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VALE

Vale S.A.

(*incorporated in Brazil as a Sociedade por Ações*)

(Stock code: 6210 for Common Depositary Receipts)

(Stock code: 6230 for Class A Preferred Depositary Receipts)

PERFORMANCE OF VALE IN 3Q12 (US GAAP)

The following sets out the main text of the announcement published by Vale S.A. on October 24, 2012.

Chief Financial
and
Investor Relations Officer
of
Vale S.A.
Luciano Siani

Hong Kong, October 24, 2012

FACING THE CHALLENGES

BM&F BOVESPA: VALE3, VALE5
NYSE: VALE, VALE.P
HKEx: 6210, 6230
EURONEXT PARIS: VALE3, VALE5
LATIBEX: XVALO, XVALP

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PERFORMANCE OF VALE IN 3Q12

Rio de Janeiro, October 24, 2012 – Vale S.A. (Vale) had a financial performance that reflected the challenges stemming from the downward price volatility typically created by a global economic deceleration, which combines the effects of a weaker demand for minerals and metals with negative expectations. Although our main financial indicators softened in comparison with last quarter, they remained solid.

Mining is fundamentally a cyclical industry and is thus exposed to high price volatility. In such environment and in light of prospects of a more moderate expansion of the world economy in the years to come, higher productivity and lower cost levels are of paramount importance to thrive in a very competitive global market.

Vale is increasingly focused on strengthening capital efficiency, as our priority is to maximize shareholder value creation while maintaining a strong balance sheet to preserve our credit rating status[1].

Investments in world-class assets – with long life, low cost, expandability and high quality output - such as Carajás S11D and Moatize, are our focus in project execution. In this context, diversification is still a strategic priority, but only if investment in non-iron ore assets proves to be capable of creating significant value.

Divestiture of non-value adding assets will improve capital allocation and unlock funds to help the financing of investment in world-class assets, allowing for only a moderate use of the balance sheet at this stage of the cycle.

Alongside the efforts to optimize capital management, we are developing initiatives to streamline the cost structure of operating and corporate activities.

A significant improvement in our approach to applying for environmental permits is being rewarded, with the granting of licenses critical to run mining and logistics operations in Brazil as well as to the development of projects, such as Serra Sul S11D.

The competitiveness of our iron ore business is being enhanced through initiatives to cut costs, increase productivity, improve quality and expand the global distribution network. The most important ones are the execution of projects based on the high quality reserves of Carajás – Additional 40 Mtpy, Serra Sul S11D, the start-up of production of the 67.1% Fe content N5 South mine in Carajás and the use of technology to counteract the effects of ageing in our Southern/Southeastern Systems reserves.

As the global leader in iron ore, by size and quality of production and reserves, we will continue to benefit from a scenario of growth and structural transformation of emerging market economies.

[1] Vale is rated A- by Standard & Poors, BBB+ by Fitch, BBB(high) by DBRS and Baa2 by Moody´s.

US GAAP

We strongly believe that the execution of a strategy anchored on a rigorous discipline in capital allocation and the exploitation of our rich endowment of mineral resources will enable us to deliver substantial value over the next few years.

Financial highlights in 3Q12:

- Gross operating revenues totaled US$ 11.0 billion, 9.8% below the US$ 12.2 billion in 2Q12. The decline was a consequence of lower sales prices.
- Income from existing operations, as measured by adjusted EBIT[(a)] (earnings before interest and taxes), decreased to US$ 2.7 billion, 32.5% below 2Q12. After excluding the effect of the provision related to mining royalties (CFEM), adjusted EBIT reached US$ 3.2 billion.
- Operating income margin of 29.7%, as measured by adjusted EBIT margin, after excluding the effect of the CFEM provision.
- Net earnings were US$ 1.7 billion in 3Q12, equal to US$ 0.32 per share.
- Cash generation, as measured by adjusted EBITDA[(b)] (earnings before interest, taxes, depreciation and amortization), of US$ 3.7 billion, 27.0% lower than the previous quarter. After excluding the effects of non-recurring items, cash generation was US$ 4.3 billion in 3Q12. Over the last 12-month period ended at September 30, 2012, adjusted EBITDA was US$ 22.1 billion, after excluding non-recurring accounting charges.
- Capex – excluding acquisitions – in 3Q12 equaled US$ 4.3 billion, in line with 2Q12. In the first nine months of the year, capital expenditures totaled US$ 12.3 billion, 8.4% above the US$ 11.3 billion spent in the same period of 2011.
- Dividend of US$ 3.0 billion, US$ 0.5821 per share, to be paid from October 31, 2012 onward, totaling US$ 6.0 billion for 2012, and equal to US$ 1.1771 per common or preferred share.
- Maintenance of a strong balance sheet, with low debt leverage, measured by total debt/LTM adjusted EBITDA, equal to 1.4x, long average maturity, 10.3 years, and low average cost, 4.6% per year as of September 30, 2012.

Table 1 - SELECTED FINANCIAL INDICATORS

US$ million	3Q11 (A)	2Q12 (B)	3Q12 (C)	% (C/A)	% (C/B)
Operating revenues	16,741	12,150	10,963	(34.5)	(9.8)
Adjusted EBIT	8,373	3,923	2,647	(68.4)	(32.5)
Adjusted EBIT excluding non-recurring items	8,373	4,300	3,189	(61.9)	(25.8)
Adjusted EBIT margin excluding non-recurring items(%)	51.2	36.2	29.7		
Adjusted EBITDA	9,631	5,119	3,738	(61.2)	(27.0)
Adjusted EBITDA excluding non-recurring items	9,631	5,496	4,280	(55.6)	(22.1)
Net earnings	4,935	2,662	1,669	(66.2)	(37.3)
Earnings per share on a fully diluted basis (US$ / share)	0.94	0.52	0.32	(65.5)	(38.0)
Total debt/ adjusted EBITDA (x)	0.6	0.9	1.4	119.0	45.6
ROIC[1] (%)	36.9	33.1	26.2		
Capex (excluding acquisitions)	4,529	4,287	4,289	(5.3)	-

[1] ROIC LTM=return on invested capital for the last twelve-month period.

US$ million	9M11 (A)	9M12 (B)	% (B/A)
Operating revenues	45,634	34,452	(24.5)
Adjusted EBIT	24,089	10,420	(56.7)
Adjusted EBIT excluding non-recurring items	22,576	11,339	(49.8)
Adjusted EBIT margin excluding non-recurring items(%)	50.7	33.7	
Adjusted EBITDA	27,876	13,822	(50.4)
Adjusted EBITDA excluding non-recurring items	26,363	14,741	(44.1)
Net earnings	18,213	8,158	(55.2)
Capex (excluding acquisitions)	11,308	12,253	8.4
Acquisitions	299	648	116.6

Except where otherwise indicated the operational and financial information in this release is based on the consolidated figures in accordance with US GAAP and, with the exception of information on investments and behavior of markets, quarterly financial statements are reviewed by the company's independent auditors. The main subsidiaries that are consolidated are the following: Compañia Minera Miski Mayo S.A.C., Ferrovia Centro-Atlântica S.A.(FCA), Ferrovia Norte Sul S.A, Mineração Corumbaense Reunida S.A., PT Vale Indonesia Tbk (formerly International Nickel Indonesia Tbk), Sociedad Contractual Minera Tres Valles, Vale Australia Pty Ltd., Vale International Holdings GMBH, Vale Canada Limited (formely Vale Inco Limited), Vale Fertilizantes S.A., Vale International S.A., Vale Manganês S.A., Vale Mina do Azul S.A., Vale Moçambique S.A., Vale Nouvelle-Calédonie SAS, Vale Oman Pelletizing Company LLC and Vale Shipping Holding PTE Ltd.

STRATEGY, GROWTH AND VALUE CREATION

Vale is increasingly focused on strengthening capital efficiency, as our priority is to maximize shareholder value creation while maintaining a strong balance sheet to preserve our credit rating status.

We will conclude projects already under execution, while R&D expenditures are being cut to give rise in the future to a smaller and more select portfolio of projects with high expected rates of return and effective potential to foster value creation. Some mineral exploration efforts were terminated in cases where costs were expected to be higher than risk-adjusted benefits.

2012 is very likely to be the peak year for capital expenditures in the foreseeable future.

Investment in world-class assets – with long life, low cost, high quality output and expandability - such as Carajás S11D and Moatize are our focus in project execution. In this context, diversification is still a strategic priority, but only if investment in non-iron ore assets proves to be able to create value.

Divestiture of non-value adding assets will improve capital allocation and will unlock funds to help the financing of investment in world-class assets, allowing for only a moderate use of the balance sheet at this stage of the cycle.

Alongside the efforts to optimize capital management, we are developing initiatives to streamline the cost structure of operating and corporate activities.

The competitiveness of our iron ore business is being enhanced through initiatives to cut costs, increase productivity and improve quality. The most important ones are the execution of projects based on the high quality reserves of Carajás and the use of technology to counteract the effects of ageing in our Southern/Southeastern Systems reserves.

The significant improvement in our approach to applying for environmental permits is being rewarded. This year we obtained a total of 52 licenses, which were critical to the running of our mining and logistics operations in Brazil. Moreover, we received the preliminary license for Serra Sul S11D, a very important project for the future supply of iron ore, and the operating license for the N5 South mine, at Carajás.

N5 South has 1.025 billion metric tons of proven and probable reserves and an average Fe content of 67.1%. It is expected to begin production by year-end, providing approximately 25% of the run-of-mine (ROM) ores to be extracted from Carajás in 2013, boosting quality while leading to lower operating costs. N5 South is important for strengthening Vale's position as the leading global producer of high quality iron ore.

The four Itabiritos projects – Conceição, Conceição II, Cauê and Vargem Grande – will replace lost capacity, as well as expand net capacity. The most important implication will be the rise in Fe content to above 65% and a sharp reduction in the silica content through the construction/adaptation of plants with additional phases of crushing and screening.

An estimated fleet of 20 Valemax vessels will be in operation by the end of 2012, leading to stronger global competitiveness by our iron ore business. By the same token, our global distribution network is being expanded with new ports able to receive the Valemax ships, the construction of the Malaysian distribution center and other floating transfer stations in Asia.

Three pellet plants – Tubarão I & II and São Luís - are being temporarily shutdown in order to accommodate the effect of a cyclical weakening of demand, while the feed is reallocated to enhance the supply of iron ore sinter feed.

The size and performance of our coal business will be significantly improved with the development of the mining and logistics operations in Mozambique, taking advantage of an efficient mine-railway-port system and large-scale production of premium hard coking coal coming on stream by 2015.

The base metals business is finding ways to live within its means, pursuing lower costs and higher productivity, and will benefit from the expansion of capacity in copper - Salobo I & II and Lubambe. Loss-making nickel mines in Canada will be shut down.[2] We do not expect an impact on the production of finished nickel as mine output losses will be offset by higher production in Sorowako.

We are finalizing the assessment of costs to reform the furnaces of Onça Puma. Afterwards,

[2] Labor will be redeployed to other operations.

the impairment test will be concluded and the results will be publicly disclosed immediately.

BUSINESS OUTLOOK

The global economic outlook presents several challenges. Global GDP growth has slowed since the middle of last year and has been hovering around 2-2.5% over the last two quarters, far below its long-term trend and with the weakest pace since the current cyclical recovery began in 2Q09.

Despite the downside risks, we expect global economic activity to strengthen gradually over the next few months, mostly driven by emerging market economies, although expansion is likely to proceed at a moderate pace.

Prices of industrial metals, much more than energy and food commodities, tend to be predominantly influenced by the fluctuations in economic activity – industrial production - and expectations about the future. Therefore, the downward trend in iron ore, nickel and copper prices, among others, came in line with the cyclical deceleration in global industrial production growth and negative expectations about the evolution of the global economy[3].

Industrial production expansion started a down cycle in 2Q11. Over the last few months global IP growth neared zero, but the global manufacturing PMI increased in September for the first time in five months, which may be signaling the beginning of a trend reversal.

The most encouraging indication is given by the rise in the new orders-to-inventories of finished goods ratio. This is consistent with the increase in global retail sales and suggests that the inventory cycle, which has been holding industrial output from expanding, is coming to an end. Thus, we expect industrial production to pick up by year-end, strengthening the global demand for minerals and metals.

Over the last 2 ½ years at least three crises have emerged in the Euro Zone – sending waves of uncertainty throughout the global economy - and each of them was followed by limited policy response thus leaving room for recurrence in the near future.

The resistance to give up national sovereignty creates barriers to governments making a quantum leap towards the adoption of fiscal and banking union in the Euro Zone, a necessary step to consolidate the monetary union. At the same time, entrenched interests pose obstacles to the implementation of structural reforms to improve competitiveness in most of the Euro Zone members.

The political will to preserve the Euro makes the adjustment feasible albeit at a slow pace. As a consequence, over the next few years the European economy is very likely to move forward very slowly.

The current US recovery has been slower than recoveries from earlier recessions due to the problems left by the financial crisis.

On the one hand, the US private sector has undergone an impressive adjustment, which sets the base for a strong expansion. Corporate profits and cash flow keep growing, banks as well as households have deleveraged, labor costs have lowered relative to European and Asian competitors, the real estate market has stabilized – ceasing to be a drag on GDP – and the natural gas revolution is reducing the US dependency on oil imports and raising the competitiveness of its manufacturing industry.

On the other hand, the high public debt/GDP ratio, the lack of political resolve on how to deal with it and the impending so-called fiscal cliff, involving more than half a trillion US dollars in 2013, are sources of uncertainty which have been blocking the US economy from growing at a much faster pace in the short-term.

The Japanese economy is recovering from last year's huge natural disaster, and continues to struggle with deflation and persistent weak demand.

The spillover to the rest of the world economy of the lack of confidence in the policies of developed economies, in particular the Euro sovereign debt crisis, is not restricted to the trade channel. It has contributed to create uncertainty which is detrimental to global economic expansion.

Investment demand, consumption of durable goods and hiring plans are negatively affected by macroeconomic uncertainty. Among other things, this leads to a decline in expected returns on projects and to a weakening in investors' and lenders' appetites to provide funding for investment. Liquidity-constrained firms tend to reduce R&D expenditures that will in turn entail slower productivity growth.

[3] Iron ore, nickel and copper prices reached a post-crisis peak in 1Q11 simultaneously to the cyclical peak of global industrial production growth.

The recent announcements by the main central banks, the FED (QE3) and the ECB (OMT), of another round of non-conventional monetary policy actions contributed to improve risk perception and in particular to mitigate the tail risk associated to the potential for a disruption of the Euro Zone [4]. As a consequence of greater confidence, financial markets rallied as well as commodity prices – including base metals - but the potential for these initiatives to restore economic growth on a sustainable basis depends of course on further steps.

Following a strong rebound from the Great Recession of 2008/9, the GDP growth of emerging market economies slowed, declining from 9% per year in 4Q09 to around 5.5% recently.

The slowdown in the pace of expansion of the Chinese economy - the largest emerging market and the world´s second largest economy - is caused by both cyclical and structural factors. Part of the growth deceleration is the outcome of macroeconomic policy normalization after the big capital spending stimulus program launched in reaction to the global financial shock of 2008.

The main challenge of the Chinese economy is to avoid the so-called middle-income trap, which means that fast growing emerging economies may stall after reaching a middle level of per capita income. More specifically, it means maintaining the high rate of productivity growth recorded by China over the last thirty years, which was relatively easy to reach in face of the pre-existing low level of efficiency and the reallocation of abundant labor from subsistence agriculture to manufacturing. Once these conditions start to fade, large capital spending tends to find diminishing returns.

China's growth model has to be changed towards more capital efficiency, which, among other implications, will entail a more balanced composition of aggregate demand expansion, with a less important role for investment and more for consumption.

In line with the need for change in the macroeconomic policy framework, the Chinese authorities did not launch another big stimulus program and the incoming leadership is not expected to do it either, unless they see the economy on the verge of a recession, which is not the case now. It is likely that a transition towards a new growth model will continue, gradually and cautiously. Initial movements have been observed: some limited interest rate liberalization, more exchange rate flexibility and use of the renminbi for international trade and investment, while a few local experiments on financial liberalization are being conducted.

This does not mean that the China growth story is over. On the contrary, it is expected to expand by 6% to 7% per year on average until the end of this decade – a very high pace of expansion for an already large-sized economy - and substantial investment spending will continue to flow primarily to meet housing and infrastructure needs. As a consequence, China is expected to continue to exert significant pressure on the demand for minerals and metals, including iron ore. As the global leader in iron ore, by size and quality of production and reserves, we will continue to benefit from this scenario.

The long-term potential for iron ore demand growth comes primarily from the requirements to accommodate some 300 million additional people in the cities over the next 20 years and to alleviate the existing large housing shortage. Like other Asian cities, those in China tend to be densely populated, which is solved by constructing high-rise buildings, which are far more steel-intensive than the usual 10-12 floor structures in the western world.

Urbanization demands not only housing investment, but also spending on non-residential buildings, urban infrastructure, cars and home appliances, which will help to drive the demand for iron ore and base metals.

Moreover, the rise of consumption expenditures to a more prominent role in Chinese economic growth will mean an increasing demand for cars – the number of passenger vehicles in China is still a lot lower than in other emerging economies - home appliances and proteins, which will imply more demand for iron ore, coal, base metals and fertilizers.

In the short-term, the latest data suggests that China´s economy has bottomed in the first half of the year, as pointed out in our 2Q12 report. On a year-on-year basis, GDP expanded 7.4%, lower than the 7.6% y/y in 2Q12, but on a sequential basis (which is actually the relevant move to observe), seasonally adjusted q/q annualized real GDP is estimated to have reached 7.5%, moving up from under 7% as an average in 1H12.

In September, industrial production grew 9.2% y/y, while on the domestic demand side, retail sales expanded by 14.2% y/y and fixed asset

[4] QE3 – the US Federal Reserve Bank (Fed) will buy US$ 40 billion per month of mortgage assets for an unlimited period of time. Jointly with other asset buying programs, the Fed will increase its stock of long-term financial assets by some US$ 85 billion per month.
OMT – Outright Monetary Transactions – On September 6, the European Central Bank (ECB) announced it will buy sovereign bonds in the secondary market under certain conditions including the effective conditionality attached to a macroeconomic adjustment program.

investment by 22.2%, the strongest increase since November 2011.

Despite the absence of major changes in housing credit conditions, the quarterly data show a rebound in property sales, increasing to +6.0% y/y from -7.7% y/y in 2Q12, contributing to reduce the stock of unsold homes and to stimulate developers to push new projects to the market. Data on house prices released by the National Bureau of Statistics and Soufun continue to indicate price stabilization. Clearly, we do not expect a new housing boom, but a moderate expansion, that will be better from a risk point of view than the policy-driven booms and busts of the last ten years.

Investment in infrastructure – another major source of demand for minerals and metals – has accelerated in 3Q12, with funding increasingly provided by bond issuance by local governments. Newly started investment projects, a forward-looking indicator of fixed investment, have been recovering and climbed to 25.7% y/y for the first nine months of the year and to 29.8% q/q.

Cement, which can be kept in storage only for a very limited period of time, had a rebound in production. Output growth rate accelerated to 12.0% y/y in September from 7.0% in June, reflecting the stronger demand from the pickup in railway and highway investment.

The fall in iron ore prices has been misidentified as an outcome of demand weakness from China. As a matter of fact, Chinese imports did rise by 8.7% in the first nine months of 2012 when compared to the same period of last year. At 552 million metric tons (Mt), it is an all-time high figure, with an increase of 48 Mt, far from showing any weakness. Lower prices are mostly explained by a combination of demand weakness in the rest of the world – which entailed a reallocation of supply from other countries to the Asian market - and the negative global economic outlook, including pessimism about China´s economic performance.

The growth in Chinese iron ore imports is partly due to substitution of high-cost local producers as crude steel output increased only 1.2% in January/September 2012, running at around 700 Mt on a yearly basis. The high cost marginal suppliers tend to set a floor to prices, which after reaching a low point in the first week of September recovered to a US$ 110-115 range.

Given the liquidity and the large and growing size of the Chinese iron ore market, rising prices have attracted many high-cost marginal suppliers from other countries. In 2000, exporters from traditional sources – Australia, Brazil, India and South Africa – were responsible for 95% of China´s imports. Over time, the share supplied by non-traditional sources – 16 countries in 2000, 56 countries in 2011 – expanded, reaching 22% in 2011. In a low price environment many of these non-Chinese suppliers will have to retrench as well.

The sharp fall in iron ore prices in the early days of September was caused by destocking and so far there are no indications of a replenishing of inventories. In the downstream of the supply chain, steel traders, who hold the majority of steel stocks in China, have liquidated part of their inventories over the last couple of months, eliminating the excess.

The performance of leading indicators of the property market, the recovery of infrastructure spending and the iron ore and steel destocking create the potential for future strengthening of iron ore demand and for moderate price increases. In addition, we expect non-Chinese demand for iron ore to improve, as a result of better growth performance of some emerging economies, such as Brazil, India and Southeast Asia in 2013.

Nickel and copper prices reacted positively to the announcements of monetary policy actions from major central banks.

The rise in nickel prices was supported by some increase in stainless steel production after the end of the summer season in the Northern Hemisphere. However, the reaction of nickel-in-pig-iron producers – most are likely to at least break even at U$ 17,000 per metric ton - and the rising stocks caused prices to soften.

The case of copper prices is somewhat different as LME stocks are low and supply was negatively impacted by strikes in Chile. Therefore, prices have been supported at US$ 8,000 per metric ton.

REVENUES

Table 2 - OPERATING REVENUE BY BUSINESS AREAS

US$ million	3Q11	%	2Q12	%	3Q12	%
Bulk materials	**12,764**	**76.2**	**8,934**	**73.5**	**7,565**	**69.0**
Ferrous minerals	**12,479**	**74.5**	**8,658**	**71.3**	**7,340**	**67.0**

Iron ore	10,136	60.5	6,505	53.5	5,541	50.5
Pellets	2,149	12.8	1,952	16.1	1,687	15.4
Manganese ore	46	0.3	63	0.5	57	0.5
Ferroalloys	139	0.8	129	1.1	55	0.5
Pellet plant operation services	9	0.1	9	0.1	-	-
Coal	**285**	**1.7**	**276**	**2.3**	**225**	**2.1**
Thermal coal	124	0.7	79	0.6	21	0.2
Metallurgical coal	161	1.0	197	1.6	204	1.9
Base metals	**2,292**	**13.7**	**1,781**	**14.7**	**1,766**	**16.1**
Nickel	1,437	8.6	1,119	9.2	908	8.3
Copper	646	3.9	458	3.8	650	5.9
PGMs	81	0.5	115	0.9	90	0.8
Gold	78	0.5	58	0.5	83	0.8
Silver	20	0.1	15	0.1	13	0.1
Cobalt	29	0.2	16	0.1	11	0.1
Others	-	-	-	-	11	0.1
Fertilizer nutrients	**1,037**	**6.2**	**923**	**7.6**	**1,095**	**10.0**
Potash	80	0.5	81	0.7	78	0.7
Phosphates	713	4.3	630	5.2	783	7.1
Nitrogen	216	1.3	193	1.6	208	1.9
Others	28	0.2	19	0.2	26	0.2
Logistics services	**502**	**3.0**	**408**	**3.4**	**449**	**4.1**
Railroads	358	2.1	294	2.4	308	2.8
Ports	144	0.9	114	0.9	141	1.3
Others	**146**	**0.9**	**104**	**0.9**	**88**	**0.8**
Total	**16,741**	**100.0**	**12,150**	**100.0**	**10,963**	**100.0**

Table 3 - OPERATING REVENUE BY DESTINATION

US$ million	3Q11	%	2Q12	%	3Q12	%
North America	**786**	**4.7**	**686**	**5.6**	**468**	**4.3**
USA	449	2.7	410	3.4	238	2.2
Canada	304	1.8	265	2.2	229	2.1
Mexico	33	0.2	11	0.1	0	0.0
South America	**3,305**	**19.7**	**2,521**	**20.7**	**2,518**	**23.0**
Brazil	2,985	17.8	2,312	19.0	2,350	21.4
Others	320	1.9	209	1.7	168	1.5
Asia	**8,998**	**53.7**	**6,230**	**51.3**	**5,738**	**52.3**
China	5,927	35.4	3,802	31.3	3,504	32.0
Japan	1,937	11.6	1,273	10.5	1,223	11.2
South Korea	701	4.2	591	4.9	518	4.7
Taiwan	236	1.4	356	2.9	196	1.8
Others	197	1.2	208	1.7	297	2.7
Europe	**3,166**	**18.9**	**2,321**	**19.1**	**1,973**	**18.0**
Germany	1,114	6.7	738	6.1	654	6.0
France	205	1.2	149	1.2	201	1.8
Netherlands	186	1.1	73	0.6	73	0.7
UK	236	1.4	214	1.8	222	2.0
Italy	479	2.9	498	4.1	280	2.6
Turkey	138	0.8	124	1.0	125	1.1
Spain	136	0.8	108	0.9	100	0.9
Others	672	4.0	418	3.4	317	2.9
Middle East	**277**	**1.7**	**268**	**2.2**	**141**	**1.3**
Rest of the World	**209**	**1.2**	**125**	**1.0**	**125**	**1.1**

Total	16,741	100.0	12,150	100.0	10,963	100.0

COSTS AND EXPENSES

Table 4 - COGS AND EXPENSES

COGS

US$ million	3Q11	%	2Q12	%	3Q12	%
Outsourced services	**1,202**	**19.2**	**1,285**	**21.4**	**1,236**	**20.2**
Cargo freight	368	5.9	323	5.4	295	4.8
Maintenance of equipment and facilities	203	3.3	215	3.6	203	3.3
Operational Services	295	4.7	281	4.7	339	5.5
Others	336	5.4	466	7.7	398	6.5
Material	**1,025**	**16.4**	**1,091**	**18.1**	**1,163**	**19.0**
Spare parts and maintenance equipment	374	6.0	357	5.9	394	6.4
Inputs	456	7.3	524	8.7	538	8.8
Tires and conveyor belts	57	0.9	55	0.9	59	1.0
Others	138	2.2	154	2.6	173	2.8
Energy	**811**	**13.0**	**741**	**12.3**	**747**	**12.2**
Fuel and gases	578	9.2	527	8.8	530	8.6
Electric energy	233	3.7	213	3.5	217	3.5
Acquisition of products	**608**	**9.7**	**377**	**6.3**	**259**	**4.2**
Iron ore and pellets	331	5.3	221	3.7	136	2.2
Nickel products	194	3.1	85	1.4	91	1.5
Other products	83	1.3	72	1.2	32	0.5
Personnel	**819**	**13.1**	**909**	**15.1**	**885**	**14.4**
Depreciation and exhaustion	**923**	**14.8**	**977**	**16.2**	**932**	**15.2**
Shared services	**105**	**1.7**	**76**	**1.3**	**77**	**1.3**
Others	**759**	**12.1**	**559**	**9.3**	**829**	**13.5**
Total	**6,252**	**100.0**	**6,015**	**100.0**	**6,128**	**100.0**

SG&A, R&D and other expenses

US$ million	3Q11	%	2Q12	%	3Q12	%
Total administrative	**499**	**28.7**	**483**	**30.6**	**472**	**24.2**
Personnel	184	10.6	193	12.2	195	10.0
Services	126	7.3	118	7.5	118	6.1
Depreciation	50	2.9	52	3.3	64	3.3
Others	139	8.0	120	7.6	95	4.9
Selling	**155**	**8.9**	**132**	**8.4**	**47**	**2.4**
Research and development	**440**	**25.3**	**359**	**22.8**	**360**	**18.5**
Others	**643**	**37.0**	**604**	**38.3**	**1,071**	**54.9**
Total[1]	**1,737**	**100.0**	**1,578**	**100.0**	**1,950**	**100.0**

[1] Does not include gain/loss on sale of assets

CASH GENERATION

Table 5 - ADJUSTED EBITDA			
US$ million	3Q11	2Q12	3Q12
Net operating revenues	16,361	11,893	10,725
COGS	(6,252)	(6,015)	(6,128)
SG&A	(654)	(615)	(519)
Research and development	(440)	(359)	(360)
Other operational expenses	(643)	(604)	(529)
Adjustment for non-recurring items	-	(377)	(542)
Adjusted EBIT	**8,373**	**3,923**	**2,647**
Depreciation, amortization & exhaustion	1,018	1,084	1,066
Dividends received	240	112	25
Adjusted EBITDA	**9,631**	**5,119**	**3,738**

Table 6 - ADJUSTED EBITDA BY BUSINESS AREA			
US$ million	3Q11	2Q12	3Q12
Bulk materials	**9,159**	**5,490**	**4,309**
Ferrous minerals	9,173	5,597	4,375
Coal	(14)	(107)	(66)
Base metals	**660**	**255**	**168**
Fertilizer nutrients	**239**	**183**	**201**
Logistics	**107**	**14**	**35**
Adjustment for non-recurring items	**-**	**(377)**	**(542)**
Others	**(534)**	**(446)**	**(433)**
Total	**9,631**	**5,119**	**3,738**

INVESTMENTS

Table 7 - TOTAL INVESTMENT BY CATEGORY						
US$ million	3Q11	%	2Q12	%	3Q12	%
Organic growth	**3,500**	**77.3**	**3,260**	**76.0**	**3,161**	**73.7**
Projects	3,113	68.7	2,864	66.8	2,797	65.2
R&D	387	8.6	396	9.2	364	8.5
Stay-in-business	**1,029**	**22.7**	**1,027**	**24.0**	**1,128**	**26.3**
Total	**4,529**	**100.0**	**4,287**	**100.0**	**4,289**	**100.0**

Table 8 - TOTAL INVESTMENT BY BUSINESS AREA						
US$ million	3Q11	%	2Q12	%	3Q12	%
Bulk materials	**2,675**	**59.1**	**2,390**	**55.8**	**2,376**	**55.4**
Ferrous minerals	2,333	51.5	2,041	47.6	2,084	48.6
Coal	341	7.5	349	8.1	292	6.8
Base metals	**1,062**	**23.4**	**1,038**	**24.2**	**1,019**	**23.8**
Fertilizer nutrients	**307**	**6.8**	**516**	**12.0**	**531**	**12.4**
Logistics services	**115**	**2.5**	**130**	**3.0**	**135**	**3.2**
Power generation	**191**	**4.2**	**71**	**1.6**	**69**	**1.6**
Steel	**54**	**1.2**	**37**	**0.9**	**36**	**0.8**
Others	**126**	**2.8**	**105**	**2.4**	**123**	**2.9**
Total	**4,529**	**100.0**	**4,287**	**100.0**	**4,289**	**100.0**

INVESTMENT BY BUSINESS AREA - 3Q12				
	Projects	R&D	Stay-in-business	Total

	US$ million	%	US$ million	%	US$ million	%	US$ million	%
Bulk materials	**1,634**	**58.4**	**179**	**49.2**	**563**	**49.9**	**2,376**	**55.4**
Ferrous minerals	1,431	51.2	141	38.8	511	45.3	2,084	48.6
Coal	203	7.3	38	10.4	52	4.6	292	6.8
Base metals	**631**	**22.6**	**100**	**27.6**	**287**	**25.4**	**1,019**	**23.8**
Fertilizer nutrients	**377**	**13.5**	**45**	**12.2**	**109**	**9.6**	**531**	**12.4**
Logistics services	**62**	**2.2**	**3**	**0.7**	**71**	**6.3**	**135**	**3.2**
Power generation	**60**	**2.1**	**8**	**2.2**	**1**	**0.1**	**69**	**1.6**
Steel	**33**	**1.2**	**3**	**0.8**	**0**	**0.0**	**36**	**0.8**
Others	**0**	**0.0**	**27**	**7.3**	**98**	**8.7**	**123**	**2.9**
Total	**2,797**	**100.0**	**364**	**100.0**	**1,128**	**100.0**	**4,289**	**100.0**

- **Main approved projects under construction**

The pipeline of main projects approved by the Board of Directors, and under construction, is detailed in this section. Estimated start-up dates may be revised due to changes caused by several factors, including delays in environmental permits.

Project	Estimated start-up	Executed capex US$ million		Expected capex US$ million		Status[1]
		2012	Total	2012	Total	
IRON ORE MINING AND LOGISTICS						
Carajás Additional 40 Mtpy Construction of an iron ore dry processing plant, located in Carajás, Pará, Brazil. Estimated nominal capacity of 40 Mtpy.	2H13	461	1,977	622	2,968	Earthworks services and assembly of metallic structures for conveyor belts being executed. The assembly of metallic structures for the screening building was concluded. Advanced stages of electromechanical assembly of the processing plant and loading line. Issuance of operation license (LO) expected for 2H13. 76% of physical progress of mine and plant.
CLN 150 Mtpy Increase Northern system railway and port capacity, including the construction of a fourth pier at the Ponta da Madeira maritime terminal, located in Maranhão, Brazil. Increase estimated EFC's nominal logistics capacity to approximately 150 Mtpy.	1H14	794	3,041	1,085	4,114	Finalizing construction of Pier IV at Ponta da Madeira maritime terminal, with the operational tests in the North berth to start by year-end. Assembly of loading equipment in final phase. Ongoing tests with the car dumpers, unloading lines and a stacker. Ongoing work at the railway. Issuance of the required railway installation licenses (LI) expected for 2H12. Operation license (LO) for the port onshore expected for 2H12 and offshore, 1H13. 81% of physical progress.
Carajás Serra Sul S11D Development of a mine and processing plant, located in the	2H16	478	1,552	794	8,039	Ongoing construction of the access road. Receiving equipment for the truckless mining system. Materials

Project	Estimated start-up	Executed capex US$ million 2012	Executed capex US$ million Total	Expected capex US$ million 2012	Expected capex US$ million Total	Status[1]
Southern range of Carajás, Pará, Brazil. Estimated nominal capacity of 90 Mtpy.						for the conveyor belts and equipment for the energy substation delivered. Continuing the off-site assembly of modules. Preliminary environmental license (LP) issued. Issuance of installation license (LI) expected for 1H13. 37% of physical progress.
Serra Leste Construction of new processing plant, located in Carajás, Pará, Brazil. Estimated nominal capacity of 6 Mtpy.	1H13	101	243	239	478	Continuing the civil engineering work and assembly of metallic structures of the beneficiation plant. Issuance of installation licenses (LI) expected for 2H12. 54% of physical progress.
Conceição Itabiritos Construction of a concentration plant, in the Southeastern System, Minas Gerais, Brazil. Estimated additional nominal capacity of 12 Mtpy. 100% pellet feed, with 67.7% Fe content and 0.8% silica.	2H13	155	708	184	1,174	Project in the final phase of electromechanical assembly. Operational license (LO) for the plant expected for 1H13. 93% of physical progress.
Vargem Grande Itabiritos Construction of new iron ore processing plant, in the Southern System, Minas Gerais, Brazil. Estimated additional nominal capacity of 10 Mtpy. 100% pellet feed, with 67.8% Fe content and 1.2% silica.	1H14	346	775	429	1,645	Beginning of mechanical assembly of the primary crusher. Assembly of metallic structures for the screening building in progress. Installation license (LI) issued. Installation license for the power transmission line obtained. 68% of physical progress.
Conceição Itabiritos II Adaptation of the plant to process low-grade itabirites from Conceição, located in the Southeastern system, Minas Gerais, Brazil. Estimated nominal capacity of 19 Mtpy, without additional capacity. 31.6% sinter feed, with 66.5% Fe content and 3.8% of silica, and 68.4% pellet feed, with 68.8% Fe content and 0.9% silica.	2H14	174	333	297	1,189	Mechanical assembly in progress. Civil engineering works for conveyor belts of the primary crusher concluded. Ongoing work at the mills. Installation licenses (LI) issued. 50% of physical progress.
Cauê Itabiritos Adaptation of the plant to process low-grade itabirites from Minas do Meio, located in the Southeastern system, Minas Gerais, Brazil.	2H15	60	81	112	1,504	Signing contracts with suppliers of equipment and services. Preparing the site for the construction of new crushing system. Preliminary and installation licenses (LI) for new primary crusher

Project	Estimated start-up	Executed capex US$ million 2012	Executed capex US$ million Total	Expected capex US$ million 2012	Expected capex US$ million Total	Status[1]
Estimated nominal capacity of 24 Mtpy, with net additional capacity of 4 Mtpy in 2017. 29% sinter feed, with 65.3% Fe content and 4.4% of silica, and 71% pellet feed, with 67.8% Fe content and 2.8% silica.						expected for 1H14. 12% of physical progress.
Simandou I – Zogota Development of the Zogota mine and processing plant in Simandou South, Guinea. Estimated nominal capacity of 15Mtpy.	-	224	433	249	1,260	Scope and schedule under review.
Teluk Rubiah Construction of a maritime terminal with enough depth for the 400,000 dwt vessels and a stockyard. Located in Teluk Rubiah, Malaysia. Stockyard capable of handling up to 30 Mtpy of iron ore products.	1H14	176	391	367	1,371	The main jetty construction is ongoing. Earthworks advanced. Ongoing works at the main energy substation. Preliminary environmental license, construction and installation license issued. Issuance of operation license expected for 1H14. 40% of physical progress.
PELLET PLANTS						
Tubarão VIII Eighth pellet plant at our existing site at the Tubarão Port, Espírito Santo, Brazil. Estimated nominal capacity of 7.5 Mtpy.	1H13	199	811	239	1,088	Ongoing eletromechanical assembly and services at the furnace. Civil engineering work at the conveyor belt system in progress. Commissioning phase already started. Issuance of operation license (LO) expected for 1H13. 89% of physical progress.
Samarco IV[2] Construction of Samarco's fourth pellet plant, and expansion of mine, pipeline and maritime terminal infrastructure. Vale has a 50% stake in Samarco. Estimated nominal capacity of 8.3 Mtpy, increasing Samarco's capacity to 30.5 Mtpy.	1H14	-	-	-	1,693	Civil engineering works of the base for the milling plants concluded. Main pumps delivered and part of the pipes already welded for the slurry pipeline. No pending installation licenses (LI). 59% of physical progress of the pellet plant. Budget fully sourced by Samarco.
COAL MINING AND LOGISTICS						
Moatize II New pit and duplication of the Moatize CHPP, as well as all related infrastructure, located in Tete, Mozambique. Nominal capacity of 11 Mtpy (70% coking coal and 30%	2H14	244	317	499	2,068	Earthworks and foundation for the new CHPP concluded. Beginning of the earthworks for stockyard and primary crusher. No pending installation licenses (LI). 21% of physical progress.

Project	Estimated start-up	Executed capex US$ million 2012	Executed capex US$ million Total	Expected capex US$ million 2012	Expected capex US$ million Total	Status[1]
thermal).						
Nacala corridor Railway and port infrastructure connecting Moatize site to the Nacala-à-Velha maritime terminal, located in Nacala, Mozambique. Estimated nominal capacity of 18 Mtpy.	2H14	259	297	691	4,444	Ongoing earthwork services. Detailed engineering of the port offshore construction completed. Mobilizing contractors for the port onshore and offshore civil engineering works. 8% of physical progress.
Eagle Downs[2] New underground mine development including longwall, CHPP, as well as all related infrastructure, located in the Bowen Basin, central Queensland, Australia. Vale holds 50% of the joint venture which owns Eagle Downs. Estimated nominal capacity of 4 Mtpy (100% coking coal).	1H16	26	45	87	875	Environmental license and mining lease already obtained. Project in early stage of engineering development, with 4% of physical progress.
COPPER MINING						
Salobo II Salobo expansion, raising height of tailing dam and increase in mine capacity, located in Marabá, Pará, Brazil. Additional estimated nominal capacity of 100,000 tpy of copper in concentrate.	1H14	318	671	581	1,707	Ongoing civil engineering work and electromechanical assembly of equipment in the floating, milling and crushing sections. Issuance of plant operation license (LO) expected for 1H14. 63% of physical progress.
Lubambe, previously Konkola North[2] Development of underground mine, plant and related infrastructure, located in the Zambian Copperbelt. Vale holds 50% of the joint venture that controls the project. Estimated nominal capacity of 45,000 tpy of copper in concentrate.	2H12	-	172	-	235	The first copper concentrate was produced, after the conclusion of the plant commissioning. Environmental license was issued. 87% of physical progress. This project is being funded by the JV.
NICKEL MINING AND REFINING						
Long Harbour Hydrometallurgical facility. Located in Long Harbour, Newfoundland and Labrador, Canada.	2H13	1,028	2,727	1,208	3,600	Ongoing civil engineering. Assembly of metallic structures, and electronic and mechanical equipment. Ongoing work at the neutralization area. 75% of physical progress.

Project	Estimated start-up	Executed capex US$ million 2012	Executed capex US$ million Total	Expected capex US$ million 2012	Expected capex US$ million Total	Status¹
Estimated nominal capacity for refining 50,000 tpy of finished nickel, and associated copper and cobalt.						As a result of cost pressures in the Newfoundland and Labrador province, where nickel, iron ore, oil and logistics projects are being developed simultaneously, it is very likely that the US$ 3.6 billion should be revised upward.
Totten Nickel mine (re-opening) in Sudbury, Ontario, Canada. Estimated nominal capacity of 8,200 tpy.	2H13	95	497	157	759	Ongoing mechanical work at the return air and mine dewatering systems. 69% of physical progress.
POTASH MINING AND LOGISTICS						
Rio Colorado Investments in a solution mining system, located in Mendoza, Argentina, renovation of railway tracks (440 km), construction of a railway spur (350 km) and a maritime terminal in Bahia Blanca, Argentina. Estimated nominal capacity of 4.3 Mtpy of potash (KCl).	2H14	979	1,805	1,081	5,915	Progress in earthworks at the port. Ongoing work at energy substations and well-sinking at the site. Delivery of major part of tracks and beginning of work for the railway. Environmental license for the construction of the new railway and agreements with four Argentinean provinces obtained. 41% of physical progress.
ENERGY						
Biodiesel Project to produce biodiesel from palm oil. Plantation of 80,000 ha of palm trees. Located in Pará, Brazil. Estimated nominal capacity of 360,000 tpy of biodiesel.	2015	92	435	227	633	Ongoing tests of oil production and of B25 fuel (25% biodiesel) use in locomotive. Installation license (LI) expected for 2H13 and operation license for 2H15.
STEELMAKING						
CSP[2] Development of a steel slab plant in partnership with Dongkuk and Posco, located in Ceará, Brazil. Vale holds 50% of the joint venture. Estimated nominal capacity of 3.0 Mtpy.	1H15	255	536	563	2,648	Earthworks on site in progress. Started the placement of piles. Preliminary environmental license (LP) and installation license (LI) obtained.

¹ as of September 2012.
² Realized and expected capex are relative to Vale's stake in the projects.

DEBT INDICATORS

Table 9 - DEBT INDICATORS

US$ million	3Q11	2Q12	3Q12
Total debt	22,989	25,518	29,211

			3Q12
Net debt	15,424	21,436	20,575
Total debt / adjusted LTM EBITDA (x)	0.6	0.9	1.4
Adjusted LTM EBITDA / LTM interest expenses (x)	29.2	24.5	17.9
Total debt / EV (%)	17.2	20.1	25.3

PERFORMANCE OF THE BUSINESS SEGMENTS

Bulk materials

Ferrous minerals

Table 10 - FERROUS MINERALS BUSINESS PERFORMANCE
VOLUME SOLD BY DESTINATION – IRON ORE AND PELLETS

'000 metric tons	3Q11	%	2Q12	%	3Q12	%
Americas	**12,069**	**15.6**	**11,060**	**14.7**	**9,677**	**12.4**
Brazil	10,063	13.0	9,151	12.2	8,066	10.3
Steel mills and pig iron producers	8,880	11.5	7,953	10.6	8,001	10.2
JVs pellets	1,183	1.5	1,198	1.6	65	0.1
USA	303	0.4	486	0.6	181	0.2
Others	1,703	2.2	1,423	1.9	1,430	1.8
Asia	**48,055**	**62.0**	**47,181**	**62.7**	**52,269**	**66.9**
China	35,114	45.3	32,896	43.7	38,344	49.1
Japan	8,899	11.5	7,180	9.5	8,487	10.9
South Korea	3,616	4.7	4,772	6.3	3,868	4.9
Others	426	0.6	2,333	3.1	1,570	2.0
Europe	**15,339**	**19.8**	**14,742**	**19.6**	**14,007**	**17.9**
Germany	6,049	7.8	5,839	7.8	4,185	5.4
United Kingdom	910	1.2	530	0.7	1,169	1.5
France	1,329	1.7	1,199	1.6	1,840	2.4
Italy	2,869	3.7	3,451	4.6	2,771	3.5
Turkey	856	1.1	1,025	1.4	1,202	1.5
Spain	696	0.9	847	1.1	656	0.8
Netherlands	1,021	1.3	447	0.6	767	1.0
Others	1,609	2.1	1,404	1.9	1,417	1.8
Middle East	**1,085**	**1.4**	**1,563**	**2.1**	**1,577**	**2.0**
Rest of the World	**905**	**1.2**	**709**	**0.9**	**641**	**0.8**
Total	**77,453**	**100.0**	**75,255**	**100.0**	**78,171**	**100.0**

OPERATING REVENUE BY PRODUCT

US$ million	3Q11	2Q12	3Q12
Iron ore	10,136	6,505	5,541
Pellet plant operation services	9	9	-
Pellets	2,149	1,952	1,687
Manganese ore	46	63	57
Ferroalloys	139	129	55
Total	**12,479**	**8,658**	**7,340**

AVERAGE SALE PRICE

US$/ metric ton	3Q11	2Q12	3Q12
Iron ore	151.26	103.29	83.69
Pellets	205.79	159.00	140.98
Manganese ore	129.21	123.53	127.80

			3Q12
Ferroalloys	1,376.24	1,303.03	1,774.19
VOLUME SOLD			
'000 metric tons	3Q11	2Q12	3Q12
Iron ore	67,008	62,978	66,205
Pellets	10,445	12,277	11,966
Manganese ore	356	510	446
Ferroalloys	101	99	31

Coal

Table 11 - COAL BUSINESS PERFORMANCE OPERATING REVENUE BY PRODUCT			
US$ million	3Q11	2Q12	3Q12
Thermal coal	124	79	21
Metallurgical coal	161	197	204
Total	**285**	**276**	**225**
AVERAGE SALE PRICE			
US$/ metric ton	3Q11	2Q12	3Q12
Thermal coal	98.28	70.97	90.91
Metallurgical coal	282.54	171.13	177.97
VOLUME SOLD			
'000 metric tons	3Q11	2Q12	3Q12
Thermal coal	1,263	1,107	229
Metallurgical coal	569	1,152	1,148

Table 12 - BULK MATERIALS: SELECTED FINANCIAL INDICATORS			
US$ million	3Q11	2Q12	3Q12
Adjusted EBIT margin excluding non-recurring items (%)			
Bulk materials			
Ferrous minerals	68.3	57.6	51.9
Coal	(27.0)	(60.5)	(52.4)
Adjusted EBIT excluding non-recurring items			
Bulk materials	**8,292**	**4,747**	**3,637**
Ferrous minerals	8,369	4,914	3,755
Coal	(77)	(167)	(118)
Adjusted EBITDA			
Bulk materials	**9,159**	**5,113**	**3,767**
Ferrous minerals	9,173	5,575	3,833
Coal	(14)	(462)	(66)
Adjusted EBITDA excluding non-recurring items			
Bulk materials	**9,159**	**5,490**	**4,309**
Ferrous minerals	9,173	5,597	4,375
Coal	(14)	(107)	(66)
Costs and expenses excluding non-recurring items			
Bulk materials	**(3,803)**	**(3,552)**	**(3,362)**
Ferrous minerals	(3,456)	(3,150)	(3,043)
Coal	(347)	(402)	(319)

Base metals

Table 13 - BASE METALS BUSINESS PERFORMANCE OPERATING REVENUE BY PRODUCT			
US$ million	3Q11	2Q12	3Q12
Nickel	1,437	1,119	908
Copper	646	458	650
PGMs	81	115	90
Gold	78	58	83
Silver	20	15	13
Cobalt	29	16	11
Total	**2,292**	**1,781**	**1,766**
AVERAGE SALE PRICE			
US$/ metric ton	3Q11	2Q12	3Q12
Nickel	21,132.35	17,761.90	16,509.09
Copper	8,043.63	7,566.00	7,700.20
Platinum (US$/oz)	1,765.57	1,493.65	1,539.61
Gold (US$/oz)	1,785.47	1,794.01	1,717.42
Silver (US$/oz)	30.41	29.74	32.31
Cobalt (US$/lb)	18.71	12.73	11.55
VOLUME SOLD			
'000 metric tons	3Q11	2Q12	3Q12
Nickel	68	63	55
Copper	80	61	84
Gold ('000 oz)	44	32	48
Silver ('000 oz)	684	528	411
PGMs ('000 oz)	70	114	98
Cobalt (metric ton)	703	570	432
SELECTED FINANCIAL INDICATORS			
US$ million	3Q11	2Q12	3Q12
Adjusted EBIT margin (%)	7.9	(17.8)	(19.8)
Adjusted EBIT	181	(316)	(350)
Adjusted EBITDA	660	255	168
Costs and expenses	(1,727)	(1,693)	(1,706)

Fertilizer nutrients

Table 14 - FERTILIZER NUTRIENTS BUSINESS PERFORMANCE OPERATING REVENUE BY PRODUCT			
US$ million	3Q11	2Q12	3Q12
Potash	80	81	78
Phosphates	713	630	783
Nitrogen	216	193	208
Others	28	19	26
Total	**1,037**	**923**	**1,095**
AVERAGE SALE PRICE			
US$/ metric ton	3Q11	2Q12	3Q12
Potash	526.32	493.90	534.25
Phosphates			
MAP	710.70	583.61	656.50
TSP	602.66	505.23	532.93
SSP	299.34	238.76	288.87
DCP	731.32	622.39	599.98

Phosphate rock	118.73	135.39	135.34
Nitrogen	645.51	599.97	624.62
VOLUME SOLD			
'000 metric tons	3Q11	2Q12	3Q12
Potash	152	164	146
Phosphates			
MAP	245	268	362
TSP	184	239	245
SSP	774	693	753
DCP	133	123	120
Phosphate rock	680	746	798
Others phosphates	48	36	76
Nitrogen	335	322	333
SELECTED FINANCIAL INDICATORS			
US$ million	3Q11	2Q12	3Q12
Adjusted EBIT margin (%)	8.0	5.3	4.3
Adjusted EBIT	78	46	45
Adjusted EBITDA	239	183	201
Costs and expenses	(767)	(709)	(867)

Logistics services

Table 15 - LOGISTICS BUSINESS PERFORMANCE OPERATING REVENUE BY PRODUCT			
US$ million	3Q11	2Q12	3Q12
Railroads	358	294	308
Ports	144	114	141
Total	502	408	449
VOLUME SOLD			
'000 metric tons	3Q11	2Q12	3Q12
Railroads (million ntk)	6,657	5,787	8,036
Ports	7,755	6,421	5,481
SELECTED FINANCIAL INDICATORS			
US$ million	3Q11	2Q12	3Q12
Adjusted EBIT margin (%)	1.4	(12.7)	(6.6)
Adjusted EBIT	6	(45)	(25)
Adjusted EBITDA	107	14	35
Costs and expenses	(356)	(342)	(349)

FINANCIAL INDICATORS OF NON-CONSOLIDATED COMPANIES

For selected financial indicators of the main non-consolidated companies, see our quarterly financial statements on www.vale.com/ Investors/ Financial Performance / SEC Reports.

CONFERENCE CALL AND WEBCAST

On October 25, 2012, Vale will hold a conference call and webcast in Portuguese, at 10:00 a.m. Rio de Janeiro time, 8:00 a.m. US Eastern Time, 1:00 p.m. British Time, 2:00 p.m. Paris Time, 8:00 p.m. Hong Kong Time. Vale will also hold another conference call and webcast in English, at 12:00 p.m. Rio de Janeiro time, 10:00 a.m. US Eastern Time, 3:00 p.m. British Time, 4:00 p.m. Paris Time, 10:00 p.m. Hong Kong Time. To connect the webcast, please dial:

Call in Portuguese:
Participants from Brazil: (55 11) 4688-6341
Participants from USA: (1-855) 281-6021
Participants from other countries: (1-786) 924-6977
Access code: VALE

Call in English:
Participants from Brazil: (55 11) 4688-6341
Participants from USA: (1-866) 262-4553
Participants from other countries: (1-412) 317-6029
Access code: VALE

Instructions for participation will be available on the website *www.vale.com/Investors*. A recording will be available on Vale's website for 90 days as of October 25, 2012.

IFRS – RECONCILIATION WITH USGAAP

Since December 2010, the convergence of the full year financial statements was completed and therefore IFRS is now the accounting standard adopted in Brazil. During the intermediate periods of 2010, we already adopted all pronouncements issued by the Brazilian Accounting Practice Committee (CPC) which are in conformity with the IFRS.

The net income reconciliation between the net income according to Brazilian rules (in conformity with the IFRS) and USGAAP is as follows:

US$ million	**3Q12**
Net income IFRS	**1,642**
Depletion of assets on business acquired	(37)
Income tax	(14)
Pension plan	78
Other adjustments	-
Net income US GAAP	**1,669**

Depletion of assets on business acquired: Refers to additional depletion of the adjustments to fair value of property, plant and equipment on business acquired before the new rules issued by CPC in respect of business combinations. This difference will cease by the end of the useful life of these assets.

Pension Plan: This adjustment reflects the return on the overfunded plans, which under IFRS recognition is more restricted.

Income tax: Income tax related to the previously described adjustments.

ANNEX 1 – FINANCIAL STATEMENTS

Table 16 - INCOME STATEMENT			
US$ million	3Q11	2Q12	3Q12
Gross operating revenues	**16,741**	**12,150**	**10,963**
Taxes	(380)	(257)	(238)
Net operating revenue	**16,361**	**11,893**	**10,725**
Cost of goods sold	(6,252)	(6,015)	(6,128)
Gross profit	**10,109**	**5,878**	**4,597**
Gross margin (%)	61.8	49.4	42.9
Selling, general and administrative expenses	(654)	(615)	(519)
Research and development expenses	(440)	(359)	(360)
Gain (loss) from sale of assets	-	(377)	-
Others	(643)	(604)	(1,071)
Operating profit	**8,373**	**3,923**	**2,647**
Financial revenues	188	120	88
Financial expenses	(822)	(559)	(682)
Gains (losses) on derivatives, net	(568)	(416)	(12)
Monetary and exchange variation	(2,191)	(1,693)	(228)
Tax and social contribution (Current)	(1,197)	(25)	(1,077)
Tax and social contribution (Deferred)	846	(151)	697
Revesal of deffered income tax	-	1,236	-
Equity income and provision for losses	282	158	154
Minority shareholding participation	24	69	82
Net earnings	4,935	2,662	1,669
Earnings per share (US$)	**0.95**	**0.52**	**0.32**

Table 17 - FINANCIAL RESULTS			
US$ million	3Q11	2Q12	3Q12
Gross interest	(350)	(325)	(271)
Debt with third parties	(350)	(325)	(264)
Debt with related parties	-	-	(7)
Tax and labour contingencies	(22)	(12)	(12)
Others	(450)	(222)	(399)
Financial expenses	**(822)**	**(559)**	**(682)**
Financial income	**188**	**120**	**88**
Derivatives	**(568)**	**(416)**	**(12)**
Exchange and monetary gain (losses), net	**(2,191)**	**(1,693)**	**(228)**
Financial result, net	**(3,393)**	**(2,548)**	**(834)**

Table 18 - EQUITY INCOME BY BUSINESS SEGMENT						
US$ million	3Q11	%	2Q12	%	3Q12	%
Ferrous minerals	230	81.6	173	109.5	189	122.7
Coal	24	8.5	13	8.2	7	4.5
Base metals	67	23.8	3	1.9	(56)	(36.4)
Logistics	32	11.3	15	9.5	42	27.3
Steel	(70)	(24.8)	(38)	(24.1)	(19)	(12.3)
Others	(1)	(0.4)	(8)	(5.1)	(9)	(5.8)
Total	**282**	**100.0**	**158**	**100.0**	**154**	**100.0**

Table 19 - BALANCE SHEET

US$ million	9/30/2011	6/30/2012	9/30/2012
Assets			
Current	26,778	20,787	25,316
Long-term	8,972	9,438	9,695
Fixed	93,248	99,331	101,443
Total	**128,998**	**129,556**	**136,454**
Liabilities			
Current	11,974	9,220	10,345
Long term	37,140	38,429	42,392
Shareholders’ equity	79,884	81,907	83,717
Paid-up capital	38,222	37,719	37,721
Reserves	38,084	42,575	44,429
Non controlling interest	2,644	1,613	1,567
Mandatory convertible notes	934	-	-
Total	**128,998**	**129,556**	**136,454**

Table 20 - CASH FLOW

US$ million	3Q11	2Q12	3Q12
Cash flows from operating activities:			
Net income	4,911	2,593	1,587
Adjustments to reconcile net income with cash provided by operating activities:			
Depreciation, depletion and amortization	1,018	1,084	1,066
Dividends received	240	112	25
Equity in results of affiliates and joint ventures and change in provision for losses on equity investments	(282)	(158)	(154)
Deferred income taxes	(846)	(1,085)	(697)
Loss on sale of property, plant and equipment	17	207	103
Gain on sale of investment	-	377	-
Exchange and monetary losses	2,218	82	442
Net unrealized derivative losses	642	642	95
Net interest payable	78	(29)	(10)
Others	(37)	(73)	(117)
Decrease (increase) in assets:			
Accounts receivable	(730)	425	705
Inventories	(324)	292	(311)
Recoverable taxes	(392)	(287)	336
Others	(219)	(42)	453
Increase (decrease) in liabilities:			
Suppliers	829	92	407
Payroll and related charges	212	284	80
Income tax	(2,745)	(166)	863
Others	(379)	29	796
Net cash provided by operating activities	**4,211**	**4,379**	**5,669**
Cash flows from investing activities:			
Short term investments	-	-	(685)
Loans and advances receivable	57	8	317
Guarantees and deposits	(239)	(76)	(10)
Additions to investments	(18)	(53)	(31)
Additions to property, plant and equipment	(3,711)	(3,228)	(4,984)
Proceeds from disposals of investment	-	366	-
Net cash used in investing activities	**(3,911)**	**(2,983)**	**(5,393)**
Cash flows from financing activities:			
Short-term debt, net issuances (repayments)	(43)	21	65
Long-term debt	479	1,809	3,898
Repayment of long-term debt	(769)	(502)	(364)
Treasury stock	(2,001)	-	-
Transactions of noncontrolling interest	-	(427)	-
Interest attributed to shareholders	(3,000)	(3,000)	-
Dividends to minority interest	-	(35)	-
Net cash used in financing activities	**(5,334)**	**(2,134)**	**3,599**
Increase (decrease) in cash and cash equivalents	(5,034)	(738)	3,875
Effect of exchange rate changes on cash and cash equivalents	(628)	(101)	(7)
Cash and cash equivalents, beginning of period	13,227	4,922	4,083
Cash and cash equivalents, end of period	**7,565**	**4,083**	**7,951**
Cash paid during the period for:			
Interest on long-term debt	(234)	(350)	(312)
Income tax	(4,097)	(282)	(53)
Non-cash transactions			
Interest capitalized	54	70	33

ANNEX 2 – VOLUMES SOLD, PRICES AND MARGINS

Table 21 - VOLUME SOLD - MINERALS AND METALS			
'000 metric tons	3Q11	2Q12	3Q12
Iron ore	67,008	62,978	66,205
Pellets	10,445	12,277	11,966
Manganese ore	356	510	446
Ferroalloys	101	99	31
Thermal coal	1,263	1,107	229
Metallurgical coal	569	1,152	1,148
Nickel	68	63	55
Copper	80	61	84
Gold ('000 oz)	44	32	48
Silver ('000 oz)	728	561	459
PGMs ('000 oz)	70	114	98
Cobalt (metric ton)	703	570	432
Potash	152	164	146
Phosphates			
MAP	245	268	362
TSP	184	239	245
SSP	774	693	753
DCP	133	123	120
Phosphate rock	680	746	798
Others phosphates	48	36	76
Nitrogen	335	322	333
Railroads (million ntk)	6,657	5,787	8,036
Ports	7,755	6,421	5,481

Table 22 - AVERAGE SALE PRICES			
US$/ton	3Q11	2Q12	3Q12
Iron ore	151.26	103.29	83.69
Pellets	205.79	159.00	140.98
Manganese ore	129.21	123.53	127.80
Ferroalloys	1,376.24	1,303.03	1,774.19
Thermal coal	98.28	70.97	90.91
Metallurgical coal	282.54	171.13	177.97
Nickel	21,132.35	17,761.90	16,509.09
Copper	8,043.63	7,566.00	7,700.20
Platinum (US$/oz)	1,765.57	1,493.65	1,539.61
Gold (US$/oz)	1,785.47	1,794.01	1,717.42
Silver (US$/oz)	30.41	29.74	32.31
Cobalt (US$/lb)	18.71	12.73	11.55
Potash	526.32	493.90	534.25
Phosphates			
MAP	710.70	583.61	656.50
TSP	602.66	505.23	532.93
SSP	299.34	238.76	288.87
DCP	731.32	622.39	599.98
Phosphate rock	118.73	135.39	135.34
Nitrogen	645.51	599.97	624.62

Table 23- OPERATING MARGIN BY SEGMENT (EBIT ADJUSTED MARGIN)

%	3Q11	2Q12	3Q12
Bulk materials[1]			
Ferrous minerals	68.3	57.6	51.9
Coal	(27.0)	(60.5)	(52.4)
Base metals	**7.9**	**(17.8)**	**(19.8)**
Fertilizer nutrients	**8.0**	**5.3**	**4.3**
Logistics	**1.4**	**(12.7)**	**(6.6)**
Total[1]	**51.2**	**36.2**	**29.7**

[1] excluding non-recurring effects

ANNEX 3 – RECONCILIATION OF US GAAP and "NON-GAAP" INFORMATION

(a) Adjusted EBIT			
US$ million	3Q11	2Q12	3Q12
Net operating revenues	16,361	11,893	10,725
COGS	(6,252)	(6,015)	(6,128)
SG&A	(654)	(615)	(519)
Research and development	(440)	(359)	(360)
Other operational expenses	(643)	(604)	(529)
Adjustment for non-recurring items	-	(377)	(542)
Adjusted EBIT	**8,372**	**3,923**	**2,647**

(b) Adjusted EBITDA

EBITDA defines profit or loss before interest, tax, depreciation and amortization. Vale uses the term adjusted EBITDA to reflect exclusion, also, of: monetary variations; equity income from the profit or loss of affiliated companies and joint ventures, less the dividends received from them; provisions for losses on investments; adjustments for changes in accounting practices; minority interests; and non-recurrent expenses. However our adjusted EBITDA is not the measure defined as EBITDA under US GAAP, and may possibly not be comparable with indicators with the same name reported by other companies. Adjusted EBITDA should not be considered as a substitute for operational profit or as a better measure of liquidity than operational cash flow, which are calculated in accordance with GAAP. Vale provides its adjusted EBITDA to give additional information about its capacity to pay debt, carry out investments and cover working capital needs. The following table shows the reconciliation between adjusted EBITDA and operational cash flow, in accordance with its statement of changes in financial position:

RECONCILIATION BETWEEN ADJUSTED EBITDA AND OPERATIONAL CASH FLOW			
US$ million	3Q11	2Q12	3Q12
Operational cash flow	4,211	4,379	5,669
Income tax	1,197	25	1,077
FX and monetary losses	(27)	1,611	(214)
Financial expenses	1,124	884	616
Net working capital	3,748	(627)	(3,329)
Other	(622)	(1,153)	(81)
Adjusted EBITDA	**9,631**	**5,119**	**3,738**

(c) Net debt			
RECONCILIATION BETWEEN Total debt AND NET DEBT			
US$ million	3Q11	2Q12	3Q12
Total debt	22,989	25,518	29,211
Cash and cash equivalents, and short-term investments	7,565	4,082	8,636
Net debt	15,424	21,436	20,575

(d) Total debt / LTM Adjusted EBITDA			
US$ million	3Q11	2Q12	3Q12
Total debt / LTM Adjusted EBITDA (x)	0.6	0.9	1.4
Total debt / LTM operational cash flow (x)	0.9	1.3	1.4

(e) Total debt / Enterprise value			
US$ million	3Q11	2Q12	3Q12
Total debt / EV (%)	17.16	20.06	25.30
Total debt / total assets (%)	17.82	19.70	21.40

Enterprise value = Market capitalization + Net debt

(f) LTM Adjusted EBITDA / LTM interest payments			
US$ million	3Q11	2Q12	3Q12
LTM adjusted EBITDA / LTM interest payments (x)	29.19	24.49	17.91
LTM operational profit / LTM interest payments (x)	24.83	20.03	13.88