation.

As at December 31, 2012, there are 211,929,174 treasury stocks, in the amount of R\$7,840 as follows:

Classes (milhares)	December 31, 2011	Reduction	December 31, 2012	Acquisition price (R\$)			December 31, 2012	December 31, 2011
				Average	Low(*)	High		
Preferred	181,100	(40,242)	140,858	37.50	14.02	47.77	39.58	45.08
Common	86,911	(15,840)	71,071	35.98	20.07	54.83	38.50	51.50
<b>Total</b>	<b>268,011</b>	<b>(56,082)</b>	<b>211,929</b>					

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

The basic and diluted earnings per shares were calculated as follows:

	Year ended	
	December 31, 2012	December 31, 2011
<b>Net income from continuing operations attributable to the Company's stockholders</b>	<b>9,734</b>	<b>37,814</b>
<b>Basic and diluted earnings per share:</b>		
Income available to preferred stockholders	3,686	14,862
Income available to common stockholders	6,048	22,952
<b>Total</b>	<b>9,734</b>	<b>37,814</b>
Weighted average number of shares outstanding (thousands of shares) - preferred shares	1,933,491	2,031,315
Weighted average number of shares outstanding (thousands of shares) - common shares	3,172,179	3,215,479
<b>Total</b>	<b>5,105,670</b>	<b>5,246,794</b>
<b>Basic and diluted earnings per share</b>		
Basic earnings per preferred share	1.91	7.21
Basic earnings per common share	1.91	7.21

f) **Remuneration of stockholders**

Remuneration attributed to Stockholders

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	Total amount	Amount per outstanding common or preferred share
<b>Amount paid in 2011 regarding 2010</b>		
First installment, paid in April 2011	3,174	0.608246495
Additional remuneration, paid in August 2011	4,855	0.933403176
Second installment, paid in October 2011	3,507	0.682507540
Additional remuneration, paid in October 2011	1,753	0.341156463
<b>Total</b>	<b>13,289</b>	
<b>Amount paid in 2012 regarding 2011</b>		
First installment, paid in April 2012	5,481	1.075276545
Second installment, paid in October 2012	6,115	1.186523412
<b>Total</b>	<b>11,596</b>	

The following, proposal for allocation of 2012 stockholders remuneration:

<b>Remuneration attributed to Stockholders:</b>	
<b>Net income</b>	<b>9,734</b>
Legal reserve	(486)
Tax incentive reserve	(599)
<b>Adjusted net income</b>	<b>8,649</b>
<b>Dividends:</b>	
Mandatory minimum - 25% (R\$ 0.474418703 per outstanding share) in form of dividends	2,162
Statutory dividend on preferred shares:	
3% of stockholders equity R\$ 0.969324381 per outstanding share	1,907
6% of capital R\$ 0.898761480 per outstanding share	1,769
<b>Remuneration:</b>	
Interest on capital advanced in April 2012	3,274
Interest on capital advanced in October 2012	2,710
Dividends advanced on October 2012	3,405
<b>Remuneration to Stockholders (R\$ 1.828805334 per outstanding shares)</b>	<b>9,389</b>

Table of Contents**25. Derivatives****a) Effects of Derivatives on the Statement of Financial Position**

	December 31, 2012		Consolidated Assets December 31, 2011		1 de janeiro de 2011	
	Current	Non-current	Current	Non-current	Current	Non-current
<b>Derivatives not designated as hedge</b>						
<b>Foreign exchange and interest rate risk</b>						
CDI & TJLP vs. US\$ fixed and floating rate swap	510	3	767	112		502
EURO floating rate vs. US\$ fixed rate swap					2	
Eurobonds Swap		80				
Pre dollar swap	33		35			
	<b>543</b>	<b>83</b>	<b>802</b>	<b>112</b>	<b>2</b>	<b>502</b>
<b>Commodities price risk</b>						
Nickel:						
Fixed price program			1		24	
Bunker Oil Hedge			7		28	
			<b>8</b>		<b>52</b>	
<b>Derivatives designated as hedge</b>						
Strategic Nickel	26		301			
Foreign exchange cash flow hedge	6	10	1			
Aluminum					33	
	<b>32</b>	<b>10</b>	<b>302</b>		<b>33</b>	
<b>Total</b>	<b>575</b>	<b>93</b>	<b>1,112</b>	<b>112</b>	<b>87</b>	<b>502</b>

	December 31, 2012		Consolidated Liabilities December 31, 2011		1 de janeiro de 2011	
	Current	Non-current	Current	Non-current	Current	Non-current
<b>Derivatives not designated as hedge</b>						
<b>Foreign exchange and interest rate risk</b>						
CDI & TJLP vs. US\$ fixed and floating rate swap	696	1,431	91	1,101		
US\$ floating rate vs. US\$ fixed rate swap					7	

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Eurobonds Swap	9	37	8	61		14
South African randes forward			10			
Pre dollar swap		129		77		
	<b>705</b>	<b>1,597</b>	<b>109</b>	<b>1,239</b>	<b>7</b>	<b>14</b>
<b>Commodities price risk</b>						
Nickel:						
Fixed price program	3		1		20	
Purchase program					25	
Maritime Freight Hiring Protection Program					3	
Coal					3	
	<b>3</b>		<b>1</b>		<b>51</b>	
<b>Embedded derivatives</b>						
Gas		4				
		<b>4</b>				
<b>Derivatives designated as hedge</b>						
Bunker Oil Hedge	2					
Strategic Nickel						88
Foreign exchange cash flow hedge			26			
	<b>2</b>		<b>26</b>			<b>88</b>
<b>Total</b>	<b>710</b>	<b>1,601</b>	<b>136</b>	<b>1,239</b>	<b>58</b>	<b>102</b>



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	Parent Company							
	Assets				Liabilities			
	December 31, 2012		December 31, 2011		December 31, 2012		December 31, 2011	
Current	Non-current	Current	Non-current	Current	Non-current	Current	Non-current	
<b>Derivatives not designated as hedge</b>								
<b>Foreign exchange and interest rate risk</b>								
CDI & TJLP vs. US\$ fixed and floating rate swap	467	3	538	96	558	1,281	91	876
Pre dollar swap	33		35			129		77
	<b>500</b>	<b>3</b>	<b>573</b>	<b>96</b>	<b>558</b>	<b>1,410</b>	<b>91</b>	<b>953</b>
<b>Derivatives designated as hedge</b>								
Foreign exchange cash flow hedge			1				26	
			<b>1</b>				<b>26</b>	
<b>Total</b>	<b>500</b>	<b>3</b>	<b>574</b>	<b>96</b>	<b>558</b>	<b>1,410</b>	<b>117</b>	<b>953</b>

## b) Effects of derivatives in the statement of income

	Consolidated Year ended	
	December 31, 2012	December 31, 2011
<b>Derivatives not designated as hedge</b>		
<b>Foreign exchange and interest rate risk</b>		
CDI & TJLP vs. US\$ fixed and floating rate swap	(655)	(273)
NDF swap		(2)
Eurobonds Swap	100	(58)
US\$ fixed rate vs. CDI swap		128
Randes Forward		(14)
Treasury future	15	(22)
Pre dollar swap	(17)	(41)
	<b>(557)</b>	<b>(282)</b>
<b>Commodities price risk</b>		
Nickel		
Fixed price program	(4)	69
Strategic program		25
Purchased scrap protection program		1
Bunker Oil Hedge		60
	<b>(4)</b>	<b>155</b>
<b>Embedded derivatives</b>		

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Gas	(5)	
Energy - Aluminum options		(12)
	(5)	(12)
<b>Derivatives designated as hedge</b>		
Bunker Oil Hedge	4	
Strategic Nickel	337	93
Foreign exchange cash flow hedge	(55)	66
	<b>286</b>	<b>159</b>
<b>Total</b>	<b>(280)</b>	<b>20</b>
Financial income	992	1,722
Financial (expenses)	(1,272)	(1,702)
<b>Total</b>	<b>(280)</b>	<b>20</b>

	Parent Company Year ended	
	December 31, 2012	December 31, 2011
<b>Derivatives not designated as hedge</b>		
<b>Foreign exchange and interest rate risk</b>		
CDI & TJLP vs. US\$ fixed and floating rate swap	(660)	(220)
US\$ fixed rate vs. CDI swap		128
Pre dollar swap	(17)	(45)
	<b>(677)</b>	<b>(137)</b>
<b>Derivatives designated as hedge</b>		
Foreign exchange cash flow hedge	(58)	65
	<b>(58)</b>	<b>65</b>
<b>Total</b>	<b>(735)</b>	<b>(72)</b>
Financial income	274	1,051
Financial (expenses)	(1,009)	(1,123)
<b>Total</b>	<b>(735)</b>	<b>(72)</b>

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## c) Effects of derivatives as Cash Flow hedge

	Consolidated Year ended	
	December 31, 2012	December 31, 2011
<b>Derivatives not designated as hedges</b>		
<b>Exchange risk and interest rates</b>		
CDI & TJLP vs. US\$ fixed and floating rate swap	(628)	(563)
US\$ floating rate vs. US\$ fixed rate swap		7
Euro floating rate vs. US\$ fixed rate swap		(1)
AUD Forward		(4)
EuroBonds Swap	7	2
US\$ fixed rate vs. CDI swap		(128)
South African randes forward		13
Treasury future	(6)	11
Pre dollar swap	(36)	(1)
	<b>(663)</b>	<b>(664)</b>
<b>Risk of product prices</b>		
Nickel		
Fixed price program	1	(69)
Purchased scrap protection program		(1)
Maritime Freight Hiring Protection Program		3
Bunker Oil Hedge	(9)	(80)
Coal		3
	<b>(8)</b>	<b>(144)</b>
<b>Derivatives designated as hedges</b>		
Bunker Oil Hedge	(3)	
Strategic Nickel	(337)	(93)
Foreign exchange cash flow hedge	55	(88)
Aluminum		12
	<b>(285)</b>	<b>(169)</b>
<b>Total</b>	<b>(956)</b>	<b>(977)</b>
<b>Gains (losses) unrealized derivative</b>	<b>(1,236)</b>	<b>(957)</b>

	Parent Company Year ended	
	December 31, 2012	December 31, 2011
<b>Derivatives not designated as hedges</b>		
<b>Exchange risk and interest rates</b>		
CDI & TJLP vs. US\$ fixed and floating rate swap	(375)	(395)
Euro floating rate vs. US\$ fixed rate swap		(1)
US\$ fixed rate vs. CDI swap		(128)
Pre dollar swap	(36)	
	<b>(411)</b>	<b>(524)</b>

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**Derivatives designated as hedges**

Foreign exchange cash flow hedge	57	(65)
	57	(65)
<b>Total</b>	<b>(354)</b>	<b>(589)</b>
<b>Gains (losses) unrealized derivative</b>	<b>(1,089)</b>	<b>(661)</b>

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

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

	Currency	Parent Company			Year ended		noncontrolling stockholders	Consolidated Total
		Nickel	Others	Total	Total			
Fair value measurements	(46)	437	6	397	1	398		
Reclassification to results due to realization	(65)	(93)		(158)		(158)		
<b>Net change in December 31, 2011</b>	<b>(111)</b>	<b>344</b>	<b>6</b>	<b>239</b>	<b>1</b>	<b>240</b>		
Fair value measurements	(7)	45	1	39		39		
Reclassification to results due to realization	58	(336)	(3)	(281)		(281)		
<b>Net change in December 31, 2012</b>	<b>51</b>	<b>(291)</b>	<b>(2)</b>	<b>(242)</b>		<b>(242)</b>		

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

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

**Contracts subjected to margin calls**

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

**Explanation of Responses:**

**Initial Cost of Contracts**

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

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

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**Interest Rates and Foreign Exchange Derivative Positions**

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

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

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

CDI vs. fixed rate swap									
Payable	US\$ 4,425	US\$ 3,144	US\$+	3.64%	(9,468)	(6,075)	(1,807)		
Receivable									
R\$	428	R\$ 428	CDI	103.50%	443	453	45		
<b>Net</b>					<b>(82)</b>	<b>(33)</b>	<b>37</b>	<b>7</b>	<b>22 23 (127)</b>

**Type of contracts:** OTC Contracts

**Protected Item:** Debts linked to BRL

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

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

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

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

Swap										
TJLP vs. fixed rate swap										
Payable	US\$ 1,694	US\$ 1,611	US\$+	2.34%	(4,960)	(2,945)	(297)			
Receivable	R\$ 626	R\$ 774	TJLP +	0.90%	576	695	212			
<b>Net</b>					<b>(86)</b>	<b>117</b>	<b>200</b>	<b>9</b>	<b>41</b>	<b>(52) 8 (83)</b>

**Type of contracts:** OTC Contracts

**Protected Item:** Debts linked to BRL

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

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





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

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

**R\$ fixed rate vs.  
US\$ fixed rate  
swap**

Payable	US\$ 442	US\$ 355	US\$+	-1.03%	(829)	(560)	(14)
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**Type of contracts:** OTC Contracts

**Protected Item:** Debts linked to BRL

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

**Foreign Exchange cash flow hedge**

**Brazilian Real fixed rate vs. USD fixed rate swap** In order to reduce the cash flow volatility, Vale entered into swap transactions to mitigate the foreign exchange exposure that arises from the currency mismatch between the revenues denominated in U.S. Dollars and the disbursements and investments denominated in Brazilian Reais. Vale had no open positions on December 31, 2012 for this program.

Receivable	R\$	820	Fixed	797	870
Net				(25)	(58)

**Type of contracts:** OTC Contracts

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

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

**Protection program for Euro denominated debt**

- **EUR fixed rate vs. USD fixed rate swap:** In order to hedge the cash flow volatility, Vale entered into a swap transaction to convert the cash flows from debts in Euros linked to fixed rate to U.S. Dollars linked to fixed rate. This trade was used to convert the cash flows of part of debts in Euros, each one with a notional amount of 750 million, issued in 2010 and 2012 by Vale. Vale receives fixed rates in Euros and pays fixed rates in U.S. Dollars.

Receivable	1,000	500	EUR	4.063%	3,108	1,350	52					
Net					35	(68)	(7)	33	(9)	(41)	(4)	89

**Type of contracts:** OTC Contracts

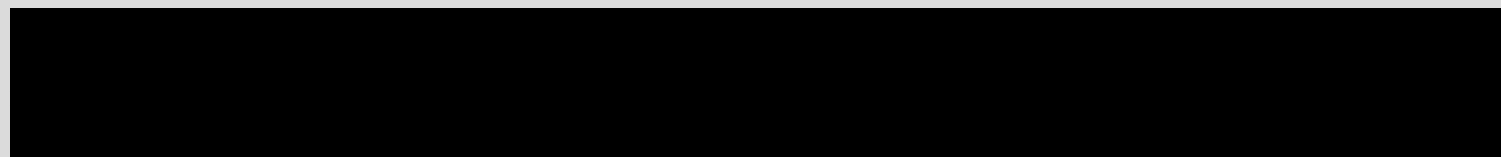
**Protected Item:** Vale's Debt linked to EUR

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

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

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



Forward	CAD 1,362	B	1.013	15	23	6	8
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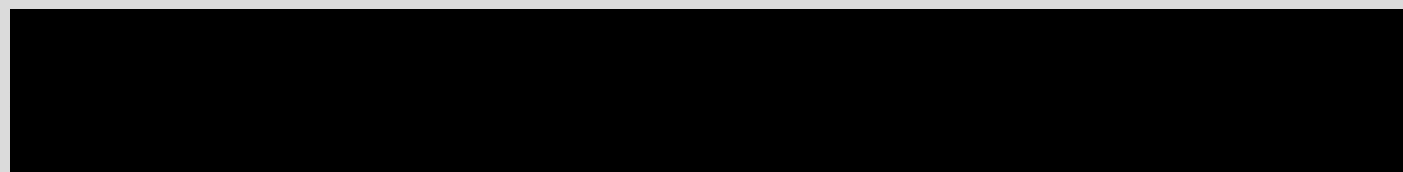
**Type of contracts:** OTC Contracts

**Hedged Item:** part of disbursements in Canadian Dollars

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

**Protection program for interest rate**

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



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Forwards	US\$	900	B	(10)	6
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**Type of contracts:** OTC Contracts

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

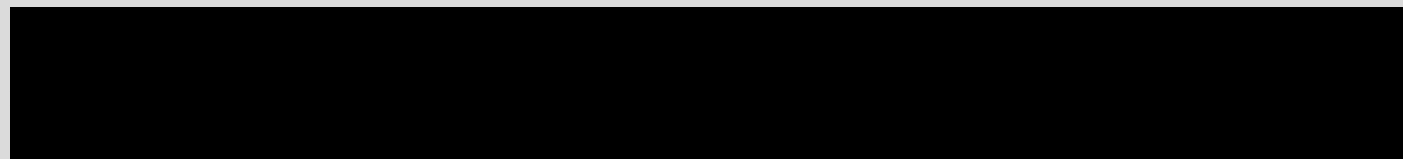
The P&L shown in the table above was partially offset by emission cost reduction due to treasury variations.

**Commodity Derivative Positions**

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

**Nickel Sales Hedging Program**

In order to reduce the cash flow volatility, hedging transactions were implemented. These transactions fixed the prices of part of the sales in the period. Vale had no open positions on December 31, 2012 for this program.



Forward	19,998	S	234	296
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**Type of contracts:** OTC Contracts

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

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

**Nickel Fixed Price Program**

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

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the settlement dates of the commercial contracts in which the prices are fixed. Whenever the Nickel Sales Hedging Program is executed, the Nickel Fixed Price Program is interrupted. Vale had no open positions on December 31, 2012 for this program.

Nickel Futures	162	B	(0.7)	(0.9)

**Type of contracts:** LME Contracts

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

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

**Nickel Purchase Protection Program**

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

Flow	Notional (ton)		Buy/Sell	Average Strike (US\$/ton)	Fair value		Realized Gain/Loss December 31, 2012	Value at Risk December 31, 2012	R\$ million Fair value by year 2013
	December 31, 2012	December 31, 2011			December 31, 2012	December 31, 2011			
Nickel Futures	210	228	S	17,045	0	0	0.36	0.2	0

**Type of contracts:** LME Contracts

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

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

### Copper Scrap Purchase Protection Program

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

Flow	Notional (lbs)		Buy/ Sell	Average Strike (US\$/lbs)	Fair value		Realized Gain/Loss December 31, 2012	Value at Risk December 31, 2012	R\$ million Fair value by year 2013
	December 31, 2012	December 31, 2011			December 31, 2012	December 31, 2011			
Forward	937,517	892,869	S	3.66	0.01	0.2	(0.2)	0.1	0.01

**Type of contracts:** OTC Contracts

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

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

### Bunker Oil Purchase Protection Program

In order to reduce the impact of bunker oil price fluctuation on Vale's freight hiring/supply and consequently reducing the company's cash flow volatility, bunker oil derivatives were implemented. These transactions are usually executed through forward purchases. Vale had no open positions on December 31, 2012 for this program.



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Flow	Notional (ton)		Buy/ Sell	Average	Fair value		Realized Gain/Loss	Value at Risk	R\$ million
	December 31, 2012	December 31, 2011		Strike	December 31, 2012	December 31, 2011			by year
				(US\$/ton)			December 31, 2012	December 31, 2012	2013
Forward			B					2	

**Type of contracts:** OTC Contracts

**Protected Item:** part of Vale's costs linked to Bunker Oil price.

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

**Embedded Derivative Positions**

The Company's cash flow is also exposed to several market risks associated to contracts that contain embedded derivatives or derivative-like features. From Vale's perspective, it may include, but is not limited to, commercial contracts, procurement contracts, rental contracts, bonds, insurance policies and loans. The following embedded derivatives were observed in December 31, 2012:

**Raw material and intermediate products purchase**

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

Flow	Notional (ton)		Buy/ Sell	Average	Fair value		Realized Gain/Loss	Value at Risk	R\$ million
	December 31, 2012	December 31, 2011		Strike	December 31, 2012	December 31, 2011			December 31, 2012
				(US\$/ton)			December 31, 2012	December 31, 2012	
Nickel Forwards	2,475	1,951	\$	16,968	2.0	(0.7)		2	
Copper Forwards	7,272	6,653		7,899	0.9	0.9		(4)	
<b>Total</b>					<b>2.9</b>	<b>0.2</b>		<b>(2)</b>	<b>3</b>

Explanation of Responses:

**Gas purchase for Pelletizing Company in Oman**

Our subsidiary Vale Oman Pelletizing Company LLC has a natural gas purchase agreement in which there's a clause that defines that a premium can be charged if pellet prices trades above a pre-defined level. This clause is considered as an embedded derivative.

Flow	Notional (volume)		Buy/ Sell	Average	Fair value		Realized	R\$ million
	December 31, 2012	December 31, 2011		strike	(US\$/ton)	December 31, 2012	December 31, 2011	Gain/Loss
Call Options	746,667		\$	179.36	(4.7)			4

**a) Market Curves**

To build the curves used on the pricing of the derivatives, public data from BM&F, Central Bank of Brazil, London Metals Exchange (LME) and proprietary data from Thomson Reuters and Bloomberg were used. The derivatives prices were calculated based using December 31, 2012 market data..

Table of Contents**1. Commodities****Nickel**

<b>Maturity</b>	<b>Price (US\$/ton)</b>	<b>Maturity</b>	<b>Price (US\$/ton)</b>	<b>Maturity</b>	<b>Price (US\$/ton)</b>
SPOT	17,085.00	JUN13	17,126.28	DEC13	17,233.69
JAN13	17,020.72	JUL13	17,147.96	DEC14	17,453.45
FEB13	17,042.55	AUG13	17,168.28	DEC15	17,591.56
MAR13	17,066.98	SEP13	17,186.00	DEC16	17,691.41
APR13	17,088.71	OCT13	17,201.28		
MAY13	17,107.77	NOV13	17,215.43		

**Copper**

<b>Maturity</b>	<b>Price (US\$/lb)</b>	<b>Maturity</b>	<b>Price (US\$/lb)</b>	<b>Maturity</b>	<b>Price (US\$/lb)</b>
SPOT	3.65	JUN13	3.61	DEC13	3.62
JAN13	3.59	JUL13	3.61	DEC14	3.62
FEB13	3.60	AUG13	3.61	DEC15	3.63
MAR13	3.60	SEP13	3.61	DEC16	3.64
APR13	3.60	OCT13	3.61		
MAY13	3.60	NOV13	3.61		

**Bunker Oil**

<b>Maturity</b>	<b>Price (US\$/ton)</b>	<b>Maturity</b>	<b>Price (US\$/ton)</b>	<b>Maturity</b>	<b>Price (US\$/ton)</b>
SPOT	605.00	JUN13	611.11	DEC13	606.75
JAN13	605.11	JUL13	611.25	DEC14	595.50
FEB13	605.25	AUG13	611.23	DEC15	591.17
MAR13	607.65	SEP13	610.50	DEC16	590.36
APR13	609.10	OCT13	609.50		
MAY13	610.35	NOV13	608.20		

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

Maturity	Rate (% p.a.)	Maturity	Rate (% p.a.)	Maturity	Rate (% p.a.)
02/01/13	0.95	04/01/15	1.64	10/02/17	2.43
03/01/13	1.02	07/01/15	1.69	01/02/18	2.50
04/01/13	1.07	10/01/15	1.78	04/02/18	2.57
07/01/13	1.14	01/04/16	1.83	07/02/18	2.61
10/01/13	1.21	04/01/16	1.92	10/01/18	2.68
01/02/14	1.28	07/01/16	2.00	01/02/19	2.78
04/01/14	1.35	10/03/16	2.06	04/01/19	2.82
07/01/14	1.39	01/02/17	2.16	07/01/19	2.90
10/01/14	1.48	04/03/17	2.26	10/01/19	2.98
01/02/15	1.53	07/03/17	2.33	01/02/20	3.05

**US\$ Interest Rate**

Maturity	Rate (% p.a.)	Maturity	Rate (% p.a.)	Maturity	Rate (% p.a.)
US\$1M	0.21	US\$6M	0.32	US\$11M	0.32
US\$2M	0.25	US\$7M	0.32	US\$12M	0.32
US\$3M	0.30	US\$8M	0.32	US\$2Y	0.40
US\$4M	0.31	US\$9M	0.32	US\$3Y	0.50
US\$5M	0.31	US\$10M	0.32	US\$4Y	0.67

**TJLP**

Maturity	Rate (% p.a.)	Maturity	Rate (% p.a.)	Maturity	Rate (% p.a.)
02/01/13	5.50	04/01/15	5.50	10/02/17	5.50
03/01/13	5.50	07/01/15	5.50	01/02/18	5.50
04/01/13	5.50	10/01/15	5.50	04/02/18	5.50
07/01/13	5.50	01/04/16	5.50	07/02/18	5.50
10/01/13	5.50	04/01/16	5.50	10/01/18	5.50
01/02/14	5.50	07/01/16	5.50	01/02/19	5.50
04/01/14	5.50	10/03/16	5.50	04/01/19	5.50
07/01/14	5.50	01/02/17	5.50	07/01/19	5.50
10/01/14	5.50	04/03/17	5.50	10/01/19	5.50

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01/02/15 5.50 07/03/17 5.50 01/02/20 5.50

**BRL Interest Rate**

Maturity	Rate (% p.a.)	Maturity	Rate (% p.a.)	Maturity	Rate (% p.a.)
02/01/13	6.98	04/01/15	7.86	10/02/17	8.56
03/01/13	7.00	07/01/15	7.98	01/02/18	8.64
04/01/13	7.06	10/01/15	8.08	04/02/18	8.68
07/01/13	7.09	01/04/16	8.19	07/02/18	8.72
10/01/13	7.08	04/01/16	8.30	10/01/18	8.76
01/02/14	7.14	07/01/16	8.36	01/02/19	8.79
04/01/14	7.20	10/03/16	8.43	04/01/19	8.85
07/01/14	7.34	01/02/17	8.44	07/01/19	8.90
10/01/14	7.54	04/03/17	8.46	10/01/19	8.95
01/02/15	7.71	07/03/17	8.53	01/02/20	9.00

**EUR Interest Rate**

Maturity	Rate (% p.a.)	Maturity	Rate (% p.a.)	Maturity	Rate (% p.a.)
EUR1M	0.05	EUR6M	0.26	EUR11M	0.32
EUR2M	0.10	EUR7M	0.28	EUR12M	0.32
EUR3M	0.13	EUR8M	0.29	EUR2Y	0.38
EUR4M	0.19	EUR9M	0.30	EUR3Y	0.47
EUR5M	0.23	EUR10M	0.31	EUR4Y	0.61

**CAD Interest Rate**

Maturity	Rate (% p.a.)	Maturity	Rate (% p.a.)	Maturity	Rate (% p.a.)
CAD1M	1.05	CAD6M	1.30	CAD11M	1.34
CAD2M	1.15	CAD7M	1.31	CAD12M	1.34
CAD3M	1.23	CAD8M	1.32	CAD2Y	1.42
CAD4M	1.27	CAD9M	1.33	CAD3Y	1.53
CAD5M	1.29	CAD10M	1.33	CAD4Y	1.64

**Currencies - Ending rates**

CAD/US\$	1.0053	US\$/BRL	2.0435	EUR/US\$	1.3197
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Table of Contents**Sensitivity Analysis on Derivatives from Parent Company**

We present below the sensitivity analysis for all derivatives outstanding positions as of September 30, 2012 given predefined scenarios for market risk factors behavior. The scenarios were defined as follows:

- Fair Value: the fair value of the instruments as at December 31, 2012;
- Scenario I: unfavorable change of 25% - Potential losses considering a shock of 25% in the market risk factors used for MtM calculation that negatively impacts the fair value of Vale's derivatives positions;
- Scenario II: favorable change of 25% - Potential profits considering a shock of 25% in the market curves used for MtM calculation that positively impacts the fair value of Vale's derivatives positions;
- Scenario III: unfavorable change of 50% - Potential losses considering a shock of 50% in the market curves used for MtM calculation that negatively impacts the fair value of Vale's derivatives positions;
- Scenario IV: favorable change of 50% - Potential profits considering a shock of 50% in the market curves used for MtM calculation that positively impacts the fair value of Vale's derivatives positions;

**Sensitivity analysis - Foreign Exchange and Interest Rate Derivative Positions***Amounts in R\$ million*

Program	Instrument	Risk	Fair Value	Scenario I	Scenario II	Scenario III	Scenario IV	
Protection program for the Real denominated debt indexed to CDI	CDI vs. USD fixed rate swap	USD/BRL fluctuation		(2,367)	2,367	(4,734)	4,734	
		USD interest rate inside Brazil variation	(1,069)	(77)	75	(157)	148	
	CDI vs. USD floating rate swap	Brazilian interest rate fluctuation		(18)	16	(37)	31	
		USD Libor variation		(1)	1	(2)	2	
		USD/BRL fluctuation		(131)	131	(263)	263	
	Protected Items - Real denominated debt	Brazilian interest rate fluctuation		(82)	(0.5)	0.5	(1)	1
		USD Libor variation			(0.03)	0.02	(0.05)	0.05
		USD/BRL fluctuation	n.a.					
Protection program for the Real	TJLP vs. USD fixed rate swap	USD/BRL fluctuation		(1,240)	1,240	(2,480)	2,480	
				(90)	86	(186)	168	

Explanation of Responses:

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denominated debt indexed to TJLP	TJLP vs. USD floating rate swap	USD interest rate inside Brazil variation						
		Brazilian interest rate fluctuation	(375)	(259)	287	(495)	605	
		TJLP interest rate fluctuation		(193)	191	(387)	388	
		USD Libor variation		0	0	0	0	
		USD/BRL fluctuation		(166)	166	(331)	331	
		USD interest rate inside Brazil variation		(14)	13	(28)	25	
		Brazilian interest rate fluctuation	(86)	(33)	37	(63)	80	
		TJLP interest rate fluctuation		(25)	25	(51)	51	
		USD Libor variation		(6)	6	(12)	12	
		Protected Items - Real denominated debt	USD/BRL fluctuation	n.a.				
Protection program for the Real denominated fixed rate debt	BRL fixed rate vs. USD	USD/BRL fluctuation		(207)	207	(414)	414	
		USD interest rate inside Brazil variation	(96)	(11)	11	(23)	21	
		Brazilian interest rate fluctuation		(35)	38	(67)	79	
		Protected Items - Real denominated debt	USD/BRL fluctuation	n.a.				
		EUR fixed rate vs. USD fixed rate swap	USD/BRL fluctuation		(9)	9	(17)	17
Protection Program for the Euro denominated debt	EUR fixed rate vs. USD fixed rate swap	EUR/USD fluctuation	35	(777)	777	(1,554)	1,554	
		EUR Libor variation		(49)	53	(96)	110	
		USD Libor variation		(57)	53	(120)	102	
		Protected Items - Euro denominated debt	EUR/USD fluctuation	n.a.	777	(777)	1,554	(1,554)
		Foreign Exchange hedging program for disbursements in Canadian dollars (CAD)	CAD Forward	USD/BRL fluctuation		(4)	4	(8)
Foreign Exchange hedging program for disbursements in Canadian dollars (CAD)	CAD Forward	CAD/USD fluctuation	15	(683)	683	(1,366)	1,366	
		CAD Libor variation		(12)	12	(24)	25	
		USD Libor variation		(3)	3	(7)	7	
		Protected Items - Disbursement in Canadian dollars	CAD/USD fluctuation	n.a.	683	(683)	1,366	(1,366)

Sensitivity analysis - Commodity Derivative Positions

Amounts in R\$ million

Program	Instrument	Risk	Fair Value	Scenario I	Scenario II	Scenario III	Scenario IV	
Nickel purchase protection program	Sale of nickel future/forward contracts	Nickel price fluctuation		(2)	2	(4)	4	
		Libor USD fluctuation	0	0	0	0	0	
		USD/BRL fluctuation		0	0	0	0	
		Protected Item: Part of Vale's revenues linked to Nickel price	Nickel price fluctuation	n.a.	2	(2)	4	(4)
		Copper Scrap Purchase Protection Program	Sale of copper future/forward contracts	Copper price fluctuation		(1.7)	1.7	(3.5)
Copper Scrap Purchase Protection Program	Sale of copper future/forward contracts	Libor USD fluctuation	0.01	0	0	0	0	
		BRL/USD fluctuation		0	0	0	0	
		Protected Item: Part of Vale's revenues linked to Copper price	Copper price fluctuation	n.a.	1.7	(1.7)	3.5	(3.5)

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Sensitivity analysis - Embedded Derivative Positions

Amounts in R\$ million

Program	Instrument	Risk	Fair Value	Scenario I	Scenario II	Scenario III	Scenario IV
Embedded derivatives - Raw material purchase (Nickel)	Embedded derivatives - Raw material purchase	Nickel price fluctuation		(22)	22	(43)	43
		BRL/USD fluctuation	2.0	0	0	0	0
Embedded derivatives - Raw material purchase (Copper)	Embedded derivatives - Raw material purchase	Copper price fluctuation		(29)	29	(59)	59
		BRL/USD fluctuation	0.9	0	0	0	0
Embedded derivatives - Gas purchase for Pelletizing Company in Oman	Embedded derivatives - Gas purchase	Pellet price fluctuation		(7)	3	(17)	5
		BRL/USD fluctuation	(4.7)	(1)	1	(2)	2



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

The Company's funding and cash investments linked to currencies different from Brazilian Reais are subjected to volatility of foreign exchange currencies.

*Amounts in R\$ million*

Program	Instrument	Risk	Scenario I	Scenario II	Scenario III	Scenario IV
Funding	Debt denominated in BRL	No fluctuation				
Funding	Debt denominated in USD	USD/BRL fluctuation	(9,828)	9,828	(19,656)	19,656
Cash Investments	Cash denominated in BRL	No fluctuation				
Cash Investments	Cash denominated in USD	USD/BRL fluctuation	(2,507)	2,507	(5,013)	5,013
Cash Investments	Cash denominated in EUR	EUR/BRL fluctuation	(35)	35	(70)	70
Cash Investments	Cash denominated in CAD	CAD/BRL fluctuation	(36)	36	(72)	72
Cash Investments	Cash denominated in GBP	GBP/BRL fluctuation	(6)	6	(12)	12
Cash Investments	Cash denominated in AUD	AUD/BRL fluctuation	(54)	54	(108)	108

**Financial counterparties ratings**

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

Vale's Counterparty	Moody's*	S&P*
Banco Santander	Baa2	A-
Itau Unibanco*	Baa1	BBB
HSBC	Aa3	A+
JP Morgan Chase & Co	A2	A
Banco Bradesco*	Baa2	BBB
Banco do Brasil*	Baa2	BBB
Banco Votorantim*	Baa2	BBB-
Credit Agricole	A2	A
Standard Bank	A3	BBB+

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Deutsche Bank	A2	A+
BNP Paribas	A2	A+
Citigroup	Baa2	A-
Banco Safra*	Baa2	BBB-
ANZ Australia and New Zealand Banking	Aa2	AA-
Banco Amazônia SA	A1	A+
Societe Generale	A2	A
Bank of Nova Scotia	Aa1	A+
Natixis	A2	A
Royal Bank of Canada	Aa3	AA-
China Construction Bank	A1	A
Goldman Sachs	A3	A-
Bank of China	A1	A
Barclays	A3	A
BBVA Banco Bilbao Vizcaya Argentaria	Baa3	BBB-

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

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

The information presented to the Executive Board on the performance of each segment are derived from the accounting records adjusted for reallocations between segments..

**a) Results by segment**

	<b>Consolidated Year ended December 31, 2012</b>					
	<b>Bulk Materials</b>	<b>Basic Metals</b>	<b>Fertilizers</b>	<b>Logistic</b>	<b>Others</b>	<b>Total</b>
<b>Results</b>						
Net revenue	68,901	13,933	7,008	2,710	959	93,511
Cost and expenses	(34,921)	(12,785)	(5,760)	(2,634)	(2,009)	(58,109)
Impairment of assets	(2,139)	(5,769)			(303)	(8,211)
Loss on sale of assets	(768)		(268)			(1,036)
Depreciation, depletion and amortization	(3,623)	(3,316)	(911)	(466)	(81)	(8,397)
	<b>27,450</b>	<b>(7,937)</b>	<b>69</b>	<b>(390)</b>	<b>(1,434)</b>	<b>17,758</b>
<b>Financial results</b>	(8,463)	248	(95)	(120)	25	(8,405)
Equity results from associates	1,484	(45)		218	(416)	1,241
Income tax and social contribution	(519)	159	2,481	(28)	548	2,641
Impairment on investments		(2,026)			(1,976)	(4,002)
<b>Net income of the exercise</b>	<b>19,952</b>	<b>(9,601)</b>	<b>2,455</b>	<b>(320)</b>	<b>(3,253)</b>	<b>9,233</b>
Net income (loss) attributable to non controlling interests	(132)	(399)	109		(79)	(501)
<b>Income attributable to the company s stockholders</b>	<b>20,084</b>	<b>(9,202)</b>	<b>2,346</b>	<b>(320)</b>	<b>(3,174)</b>	<b>9,734</b>
<b>Sales classified by geographic area:</b>						
America, except United States	1,396	1,939	120	65	29	3,549
United States of America	202	2,209	101		81	2,593
Europe	11,537	4,316	285		43	16,181
Middle East/Africa/Oceania	3,046	180	14			3,240
Japan	8,180	1,416			13	9,609
China	32,925	1,759				34,684
Asia, except Japan and China	5,763	1,965	182		4	7,914
Brazil	5,852	149	6,306	2,645	789	15,741

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Net revenue	68,901	13,933	7,008	2,710	959	93,511
<b>Consolidated Year ended December 31, 2011</b>						
	Bulk Materials	Basic Metals	Fertilizers	Logistic	Others	Total
<b>Results</b>						
Net revenue	77,226	16,070	5,551	2,367	805	102,019
Cost and expenses	(27,129)	(11,323)	(4,416)	(2,160)	(2,428)	(47,456)
Realized gain on assets available for sale		2,492				2,492
Depreciation, depletion and amortization	(2,814)	(2,640)	(769)	(388)	(27)	(6,638)
	<b>47,283</b>	<b>4,599</b>	<b>366</b>	<b>(181)</b>	<b>(1,650)</b>	<b>50,417</b>
<b>Financial results</b>						
Equity results from associates	1,795	163		206	(307)	1,857
Income tax and social contribution	(6,693)	(1,633)	(176)	(12)		(8,514)
<b>Net income of the exercise</b>	<b>36,275</b>	<b>3,139</b>	<b>91</b>	<b>(41)</b>	<b>(2,056)</b>	<b>37,408</b>
Net income (loss) attributable to non controlling interests	(181)	(152)	49		(122)	(406)
<b>Income attributable to the company's stockholders</b>	<b>36,456</b>	<b>3,291</b>	<b>42</b>	<b>(41)</b>	<b>(1,934)</b>	<b>37,814</b>
<b>Sales classified by geographic area:</b>						
America, except United States	1,973	2,322	72		37	4,404
United States of America	169	2,624	1		4	2,798
Europe	14,657	4,128	255		102	19,142
Middle East/Africa/Oceania	2,969	251	1		2	3,223
Japan	10,069	2,081			14	12,164
China	33,666	2,066			164	35,896
Asia, except Japan and China	6,132	2,309	63			8,504
Brazil	7,591	289	5,159	2,367	482	15,888
<b>Net revenue</b>	<b>77,226</b>	<b>16,070</b>	<b>5,551</b>	<b>2,367</b>	<b>805</b>	<b>102,019</b>

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	December 31, 2012								
	Net revenues	Cost and expenses	Research and Development	Pre Operating and Idle Capacity	Operating profit	Depreciation, depletion and amortization	Impairment on assets	Operating income	Property, plant and equipment and intangibles
<b>Bulk Material</b>									
Iron ore	52,959	(24,745)	(1,219)		26,995	(2,715)		24,280	71
Pellets	12,778	(4,683)		(634)	7,461	(438)		7,023	4
Ferroalloys and manganese	1,055	(627)			428	(83)		345	
Coal	2,109	(2,729)	(229)	(55)	(904)	(387)	(2,139)	(3,430)	7
	<b>68,901</b>	<b>(32,784)</b>	<b>(1,448)</b>	<b>(689)</b>	<b>33,980</b>	<b>(3,623)</b>	<b>(2,139)</b>	<b>28,218</b>	<b>83</b>
<b>Base Metals</b>									
Nickel and other products (a)	11,657	(7,931)	(587)	(2,033)	1,106	(3,052)	(5,769)	(7,715)	62
Copper (b)	2,276	(1,808)	(187)	(239)	42	(264)		(222)	9
Aluminum products									
	<b>13,933</b>	<b>(9,739)</b>	<b>(774)</b>	<b>(2,272)</b>	<b>1,148</b>	<b>(3,316)</b>	<b>(5,769)</b>	<b>(7,937)</b>	<b>71</b>
<b>Fertilizers</b>									
Potash	569	(334)	(145)		90	(44)		46	4
Phosphates	4,926	(3,809)	(72)	(184)	861	(655)		206	16
Nitrogen	1,366	(1,216)			150	(212)		(62)	
Others fertilizers products	147				147			147	
	<b>7,008</b>	<b>(5,359)</b>	<b>(217)</b>	<b>(184)</b>	<b>1,248</b>	<b>(911)</b>		<b>337</b>	<b>21</b>
<b>Logistics</b>									
Railroads	1,828	(1,976)	(25)		(173)	(363)		(536)	4
Ports	882	(626)			256	(103)		153	1
Ships		(7)			(7)			(7)	4
	<b>2,710</b>	<b>(2,609)</b>	<b>(25)</b>		<b>76</b>	<b>(466)</b>		<b>(390)</b>	<b>10</b>
<b>Others</b>	959	(1,561)	(448)		(1,050)	(81)	(303)	(1,434)	3
<b>Loss on sale of assets</b>		(1,036)			(1,036)			(1,036)	
	<b>93,511</b>	<b>(53,088)</b>	<b>(2,912)</b>	<b>(3,145)</b>	<b>34,366</b>	<b>(8,397)</b>	<b>(8,211)</b>	<b>17,758</b>	<b>192</b>

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December 31, 2011									
	Net revenues	Cost and expenses	Research and Development	Pre Operating and Idle Capacity	Operating profit	Depreciation, depletion and amortization	Impairment on assets	Operating income	Property and equipment
<b>Bulk Material</b>									
Iron ore	61,035	(17,420)	(841)		42,774	(2,079)		40,695	
Pellets	13,270	(5,355)		(185)	7,730	(338)		7,392	
Ferroalloys and manganese	1,126	(986)			140	(114)		26	
Coal	1,795	(1,914)	(252)	(176)	(547)	(283)		(830)	
	<b>77,226</b>	<b>(25,675)</b>	<b>(1,093)</b>	<b>(361)</b>	<b>50,097</b>	<b>(2,814)</b>		<b>47,283</b>	
<b>Base Metals</b>									
Nickel and other products (a)	13,596	(7,234)	(428)	(1,701)	4,233	(2,457)		1,776	
Copper (b)	1,842	(1,159)	(270)	(21)	392	(183)		209	
Aluminum products	632	(510)			122			122	
	<b>16,070</b>	<b>(8,903)</b>	<b>(698)</b>	<b>(1,722)</b>	<b>4,747</b>	<b>(2,640)</b>		<b>2,107</b>	
<b>Fertilizers</b>									
Potash	457	(392)	(91)	(45)	(71)	(74)		(145)	
Phosphates	3,898	(2,700)	(89)	(125)	984	(523)		461	
Nitrogen	1,136	(974)			162	(172)		(10)	
Others fertilizers products	60				60			60	
	<b>5,551</b>	<b>(4,066)</b>	<b>(180)</b>	<b>(170)</b>	<b>1,135</b>	<b>(769)</b>		<b>366</b>	
<b>Logistics</b>									
Railroads	1,682	(1,399)	(204)		79	(304)		(225)	
Ports	685	(557)			128	(84)		44	
Ships									
	<b>2,367</b>	<b>(1,956)</b>	<b>(204)</b>		<b>207</b>	<b>(388)</b>		<b>(181)</b>	
Others	805	(1,781)	(647)		(1,623)	(27)		(1,650)	
<b>Loss on sale of assets</b>									
		2,492			2,492			2,492	
	<b>102,019</b>	<b>(39,889)</b>	<b>(2,822)</b>	<b>(2,253)</b>	<b>57,055</b>	<b>(6,638)</b>		<b>50,417</b>	

Table of Contents**27 - Cost of Goods Sold and Services Rendered, and Sales and Administrative Expenses by Nature, Other Operational Expenses (Income), net****The costs of goods sold and services rendered**

	Consolidated Year ended	
	December 31, 2012	December 31, 2011
Personnel	6,937	5,269
Material	8,341	6,276
Fuel oil and gas	4,050	3,644
Outsourcing services	9,325	7,107
Energy	1,689	1,540
Acquisition of products	2,718	3,887
Depreciation and depletion	7,413	5,980
Freight	5,660	3,772
Others	5,864	4,976
<b>Total</b>	<b>51,997</b>	<b>42,451</b>

	Parent Company Year ended	
	December 31, 2012	December 31, 2011
Personnel	3,270	2,513
Material	3,730	3,181
Fuel oil and gas	2,382	1,964
Outsourcing services	5,954	4,257
Energy	1,207	845
Acquisition of products	1,384	2,547
Depreciation and depletion	2,129	1,704
Others	4,189	3,947
<b>Total</b>	<b>24,245</b>	<b>20,958</b>

**Selling and administrative expenses**

	Consolidated Year ended	
	December 31, 2012	December 31, 2011
Personnel	1,580	1,242
Services (consulting, infrastructure and others)	959	908

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Advertising and publicity	201	131
Depreciation	466	353
Travel expenses	126	106
Taxes and rents	55	84
Incentive	14	163
Others	417	413
Sales	563	585
<b>Total</b>	<b>4,381</b>	<b>3,985</b>

	Parent Company	
	Year ended	
	December 31, 2012	December 31, 2011
Personnel	966	777
Services (consulting, infrastructure and others)	509	517
Advertising and publicity	154	140
Depreciation	350	260
Travel expenses	65	59
Taxes and rents	32	23
Incentive	14	135
Others	210	271
Sales	39	(6)
<b>Total</b>	<b>2,339</b>	<b>2,176</b>



Table of Contents**Others operational expenses (incomes), net, including research and development**

	Consolidated Year ended	
	December 31, 2012	December 31, 2011
Provision for loss with taxes credits (ICMS)	471	73
Provision for variable remuneration	871	697
Vale do Rio Doce Foundation - FVRD	73	204
Provision for disposal of materials/inventories	253	258
Pre operational, plant stoppages and idle capacity	3,145	2,253
Damage cost	127	
Research and development	2,912	2,822
Others	2,276	1,351
<b>Total</b>	<b>10,128</b>	<b>7,658</b>

	Parent Company Year ended	
	December 31, 2012	December 31, 2011
Others operational expenses (incomes), net, including research and development		
Provision for loss with taxes credits (ICMS)	468	5
Provision for variable remuneration	575	627
Vale do Rio Doce Foundation - FVRD	73	178
Provision for disposal of materials/inventories	221	35
Pre operational, plant stoppages and idle capacity	875	183
Research and development	1,619	1,460
Others	811	676
<b>Total</b>	<b>4,642</b>	<b>3,164</b>

Table of Contents**28 - Financial result**

The financial results, by nature, are as follows:

	<b>Consolidated Year ended</b>	
	<b>December 31, 2012</b>	<b>December 31, 2011</b>
<b>Financial expenses</b>		
Interest	(2,435)	(2,329)
Labor, tax and civil contingencies	(150)	(69)
Derivatives	(1,272)	(1,702)
Monetary and exchange rate variation (a)	(5,005)	(5,017)
Stockholders debentures	(907)	(380)
Financial taxes	(31)	(22)
Others	(1,224)	(1,327)
	<b>(11,024)</b>	<b>(10,846)</b>
<b>Financial income</b>		
Related parties		3
Short-term investments	244	987
Derivatives	992	1,722
Monetary and exchange rate variation (b)	859	1,550
Others	524	232
	<b>2,619</b>	<b>4,494</b>
<b>Financial results, net</b>	<b>(8,405)</b>	<b>(6,352)</b>
<b>Summary of Monetary and exchange rate</b>		
Cash and cash equivalents	58	(2)
Loans and financing	(3,291)	(985)
Related parties	23	
Others	(936)	(2,480)
<b>Net (a + b)</b>	<b>(4,146)</b>	<b>(3,467)</b>

	<b>Parent Company Year ended</b>	
	<b>December 31, 2012</b>	<b>December 31, 2011</b>
<b>Financial expenses</b>		
Interest	(2,436)	(2,227)
Labor, tax and civil contingencies	(133)	(53)
Derivatives	(1,009)	(1,123)
Monetary and exchange rate variation (a)	(4,903)	(4,201)
Stockholders debentures	(907)	(380)
Financial taxes	(28)	(9)
Others	(668)	(559)

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	<b>(10,084)</b>	<b>(8,552)</b>
<b>Financial income</b>		
Related parties		14
Short-term investments	182	724
Derivatives	274	1,051
Monetary and exchange rate variation (b)	767	1,133
Others	343	36
	<b>1,566</b>	<b>2,958</b>
<b>Financial results, net</b>	<b>(8,518)</b>	<b>(5,594)</b>
<b>Summary of Monetary and exchange rate</b>		
Loans and financing	(1,104)	(791)
Related parties	(2,508)	72
Others	(524)	(2,349)
<b>Net (a + b)</b>	<b>(4,136)</b>	<b>(3,068)</b>

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**29. Commitments**

**a) Nickel project New Caledonia**

In regards to the construction and installation of our nickel plant in New Caledonia, we have provided 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. Consistent with our commitments, the assets are substantially complete as of December 31, 2012. We also committed that assets associated with the Girardin Act lease financing would operate for a five year period from then on and meet specified production criteria which remain consistent with our current plans, accordingly. We believe the likelihood of the guarantee being called upon is remote.

In October 2012, we entered into an agreement with Sumic, a stockholder in VNC, whereby Sumic agreed to a dilution in their interest in VNC from 21% to 14.5%. Sumic originally had a put option to sell to us the shares they own of VNC if the defined cost of the initial nickel project, as measured by funding provided to VNC, in natural currencies and converted to U.S. dollars at specified rates of exchange, exceeded US\$4.6 billion (R\$9.4 billion) and an agreement could not be reached on how to proceed with the project. On May 27, 2010 the threshold was reached and the put option discussion and decision period was extended to July 31, 2012. As a result of the October 2012 agreement, the trigger on the put option has been changed from a cost threshold to a production threshold. The possibility to exercise the put option has been deferred to the first quarter of 2015.

In addition, in the course of our operations we have provided letters of credit and guarantees in the amount of US\$820 (R\$1.7billion) 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.

In the course of our operations, we are subject to routine claims and litigation incidental to our business and various environmental proceedings. With respect to the environmental proceedings currently pending or threatened against us, they include (1) claims for personal injuries, (2) enforcement actions and (3) alleged violations of, including exceeding regulatory limits relating to discharges under, certain environmental or similar laws and regulations applicable to our operations. We believe that the ultimate resolution of such proceedings, claims, and litigation will not significantly impair our operations or have material adverse effect on our financial position or results of operations.

**b) Participative Debentures**

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

A total of 388,559,056 debentures were issued, with a par value of R\$ 0.01 (one cent), whose value will be inflation-indexed per the General Market Price Index (IGP-M), as set out in the Issue Deed. In December 31, 2012, 2011 the total amount of these debentures was R\$ 3.378.845 e R\$ 2.495.995, respectively.

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 and October 2012 company paid a semester remuneration amounting R\$ 11 and R\$ 9, respectively.

**c) Operating lease**

- **Pelletize Operations**

Vale entered into operating lease agreements with joint venture partners Nibrasco, Itabasco, Kobrasco and Hispanobras, under which Vale leased your pellet plants. The renewable lease terms are from 3 to 10 years.

In July 2012 Vale signed a operating lease agreement with Hispanobrás (Vale's joint venture). The renewable lease agreement has a duration of 3 years.

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The table below shows the minimum future operating lease payments as at 31 December 2012

2013	151
2014	158
2015	156
2016	151
2017 thereafter	105
Total minimum payments required	721

The total amount of operational leasing expenses on pelletizing operations on 31 December 2012 and 2011 were R\$419, and R\$737, respectively.

• **Railroad operations**

The Parent Company conducts some of its railway operations through a leases. The lease has a term of 30 years, renewable for another 30 years and Expires in August 2026. In most cases, the Company's management expects that in the normal course of business these contracts will be renewed.

2013	174
2014	174
2015	174
2016	174
2017 thereafter	1,728
Total minimum payments required	2,424

The total amount of operational leasing expenses on railroad operations on 31 December 2012 and 2011 were R\$174 and, R\$163, respectively.

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

i. **Rail companies**

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The Company and certain group companies entered into concession agreements with the Brazilian Federal Government, through the Ministry of transport, for the development of the public rail transportation of cargo and the leasing of assets for the provision of such services. The accounting record grants and sub-concessions are presented in Note 14.

<b>Railroad</b>	<b>End of the concession period</b>
Vitória-Minas and Carajás (a)	June 2027
Carajás (a)	June 2027
Centro-Leste	August 2026
Ferrovias Norte Sul S.A.	December 2037

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(a) Concessions are not onerous.

The grant will be terminated with the completion of one of the following events: the termination of the contract term, expropriation, forfeiture, cancellation, annulment or dissolution and bankruptcy of the concessionaire.

The concessions, sub-concessions and leasing of the subsidiaries companies are recorded in the form of an operating lease, and presented the following:

	FNS	FCA
Total number of plots	3	112
Periodicity of payments	(a)	Quarterly
Update index	IGP-DI FGV	IGP-DI FGV
Plots paid	(b)	54
Plots updated value		
Concession		2
Leasing		31

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(a) In accordance with the delivery of each stretch of the railway

(b) Two plots have been paid. The third plot had just 80% paid; the 20% they left is to cover existing railroad disputes.

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The Company has the following specialized port terminals:

<b>Terminals</b>	<b>Location</b>	<b>Expiration of the concession term</b>
Terminal of Tubarão, Praia Mole e Granéis Líquidos	Vitória ES	2020
Terminal of Produtos Diversos	Vitória ES	2020
Terminal of Vila Velha	Vila Velha ES	2023
Ferry Terminal of Ponta da Madeira Pier I and III	São Luiz Maranhão	2018
Ferry Terminal of Ponta da Madeira Pier II	São Luiz Maranhão	2010(a)
Inácio Barbosa Ferry Terminal	Aracajú SE	2012
Terminal Operation Ore Port of Itaguaí	Itaguaí RJ	2021
Ferry Terminal of Ilha de Guafba TIG	Mangaratiba RJ	2018

(a) The extension of the duration for 36 months until the date that of a new price bidding

**e) Guarantee issued to affiliates**

The Associate Norte Energia acquired in 2012 a credit line from BNDES, Caixa Economica Federal and Banco BTG Pactual in order to finance his investments in energy in the totaling up to R\$22.5 billion (US\$11.01 billion). About this facility, Vale, like other stockholders, is committed to providing a corporate guarantee on the amount withdrawn, limited to his participation of 9% in the entity.

Until December 31, 2012, Vale guarantee on the value drawn the amount of R\$282 (US\$126).

On January 2, 2013 (Subsequent Events) Norte Energia withdrawn of another installment of your loan, increasing the amount guaranteed by Vale for R\$188 (US\$92) to R\$470 (US\$218).

**30 - Related parties**

Explanation of Responses:



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Transactions with related parties are made by the Company on a third party arms length basis based usual market terms and conditions .

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

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

	December 31, 2012		Consolidated Assets December 31, 2011		January 1, 2011	
	Customers	Related parties	Customers	Related parties	Customers	Related parties
Baovale Mineração S.A.	10	18	10	3	2	3
Companhia Coreano-Brasileira de Pelotização - KOBRASCO					1	1
Companhia Hispano-Brasileira de Pelotização - HISPANOBRÁS	3		331		439	
Companhia Ítalo-Brasileira de Pelotização - ITABRASCO	1		1		1	
Companhia Nipo-Brasileira de Pelotização - NIBRASCO	4		1			
Mitsui Co.	44					
MRS Logística S.A.	17	68	15	76		24
Norsk Hydro ASA		827		868		
Samarco Mineração S.A.	68	369	75	13	88	13
Others	126	335	104	98	194	167
<b>Total</b>	<b>273</b>	<b>1,617</b>	<b>537</b>	<b>1,058</b>	<b>725</b>	<b>208</b>
Current	273	786	537	154	725	160
Non-current		833		904		48
<b>Total</b>	<b>273</b>	<b>1,619</b>	<b>537</b>	<b>1,058</b>	<b>725</b>	<b>208</b>

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	December 31, 2012		Consolidated Liabilities December 31, 2011		January 1, 2011	
	Suppliers	Related parties	Suppliers	Related parties	Suppliers	Related parties
Baovale Mineração S.A.	57		37		51	
Companhia Coreano-Brasileira de Pelotização - KOBASCO		67	9		9	2
Companhia Hispano-Brasileira de Pelotização - HISPANOBRÁS	21		303		500	
Companhia Ítalo-Brasileira de Pelotização - ITABRASCO					16	
Companhia Nipo-Brasileira de Pelotização - NIBRASCO	1	356	2	21	18	19
Minas da Serra Geral	16		16		16	
MRS Logística S.A.	81		27		14	
Norsk Hydro ASA		146		149		
Mitsui & CO, LTD	93		69		101	
Others	23		48	44	159	17
<b>Total</b>	<b>292</b>	<b>569</b>	<b>511</b>	<b>214</b>	<b>884</b>	<b>38</b>
Current	292	423	511	43	884	35
Non-current		146		171		3
<b>Total</b>	<b>292</b>	<b>569</b>	<b>511</b>	<b>214</b>	<b>884</b>	<b>38</b>

	December 31, 2012		Parent Company Assets December 31, 2011	
	Customers	Related parties	Customers	Related parties
Baovale Mineração S.A.	10	18	10	3
Biopalma da Amazônia		692		349
Companhia Hispano-Brasileira de Pelotização - HISPANOBRÁS	3		329	
Companhia Ítalo-Brasileira de Pelotização - ITABRASCO	1			
Companhia Nipo-Brasileira de Pelotização - NIBRASCO	4		1	
Companhia Portuária Baía de Sepetiba - CPBS	1		3	
Ferrovias Centro - Atlântica S.A.	5	23	6	36
Minerações Brasileiras Reunidas S.A. - MBR	5	186	18	555
Mineracao Corumbaense Reunida S.A.	148		139	80
MRS Logística S.A.	14	28	15	29
Salobo Metais S.A.	20		20	5
Samarco Mineração S.A.	68	369	75	13
Vale International S.A.	20,749	486	14,271	1,705
Vale Manganês S.A.	12		44	
Vale Mina do Azul	87			47
Vale Operações Ferroviárias	111		135	11

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Vale Potassio Nordeste	49		45	
Others	155	409	138	174
<b>Total</b>	<b>21,442</b>	<b>2,211</b>	<b>15,249</b>	<b>3,007</b>
Current	21,442	1,347	15,249	2,561
Non-current		864		446
<b>Total</b>	<b>21,442</b>	<b>2,211</b>	<b>15,249</b>	<b>3,007</b>

	Parent Company Liabilities			
	December 31, 2012		December 31, 2011	
	Suppliers	Related parties	Suppliers	Related parties
Baovale Mineração S.A.	57		37	
Companhia Coreano-Brasileira de Pelotização - KOBRASCO			9	
Companhia Hispano-Brasileira de Pelotização - HISPANOBRÁS	21		303	
Companhia Nipo-Brasileira de Pelotização - NIBRASCO	1	21	2	21
Companhia Portuária Baía de Sepetiba - CPBS	256		58	
Ferrovias Centro - Atlântica S.A.	11		19	
Minerações Brasileiras Reunidas S.A. - MBR	244		44	
MRS Logística S.A.	92		37	
Salobo Metais S.A.	2			
Mitsui & CO, LTD	93		69	
Vale International S.A.	1	35,764	8	33,582
Vale Mina do Azul			152	
Vale Operações Ferroviárias	22			
Vale Potassio Nordeste	41		37	
Others	130	12	99	10
<b>Total</b>	<b>971</b>	<b>35,797</b>	<b>874</b>	<b>33,613</b>
Current	971	6,434	874	4,959
Non-current		29,363		28,654
<b>Total</b>	<b>971</b>	<b>35,797</b>	<b>874</b>	<b>33,613</b>

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	<b>Consolidated Income Year ended</b>	
	<b>December 31, 2012</b>	<b>December 31, 2011</b>
Baovale Mineração S.A.		3
Companhia Hispano-Brasileira de Pelotização - HISPANOBRÁS	472	1,193
Log-in S.A.		10
Mitsui & Co Ltd		
MRS Logística S.A.	27	26
Samarco Mineração S.A.	725	806
Others	280	390
<b>Total</b>	<b>1,504</b>	<b>2,428</b>

	<b>Consolidated Cost / Expense Year ended</b>	
	<b>December 31, 2012</b>	<b>December 31, 2011</b>
Baovale Mineração S.A.	42	40
Companhia Coreano-Brasileira de Pelotização - KOBRASCO	193	166
Companhia Hispano-Brasileira de Pelotização - HISPANOBRÁS	504	1,397
Companhia Ítalo-Brasileira de Pelotização - ITABRASCO	63	249
Companhia Nipo-Brasileira de Pelotização - NIBRASCO	157	251
Log-in S.A.	9	
Mineração Rio do Norte S.A.		29
Mitsui & Co Ttd	54	245
MRS Logística S.A.	1,368	1,262
Others	80	28
<b>Total</b>	<b>2,470</b>	<b>3,667</b>

	<b>Consolidated Financial Year ended</b>	
	<b>December 31, 2012</b>	<b>December 31, 2011</b>
Companhia Hispano-Brasileira de Pelotização - HISPANOBRÁS	27	(4)
Others	(15)	(84)
<b>Total</b>	<b>12</b>	<b>(88)</b>

	<b>Parent Company Income Year ended</b>	
	<b>December 31, 2012</b>	<b>December 31, 2011</b>
ALBRAS - Alumínio Brasileiro S.A.		31
ALUNORTE - Alumina do Norte do Brasil S.A.		1
Baovale Mineração S.A.		3
Companhia Hispano-Brasileira de Pelotização - HISPANOBRÁS	455	1,163
Ferrovias Centro - Atlântica S.A.	97	195

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Ferrovia Norte Sul S.A.		12
Vale Canada Limited	4	17
Minerações Brasileiras Reunidas S.A. - MBR	10	1
MRS Logística S.A.	22	21
Samarco Mineração S.A.	723	788
Vale Energia S.A.		13
Vale International S.A.	50,517	57,026
Vale Manganês S.A.	10	68
Vale Operações Ferroviárias	319	246
Vale Operações Portuárias	32	
Vale Mina do Azul	45	21
Others	341	36
<b>Total</b>	<b>52,575</b>	<b>59,642</b>

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	Parent Company Cost/Expense Year ended	
	December 31, 2012	December 31, 2011
ALUNORTE - Alumina do Norte do Brasil S.A.		28
Baovale Mineração S.A.	42	40
Companhia Coreano-Brasileira de Pelotização - KOBRASCO	150	166
Companhia Hispano-Brasileira de Pelotização - HISPANOBRÁS	504	1,397
Companhia Ítalo-Brasileira de Pelotização - ITABRASCO	63	249
Companhia Nipo-Brasileira de Pelotização - NIBRASCO	157	251
Companhia Portuária Baía de Sepetiba - CPBS	402	296
Ferrovia Centro - Atlântica S.A.	92	
Mitsui & Co Ltd	54	245
MRS Logística S.A.	1,353	1,254
Vale Energia S.A.	408	162
Vale Mina do Azul S.A.	21	119
Vale Colombia Holdings	12	
Minerações Brasileiras Reunidas S.A. - MBR	735	576
Others	24	293
<b>Total</b>	<b>4,017</b>	<b>5,076</b>

	Parent Company Financial Year ended	
	December 31, 2012	December 31, 2011
ALUNORTE - Alumina do Norte do Brasil S.A.		5
Companhia Hispano-Brasileira de Pelotização - HISPANOBRÁS	27	(4)
Ferrovia Centro - Atlântica S.A.	(4)	1
Vale Canada Limited	3	31
Vale International S.A.	(1,177)	(988)
Sociedad Contractual Minera Tres Valles	3	4
Mineração Corumbaense Reunida S.A.		(7)
Minerações Brasileiras Reunidas S.A. - MBR	5	
Biopalma da Amazonia S.A.	92	47
Vale Overseas		25
Others	1	13
<b>Total</b>	<b>(1,050)</b>	<b>(873)</b>

Additionally, we have loans payable to Banco Nacional de Desenvolvimento Social and BNDES Participações S.A amounting to R\$ 8.073nd R\$ 1.685 respectively, accruing interest at market rates, which fall due through 2029. The operations generated interest expenses of R\$ 86and R\$ 29. We also maintain cash equivalent balances with Banco Bradesco S.A. in the amount of R\$ 68 in December 31, 2012. The effect of these operations in results of the exercise was R\$ 1.

Remuneration of key management personnel:

Explanation of Responses:

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	Year ended	
	December 31, 2012	December 31, 2011
<b>Short term benefits:</b>	<b>68</b>	<b>108</b>
Wages or pro labor	21	19
Direct and indirect benefits	21	40
Bonus	26	49
<b>Long term benefits:</b>		
Based on stock	<b>21</b>	<b>29</b>
<b>Termination of position</b>	<b>16</b>	<b>65</b>
	<b>105</b>	<b>202</b>

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**31 - Subsequent Event**

**Sales of Gold by-product**

At February 5, 2013, Vale informed that it has entered into an agreement with Silver Wheaton Corp. ( SLW ), to sell 25% of the payable gold by-product stream from the Salobo copper mine for the life of the mine and 70% of the payable gold by-product stream from its Sudbury nickel mines Coleman, Copper Cliff, Creighton, Garson, Stobie, Totten and Victor for 20 years.

Vale will receive an initial cash payment of US\$1.9 billion (R\$3,8 billons) plus ten million warrants of SLW with a strike price of US\$ 65 and a 10-year term, valued at US\$100 million (R\$199). US\$ 1.33 billion (R\$2,64 billons) will be paid for 25% of the gold by-product stream from Salobo while US\$ 570 million (R\$1.133) plus ten million SLW warrants will be paid for 70% of the Sudbury gold by-product stream.

In addition, Vale will also receive future cash payments for each ounce (oz) of gold delivered to SLW under the agreement, equal to the lesser of US\$400 per oz (plus a 1% annual inflation adjustment from 2016 in the case of Salobo) and the prevailing market price. Vale may also receive an additional cash payment contingent on its decision to expand the capacity to process Salobo copper ores to more than 28 Mtpy before 2031. The additional amount would range from US\$67 million (R\$133) to US\$400 million (R\$795) depending on timing and size of the expansion.

There is no firm commitment from Vale to quantities of gold delivered SLW is entitled not to specific volumes but to a percentage of the gold by-product stream from Salobo and Sudbury. Company will be subject to gold price risk for the SLW's deliveries only if the price of gold drops below the US\$ 400/oz trailing payment.



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

**Board of Directors**

Dan Antônio Marinho Conrado  
**Chairman**

Mário da Silveira Teixeira Júnior  
**Vice-President**

Fuminobu Kawashima  
José Mauro Mettrau Carneiro da Cunha  
Luciano Galvão Coutinho  
Marcel Juvinião Barros  
Nelson Henrique Barbosa Filho  
Oscar Augusto de Camargo Filho  
Paulo Soares de Souza  
Renato da Cruz Gomes  
Robson Rocha

**Alternate**

Deli Soares Pereira  
Eduardo de Oliveira Rodrigues Filho  
Eustáquio Wagner Guimarães Gomes  
Hajime Tonoki  
Luiz Carlos de Freitas  
Luiz Maurício Leuzinger  
Marco Geovanne Tobias da Silva  
Paulo Sergio Moreira da Fonseca  
Raimundo Nonato Alves Amorim  
Sandro Kohler Marcondes

**Advisory Committees of the Board of Directors**

**Controlling Committee**

Luiz Carlos de Freitas  
Paulo Ricardo Ultra Soares  
Paulo Roberto Ferreira de Medeiros

**Executive Development Committee**

José Ricardo Sasseron  
Luiz Maurício Leuzinger  
Oscar Augusto de Camargo Filho

**Strategic Committee**

**Governance and Sustainability Committee**

Gilmar Dalilo Cezar Wanderley  
Renato da Cruz Gomes  
Ricardo Simonsen

**Fiscal Council**

Marcelo Amaral Moraes  
**Chairman**

Aníbal Moreira dos Santos  
Antonio Henrique Pinheiro Silveira  
Arnaldo José Vollet

**Alternate**

Cícero da Silva  
Oswaldo Mário Pêgo de Amorim Azevedo  
Paulo Fontoura Valle

**Executive Officers**

Murilo Pinto de Oliveira Ferreira  
**President & CEO**

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

Luciano Siani Pires  
**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

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Murilo Pinto de Oliveira Ferreira  
Dan Antônio Marinho Conrado  
Luciano Galvão Coutinho  
Mário da Silveira Teixeira Júnior  
Oscar Augusto de Camargo Filho

**Finance Committee**

Luciano Siani Pires  
Eduardo de Oliveira Rodrigues Filho  
Luciana Freitas Rodrigues  
Luiz Maurício Leuzinger

**Executive Director, Base Metals and IT**

Marcelo Botelho Rodrigues  
**Global Controller Director**

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

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

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**Signatures**

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

Vale S.A.  
(Registrant)

Date: February 28, 2013

By:

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