

Vale S.A.  
Form 6-K  
July 31, 2014  
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**United States  
Securities and Exchange Commission**

Washington, D.C. 20549

**FORM 6-K**

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

**For the month of**

**July, 2014**

**Vale S.A.**

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

(Address of principal executive office)

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

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

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

(Check One) Yes  No

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

(Check One) Yes  No

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

(Check One) Yes  No

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

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**Interim Financial Statements**

**June 30, 2014**

**IFRS**

Filed with the CVM, SEC and HKEx on

July 31, 2014

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**Vale S.A.**

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**Report of independent registered public accounting firm**

To the Board of Directors and Stockholders of

Vale S.A.

Rio de Janeiro - RJ

We have reviewed the accompanying condensed consolidated balance sheet of Vale S.A. ( the Company ) and its subsidiaries as of June 30, 2014 and the related condensed statements of income, of comprehensive income and cash flows for the three-month and six-month periods ended on June 30, 2014 and the condensed consolidated statement of changes in stockholders' equity for the six-month period then ended. These condensed consolidated financial statements are responsibility of Company's management.

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

Based on our review, we are not aware of any material modification that should be made to the condensed consolidated financial statements referred above for them to be in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The financial statements of the Company as of and for the year ended December 31, 2013 and the condensed consolidated financial statement of the Company for the quarters ended March 31, 2014 and 2013 and June 30, 2013 presented for comparison purposes, were audited and reviewed, respectively, by other independent auditors, who issued an unqualified reports dated February 26, 2014, April 30, 2014, April 24, 2013 and August 7, 2013, respectively.

/S/KPMG Auditores Independentes

July 30, 2014

Rio de Janeiro - Brazil

Table of Contents**Condensed Consolidated Balance Sheet**

In millions of United States Dollars

|   | Notes | June 30, 2014<br>(unaudited) | December 31, 2013 |
|---|-------|------------------------------|-------------------|
| <b>Assets</b>   |       |                              |                   |
| <b>Current assets</b>                                       |       |                              |                   |
| Cash and cash equivalents                                   | 7     | 7,065                        | 5,321             |
| Derivative financial instruments                            | 23    | 229                          | 201               |
| Accounts receivable   | 8     | 4,170                        | 5,703             |
| Related parties   | 30    | 690                          | 261               |
| Inventories   | 9     | 4,986                        | 4,125             |
| Prepaid income taxes  |       | 1,015                        | 2,375             |
| Recoverable taxes   | 10    | 1,788                        | 1,579             |
| Advances to suppliers                                       |       | 229                          | 125               |
| Receivable from sale of investment                          | 6(c)  | 908                          |                   |
| Others  |       | 737                          | 921               |
|   |       | <b>21,817</b>                | <b>20,611</b>     |
| Non-current assets held for sale and discontinued operation | 6     | 759                          | 3,766             |
|   |       | <b>22,576</b>                | <b>24,377</b>     |
| <b>Non-current assets</b>                                   |       |                              |                   |
| Related parties   | 30    | 105                          | 108               |
| Loans and financing agreements receivable                   |       | 237                          | 241               |
| Judicial deposits   | 17    | 1,632                        | 1,490             |
| Recoverable income taxes                                    |       | 421                          | 384               |
| Deferred income taxes                                       | 19    | 4,390                        | 4,523             |
| Recoverable taxes   | 10    | 358                          | 285               |
| Derivative financial instruments                            | 23    | 198                          | 140               |
| Deposit on incentive and reinvestment                       |       | 214                          | 191               |
| Others  |       | 790                          | 738               |
|   |       | <b>8,345</b>                 | <b>8,100</b>      |
| Investments   | 11    | 5,108                        | 3,584             |
| Intangible assets, net                                      | 12    | 7,213                        | 6,871             |
| Property, plant and equipment, net                          | 13    | 85,509                       | 81,665            |
|   |       | <b>106,175</b>               | <b>100,220</b>    |
| <b>Total</b>  |       | <b>128,751</b>               | <b>124,597</b>    |





Table of Contents**Condensed Consolidated Balance Sheet**

In millions of United States Dollars

(continued)

|  | Notes | June 30, 2014<br>(unaudited) | December 31, 2013 |
|--|-------|------------------------------|-------------------|
| <b>Liabilities</b>   |       |                              |                   |
| <b>Current liabilities</b>   |       |                              |                   |
| Suppliers and contractors  |       | 3,727                        | 3,772             |
| Payroll and related charges  |       | 1,027                        | 1,386             |
| Derivative financial instruments   | 23    | 423                          | 238               |
| Loans and financing  | 15    | 1,801                        | 1,775             |
| Related parties  | 30    | 219                          | 205               |
| Income Taxes Settlement Program  | 18    | 525                          | 470               |
| Taxes and royalties payable  |       | 592                          | 327               |
| Provision for income taxes   |       | 327                          | 378               |
| Employee postretirement obligations  | 20    | 103                          | 97                |
| Asset retirement obligations   | 16    | 162                          | 96                |
| Others   |       | 622                          | 420               |
|  |       | <b>9,528</b>                 | <b>9,164</b>      |
| Liabilities directly associated with non-current assets held for sale and discontinued operation | 6     |                              | 448               |
|  |       | <b>9,528</b>                 | <b>9,612</b>      |
| <b>Non-current liabilities</b>   |       |                              |                   |
| Derivative financial instruments   | 23    | 954                          | 1,492             |
| Loans and financing  | 15    | 28,061                       | 27,670            |
| Related parties  | 30    | 177                          | 5                 |
| Employee postretirement obligations  | 20    | 2,042                        | 2,198             |
| Provisions for litigation  | 17    | 1,501                        | 1,276             |
| Income Taxes Settlement Program  | 18    | 6,994                        | 6,507             |
| Deferred income taxes  | 19    | 3,363                        | 3,228             |
| Asset retirement obligations   | 16    | 2,709                        | 2,548             |
| Stockholders' Debentures   | 29(b) | 2,182                        | 1,775             |
| Redeemable noncontrolling interest   |       | 284                          | 276               |
| Gold stream transaction  | 28    | 1,463                        | 1,497             |
| Others   |       | 1,141                        | 1,577             |
|  |       | <b>50,871</b>                | <b>50,049</b>     |
| <b>Total liabilities</b>   |       | <b>60,399</b>                | <b>59,661</b>     |
| <b>Stockholders' equity</b>  | 24    |                              |                   |
|  |       | 23,089                       | 22,907            |

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|   |                |                |
|---|----------------|----------------|
| Preferred class A stock - 7,200,000,000 no-par-value shares authorized and 2,027,127,718 (2,108,579,618 in 2013) issued |                |                |
| Common stock - 3,600,000,000 no-par-value shares authorized and 3,217,188,402 (3,256,724,482 in 2013) issued            | 38,525         | 37,671         |
| Treasury stock - 59,405,792 (140,857,692 in 2013) preferred and 31,535,402 (71,071,482 in 2013) common shares           | (1,477)        | (4,477)        |
| Results from operations with noncontrolling stockholders  | (400)          | (400)          |
| Results on conversion of shares   | (152)          | (152)          |
| Unrealized fair value gain (losses)   | (1,113)        | (1,202)        |
| Cumulative translation adjustments  | (21,486)       | (20,588)       |
| Retained earnings and revenue reserves  | 30,118         | 29,566         |
| <b>Total company stockholders equity</b>  | <b>67,104</b>  | <b>63,325</b>  |
| Noncontrolling interests  | 1,248          | 1,611          |
| <b>Total stockholders equity</b>  | <b>68,352</b>  | <b>64,936</b>  |
| <b>Total liabilities and stockholders equity</b>  | <b>128,751</b> | <b>124,597</b> |

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

Table of Contents**Condensed Consolidated Statement of Income**

In millions of United States Dollars, except as otherwise stated

|   |       | (unaudited)              |                |                        |                |
|---|-------|--------------------------|----------------|------------------------|----------------|
|   | Notes | Three-month period ended |                | Six-month period ended |                |
|   |       | June 30, 2014            | June 30, 2013  | June 30, 2014          | June 30, 2013  |
| <b>Continuing operations</b>                                      |       |                          |                |                        |                |
| Net operating revenue   | 25    | 9,902                    | 10,663         | 19,405                 | 21,309         |
| Cost of goods sold and services rendered                          | 26    | (6,081)                  | (5,917)        | (11,671)               | (11,321)       |
| <b>Gross profit</b>   |       | <b>3,821</b>             | <b>4,746</b>   | <b>7,734</b>           | <b>9,988</b>   |
| <b>Operating (expenses) income</b>                                |       |                          |                |                        |                |
| Selling and administrative expenses                               | 26    | (237)                    | (312)          | (519)                  | (664)          |
| Research and evaluation expenses                                  |       | (160)                    | (156)          | (305)                  | (327)          |
| Pre operating and stoppage operation                              |       | (264)                    | (462)          | (512)                  | (837)          |
| Other operating expenses, net                                     | 26    | (165)                    | (232)          | (382)                  | (367)          |
|   |       | <b>(826)</b>             | <b>(1,162)</b> | <b>(1,718)</b>         | <b>(2,195)</b> |
| Impairment of non-current assets                                  | 14    | (774)                    |                | (774)                  |                |
| <b>Operating income</b>   |       | <b>2,221</b>             | <b>3,584</b>   | <b>5,242</b>           | <b>7,793</b>   |
| Financial income  | 27    | 1,208                    | 850            | 2,547                  | 1,476          |
| Financial expenses  | 27    | (1,267)                  | (4,179)        | (2,457)                | (5,151)        |
| Equity results from associates and joint ventures                 | 11    | 244                      | 53             | 439                    | 225            |
| Results on sale of investments from associates and joint ventures |       | (18)                     |                | (18)                   |                |
| <b>Net income before income taxes</b>                             |       | <b>2,388</b>             | <b>308</b>     | <b>5,753</b>           | <b>4,343</b>   |
| <b>Income taxes</b>   |       |                          |                |                        |                |
|   | 19    |                          |                |                        |                |
| Current tax   |       | (551)                    | (253)          | (1,479)                | (1,348)        |
| Deferred tax  |       | (452)                    | 324            | (513)                  | 492            |
|   |       | <b>(1,003)</b>           | <b>71</b>      | <b>(1,992)</b>         | <b>(856)</b>   |
| <b>Income from continuing operations</b>                          |       | <b>1,385</b>             | <b>379</b>     | <b>3,761</b>           | <b>3,487</b>   |
| Loss attributable to noncontrolling interests                     |       | (43)                     | (34)           | (182)                  | (91)           |
| <b>Net income attributable to the Company's stockholders</b>      |       | <b>1,428</b>             | <b>413</b>     | <b>3,943</b>           | <b>3,578</b>   |
| <b>Discontinued Operations</b>                                    |       |                          |                |                        |                |
| Loss from discontinued operations                                 |       |                          | 11             |                        | (45)           |
| <b>Loss attributable to the Company's stockholders</b>            |       |                          | <b>11</b>      |                        | <b>(45)</b>    |
| <b>Net income</b>   |       | <b>1,385</b>             | <b>390</b>     | <b>3,761</b>           | <b>3,442</b>   |

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|   |              |            |              |              |
|---|--------------|------------|--------------|--------------|
| Loss attributable to noncontrolling interests                         | (43)         | (34)       | (182)        | (91)         |
| <b>Net income attributable to the Company's stockholders</b>          | <b>1,428</b> | <b>424</b> | <b>3,943</b> | <b>3,533</b> |
| <b>Earnings per share attributable to the Company's stockholders:</b> |              |            |              |              |
|   | 24           |            |              |              |
| <b>Basic and diluted earnings per share:</b>                          |              |            |              |              |
| Preferred share   | 0.28         | 0.09       | 0.77         | 0.69         |
| Common share  | 0.28         | 0.09       | 0.77         | 0.69         |

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

Table of Contents**Condensed Consolidated Statement of Comprehensive Income**

In millions of United States Dollars

|   | (unaudited)                               |                |   |                |
|---|---|----------------|---|----------------|
|   | Three-month period ended<br>June 30, 2014 | June 30, 2013  | Six-month period ended<br>June 30, 2014 | June 30, 2013  |
| <b>Net income</b>   | <b>1,385</b>                              | <b>390</b>     | <b>3,761</b>                            | <b>3,442</b>   |
| <b>Other comprehensive income</b>                                       |   |                |   |                |
| <b>Item that will not be reclassified subsequently to income</b>        |   |                |   |                |
| <b>Cumulative translation adjustments</b>                               | <b>1,887</b>                              | <b>(7,557)</b> | <b>4,198</b>                            | <b>(6,621)</b> |
| <b>Retirement benefit obligations</b>                                   |   |                |   |                |
| Gross balance for the period  | 82  | (185)          | 106                                     | (157)          |
| Effect of taxes   | (18)                                      | 61             | (21)                                    | 58             |
| Equity results from associates and joint ventures, net taxes            |   |                | 1                                       |                |
|   | <b>64</b>                                 | <b>(124)</b>   | <b>86</b>                               | <b>(99)</b>    |
| <b>Total items that will not be reclassified subsequently to income</b> | <b>1,951</b>                              | <b>(7,681)</b> | <b>4,284</b>                            | <b>(6,720)</b> |
| <b>Item that will be reclassified subsequently to income</b>            |   |                |   |                |
| <b>Cumulative translation adjustments</b>                               |   |                |   |                |
| Gross balance for the period  | <b>(608)</b>                              | <b>3,820</b>   | <b>(2,373)</b>                          | <b>2,658</b>   |
| <b>Unrealized results on available-for-sale investments</b>             |   |                |   |                |
| Gross balance for the period  |   | <b>(81)</b>    |   | <b>(286)</b>   |
| <b>Cash flow hedge</b>  |   |                |   |                |
| Gross balance for the period  | 69  | (52)           | 65                                      | (117)          |
| Effect of taxes   | (7)                                       | 10             | (4)                                     | 15             |
| Equity results from associates and joint ventures, net taxes            | 3   | (5)            | 3                                       | (2)            |
| Transfer of realized results to income, net of taxes                    | (15)                                      | (17)           | (31)                                    |                |
|   | <b>50</b>                                 | <b>(64)</b>    | <b>33</b>                               | <b>(104)</b>   |
| <b>Total of items that will be reclassified subsequently to income</b>  | <b>(558)</b>                              | <b>3,675</b>   | <b>(2,340)</b>                          | <b>2,268</b>   |
| <b>Total comprehensive income</b>                                       | <b>2,778</b>                              | <b>(3,616)</b> | <b>5,705</b>                            | <b>(1,010)</b> |
| Comprehensive income attributable to noncontrolling interests           | (33)                                      | (87)           | (174)                                   | (146)          |

|  |              |                |              |              |
|--|--------------|----------------|--------------|--------------|
| <b>Comprehensive income attributable to the Company's stockholders</b> | <b>2,811</b> | <b>(3,529)</b> | <b>5,879</b> | <b>(864)</b> |
|--|--------------|----------------|--------------|--------------|

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

Table of Contents**Condensed Consolidated Statement of Changes in Stockholders' Equity**

In millions of United States Dollars

|   | Six-month period ended |                                 |   |                  |                |                                     | Retained earnings | Total Company stockholders' equity | Noncontrolling stockholders' interests | Total stockholders' equity |                                    |
|---|------------------------|---------------------------------|---|------------------|----------------|-------------------------------------|-------------------|------------------------------------|--|----------------------------|------------------------------------|
|   | Capital                | Results on conversion of shares | Results from operation with noncontrolling stockholders | Revenue reserves | Treasury stock | Unrealized fair value gain (losses) |                   |                                    |  |                            | Cumulative translation adjustments |
| <b>December 31, 2012</b>                                    | <b>60,578</b>          | <b>(152)</b>                    | <b>(400)</b>  | <b>38,389</b>    | <b>(4,477)</b> | <b>(2,044)</b>                      | <b>(18,663)</b>   | <b>8</b>                           | <b>73,239</b>                          | <b>1,588</b>               | <b>74,827</b>                      |
| <b>Net income of the period</b>                             |                        |                                 |   |                  |                |                                     | <b>3,533</b>      | <b>3,533</b>                       | <b>(91)</b>                            | <b>3,442</b>               |                                    |
| <b>Other comprehensive income:</b>                          |                        |                                 |   |                  |                |                                     |                   |                                    |  |                            |                                    |
| Retirement benefit obligations                              |                        |                                 |   |                  |                | (99)                                |                   | (99)                               |  |                            |                                    |
| Cash flow hedge   |                        |                                 |   |                  |                | (104)                               |                   | (104)                              |  |                            |                                    |
| Unrealized fair value results                               |                        |                                 |   |                  |                | (286)                               |                   | (286)                              |  |                            |                                    |
| Translation adjustments                                     |                        |                                 |   | (3,205)          |                | 104                                 | (680)             | (127)                              | (3,908)                                | (55)                       | (3,963)                            |
| <b>Contribution and distribution to stockholders:</b>       |                        |                                 |   |                  |                |                                     |                   |                                    |  |                            |                                    |
| Capitalization of noncontrolling stockholders advances      |                        |                                 |   |                  |                |                                     |                   |                                    |  | 10                         | 10                                 |
| Redeemable noncontrolling stockholders interest             |                        |                                 |   |                  |                |                                     |                   |                                    |  | 33                         | 33                                 |
| Dividends to noncontrolling stockholders                    |                        |                                 |   |                  |                |                                     |                   |                                    |  | (41)                       | (41)                               |
| Dividends and interest on capital to Company's stockholders |                        |                                 |   |                  |                |                                     |                   | (2,250)                            | (2,250)                                |                            | (2,250)                            |

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|   |               |              |              |               |                |                |                 |              |               |              |             |
|---|---------------|--------------|--------------|---------------|----------------|----------------|-----------------|--------------|---------------|--------------|-------------|
| <b>June 30, 2013</b><br><b>(unaudited)</b>  | <b>60,578</b> | <b>(152)</b> | <b>(400)</b> | <b>35,184</b> | <b>(4,477)</b> | <b>(2,429)</b> | <b>(19,343)</b> | <b>1,164</b> | <b>70,125</b> | <b>1,444</b> | <b>71,5</b> |
| <b>December 31,</b><br><b>2013</b>  | <b>60,578</b> | <b>(152)</b> | <b>(400)</b> | <b>29,566</b> | <b>(4,477)</b> | <b>(1,202)</b> | <b>(20,588)</b> |              | <b>63,325</b> | <b>1,611</b> | <b>64,9</b> |
| <b>Net income of</b><br><b>the period</b>   |               |              |              |               |                |                |                 | <b>3,943</b> | <b>3,943</b>  | <b>(182)</b> | <b>3,7</b>  |
| <b>Other</b><br><b>comprehensive</b><br><b>income:</b>                              |               |              |              |               |                |                |                 |              |               |              |             |
| Retirement<br>benefit<br>obligations  |               |              |              |               |                | 86             |                 |              | 86            |              |             |
| Cash flow hedge   |               |              |              |               |                | 33             |                 |              | 33            |              |             |
| Translation<br>adjustments  |               |              |              | 2,561         |                | (30)           | (898)           | 184          | 1,817         | 8            | 1,8         |
| <b>Contribution</b><br><b>and</b><br><b>distribution to</b><br><b>stockholders:</b> |               |              |              |               |                |                |                 |              |               |              |             |
| Acquisitions<br>and disposal of<br>noncontrolling<br>stockholders                   |               |              |              |               |                |                |                 |              |               | (248)        | (2          |
| Capitalization of<br>reserves   | 1,036         |              |              | (1,036)       |                |                |                 |              |               |              |             |
| Capitalization of<br>noncontrolling<br>stockholders<br>advances                     |               |              |              |               |                |                |                 |              |               | 65           |             |
| Cancellation of<br>treasury stock   |               |              |              | (3,000)       | 3,000          |                |                 |              |               |              |             |
| Dividends to<br>noncontrolling<br>stockholders                                      |               |              |              |               |                |                |                 |              |               | (6)          |             |
| Dividends and<br>interest on<br>capital to<br>Company's<br>stockholders             |               |              |              |               |                |                |                 | (2,100)      | (2,100)       |              | (2,1        |
| <b>June 30, 2014</b><br><b>(unaudited)</b>  | <b>61,614</b> | <b>(152)</b> | <b>(400)</b> | <b>28,091</b> | <b>(1,477)</b> | <b>(1,113)</b> | <b>(21,486)</b> | <b>2,027</b> | <b>67,104</b> | <b>1,248</b> | <b>68,3</b> |

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



Table of Contents**Condensed Consolidated Statement of Cash Flow**

In millions of United States Dollars

|  | (unaudited)              |               |                        |               |
|--|--------------------------|---------------|------------------------|---------------|
|  | Three-month period ended |               | Six-month period ended |               |
|  | June 30, 2014            | June 30, 2013 | June 30, 2014          | June 30, 2013 |
| <b>Cash flow from continuing operating activities:</b>                           |                          |               |                        |               |
| Net income from continuing operations  | 1,385                    | 379           | 3,761                  | 3,487         |
| <b>Adjustments to reconcile net income with cash from continuing operations</b>  |                          |               |                        |               |
| Equity results from associates and joint ventures                                | (244)                    | (53)          | (439)                  | (225)         |
| Results on sale investments from associates and joint controlled entities        | 18                       |               | 18                     |               |
| Loss on disposal of property, plant and equipment                                | 168                      | 69            | 295                    | 147           |
| Impairment on non-current assets   | 774                      |               | 774                    |               |
| Depreciation, amortization and depletion   | 901                      | 1,042         | 1,927                  | 2,049         |
| Deferred income taxes  | 452                      | (324)         | 513                    | (492)         |
| Foreign exchange and indexation, net   | (163)                    | 827           | (474)                  | 506           |
| Unrealized derivative losses, net  | (282)                    | 1,054         | (477)                  | 1,045         |
| Stockholders Debentures  | 268                      | 82            | 290                    | 249           |
| Other  | (20)                     | 55            | (10)                   | 6             |
| <b>Decrease (increase) in assets:</b>  |                          |               |                        |               |
| Accounts receivable  | (28)                     | 999           | 1,794                  | 1,420         |
| Inventories  | 211                      | 436           | (600)                  | 87            |
| Recoverable taxes  | 413                      | (177)         | 1,178                  | (143)         |
| Other  | 65                       | (64)          | 118                    | 124           |
| <b>Increase (decrease) in liabilities:</b>                                       |                          |               |                        |               |
| Suppliers and contractors  | 72                       | 235           | 92                     | (105)         |
| Payroll and related charges  | 205                      | 193           | (389)                  | (449)         |
| Taxes and contributions  | 187                      | 93            | (21)                   | 76            |
| Gold stream transaction  |                          |               |                        | 1,319         |
| Other  | 213                      | 62            | 328                    | (230)         |
| <b>Net cash provided by operating activities from continuing operations</b>      | <b>4,595</b>             | <b>4,908</b>  | <b>8,678</b>           | <b>8,871</b>  |
| Net cash provided by (used in) operating activities from discontinued operations |                          | 29            |                        | (66)          |
| <b>Net cash provided by operating activities</b>                                 | <b>4,595</b>             | <b>4,937</b>  | <b>8,678</b>           | <b>8,805</b>  |
| <b>Cash flow from continuing investing activities:</b>                           |                          |               |                        |               |
| Short-term investments   |                          | 155           | 1                      | (166)         |
| Loans and advances   | 165                      | (85)          | 68                     | (61)          |
| Guarantees and deposits  | (16)                     | (18)          | (48)                   | (42)          |
| Additions to investments   | (76)                     | (23)          | (197)                  | (205)         |
|  | (2,712)                  | (3,115)       | (5,095)                | (6,463)       |

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|   |                |                |                |                |
|---|----------------|----------------|----------------|----------------|
| Additions to property, plant and equipment and intangible assets              |                |                |                |                |
| Dividends and interest on capital received from associates and joint ventures | 208            | 272            | 219            | 272            |
| Proceeds from disposal of assets\ Investments                                 | 317            |                | 317            | 95             |
| Proceeds from Gold stream transaction   |                |                |                | 581            |
| <b>Net cash used in investing activities from continuing operations</b>       | <b>(2,114)</b> | <b>(2,814)</b> | <b>(4,735)</b> | <b>(5,989)</b> |
| Net cash used in investing activities from discontinued operations            |                | (277)          |                | (476)          |
| <b>Net cash used in investing activities</b>                                  | <b>(2,114)</b> | <b>(3,091)</b> | <b>(4,735)</b> | <b>(6,465)</b> |
| <b>Cash flow from continuing financing activities:</b>                        |                |                |                |                |
| <b>Financial institutions - Loans and financing</b>                           |                |                |                |                |
| <b>Loans and financing</b>  |                |                |                |                |
| Additions   | 10             | 939            | 661            | 1,068          |
| Repayments  | (237)          | (588)          | (531)          | (1,012)        |
| <b>Repayments to stockholders:</b>  |                |                |                |                |
| Dividends and interest on capital paid to stockholders                        | (2,100)        | (2,250)        | (2,100)        | (2,250)        |
| Dividends and interest on capital attributed to noncontrolling interest       |                | (10)           |                | (10)           |
| <b>Net cash used in financing activities from continuing operations</b>       | <b>(2,327)</b> | <b>(1,909)</b> | <b>(1,970)</b> | <b>(2,204)</b> |
| Net cash provided by financing activities from discontinued operations        |                | 87             |                | 87             |
| <b>Net cash used in used in financing activities</b>                          | <b>(2,327)</b> | <b>(1,822)</b> | <b>(1,970)</b> | <b>(2,117)</b> |
| Increase in cash and cash equivalents   | 154            | 24             | 1,973          | 223            |
| Cash and cash equivalents of cash, beginning of the period                    | 7,182          | 6,042          | 5,321          | 5,832          |
| Effect of exchange rate changes on cash and cash equivalents                  | (271)          | (179)          | (229)          | (168)          |
| <b>Cash and cash equivalents, end of the period</b>                           | <b>7,065</b>   | <b>5,887</b>   | <b>7,065</b>   | <b>5,887</b>   |
| <b>Cash paid during the period for (i):</b>                                   |                |                |                |                |
| Interest on loans and financing   | (345)          | (361)          | (798)          | (1,535)        |
| Income taxes  | (67)           | (354)          | (226)          | (2,405)        |
| <b>Non-cash transactions:</b>   |                |                |                |                |
| Additions to property, plant and equipment - interest capitalization          | 178            | 40             | 193            | 157            |

(i) Amounts paid are classified as cash flows from operating activities.

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

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**Selected Notes to Condensed Consolidated Interim Financial Statements**

**Expressed in millions of United States Dollars, unless otherwise stated**

**1. Operational Context**

Vale S.A. (the Parent Company) is a public company headquartered at 26, Av. Graça Aranha, Rio de Janeiro, Brazil with securities traded on the Brazilian ( BM&F BOVESPA ), New York ( NYSE ), Paris ( NYSE Euronext ) and Hong Kong ( HKEx ) stock exchanges.

Vale S.A. and its direct and indirect subsidiaries ( Vale , Group , Company or we ) are principally engaged in the research, production and sale of iron ore and pellets, nickel, fertilizer, copper, coal, manganese, ferroalloys, cobalt, platinum group metals and precious metals. The Company also operates in the segments of energy and steel. The information by segment is presented in Note 25.

**2. Summary of the Main Accounting Practices and Accounting Estimates**

**a) Basis of presentation**

The condensed consolidated interim financial statements of the Company ( Interim Financial Statements ) have been prepared in accordance with the IAS 34 of International Financial Reporting Standards ( IFRS ) as issued by the International Accounting Standards Board ( IASB ).

The condensed consolidated interim financial statements have been prepared under the historical cost convention as adjusted to reflect: (i) the fair value of held for trade financial instruments measured at fair value through the Statement of Income and also available for sale financial instruments measured at fair value through the Statement of Comprehensive Income; and (ii) the impairment loss.

These condensed consolidated interim financial statements have been reviewed, not audited. However, principles, estimates, accounting practices, measurement methods and standards adopted are consistent with those presented on the financial statements for the year ended December 31, 2013. These condensed consolidated interim financial statements were prepared by Vale to update users about relevant information presented in the period and should be read in conjunction with the financial statements for the year ended December 31, 2013.

We evaluated subsequent events through July 30, 2014, which was the date of the condensed consolidated interim financial statement were approved by the Board of Directors.

**b) Functional currency and presentation currency**

The condensed consolidated interim financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ( functional currency ), which in the case of the Parent Company is the Brazilian Real ( BRL or R\$ ). For presentation purposes, these condensed consolidated Interim financial statements are presented in United States Dollars ( USD or US\$ ) because in our understanding this is the way international investors analyze our interim financial statements in order to take their decisions.

Operations in other currencies are translated into the functional currency of each entity using the actual exchange rates in force on the respective transactions dates. The foreign exchange gains and losses resulting from the translation at the exchange rates in force at the end of the period are recognized in the Statement of Income as financial expense or income. The exceptions are transactions for which gains and losses are recognized in the Statement of Comprehensive Income.

Statement of Income and Balance Sheet of all Group entities whose functional currency is different from the presentation currency are translated into the presentation currency as follows: (i) Assets, liabilities and Stockholders' equity (except components described in item (iii)) for each Balance Sheet presented are translated at the closing rate at the Balance Sheet date; (ii) income and expenses for each Statement of Income are translated at the average exchange rates, except for specific transactions that, considering their significance, are translated at the rate at the transaction date and; (iii) capital, capital reserves and treasury stock are translated at the rate at the date of each transaction. All resulting exchange differences are recognized in a separate component of the Statement of Comprehensive Income, the Cumulative Translation Adjustment account, and subsequently transferred to the Statement of Income when the assets are realized.

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

|                         | Exchange rates used for conversions in Brazilian Reais |  |  |   |
|-------------------------|--|--|--|---|
|                         | Exchange rate as of<br>June 30, 2014<br>(unaudited)    | Exchange rate as of<br>December 31, 2013 | Average rate for the<br>June 30, 2014<br>(unaudited) | Average rate for the<br>Three-months period ended<br>June 30, 2013<br>(unaudited) |
| US Dollar - US\$        | 2.2025   | 2.3426                                   | 2.2974   | 2.0333  |
| Canadian Dollar - CAD   | 2.0634   | 2.2031                                   | 2.0954   | 2.0013  |
| Australian Dollar - AUD | 2.0761   | 2.0941                                   | 2.1008   | 2.0618  |
| Euro - EUR or           | 3.0150   | 3.2265                                   | 3.1485   | 2.6694  |

### 3. Critical Accounting Estimates

The critical accounting estimates are the same as those adopted in preparing the financial statements for the year ended December 31, 2013, with the exception of the following standards and interpretations adopted in 2014(as described in Note 4).

### 4. Accounting Standards

#### a) Standards, interpretations or amendments issued by the IASB and effective from January 1, 2014

**Novation of Derivatives and Continuation of Hedge Accounting** In June 2013 IASB issued an amendment to IAS 39 Financial Instruments: Recognition and Measurement, that document concludes that hedge accounting does not terminate or expire when a derivative financial instrument replaces its original counterparty to become the new counterparty to each of the parties as a consequence of law or regulation. This standard had no material effect on these financial statements.

**IFRIC 21 Levies** In May 2013 IASB issued an interpretation about the recognition of a government imposition (levies). This standard had no material effect on these financial statements.

**Recoverable Amount Disclosures for Non-Financial Assets** In May 2013 IASB issued an amendment to IAS 36 Impairment of Asset that clarifies the IASB intention about the disclosure of non- financial assets impairment. This standard had no material effect on these financial

statements.

**b) Standards, interpretations or amendments issued by the IASB in the period and effective after January 1, 2014**

**Accounting for Acquisitions of Interests in Joint Operations** In May 2014 the IASB issued an amendment to IFRS 11 - Joint Arrangements, to provide guidance on the accounting for acquisitions of interests in joint operations in which the activity constitutes a business. The adoption of the amendment will be required from January 1, 2016 and we are analyzing potential impacts regarding this update on our financial statements.

**Clarification of Acceptable Methods of Depreciation and Amortization** In May 2014 the IASB issued an amendment to IAS 16 - Property, Plant and Equipment and IAS 38 - Intangible Assets, established the pattern of consumption of an asset's expected future economic benefits as acceptable methods of depreciation and amortization of assets. The IASB clarifies that the use of methods based on revenues to calculate the depreciation of an asset and also to measure the consumption of the economic benefits embodied in an intangible asset, are not appropriate. The adoption of the amendment will be required from January 1, 2016 and we are analyzing potential impacts regarding this update on our financial statements.

**IFRS 15 Revenue from Contracts with Customers** - In May 2014 the IASB issued IFRS 15 statement - Revenue from Contracts with customers, sets out the requirements for revenue recognition that apply to all contracts with customer (except for contracts that are within the scope of the Standards on leases, insurance contracts and financial instruments), and replaces the current pronouncements IAS 18 - revenue, IAS 11 - Construction contracts and interpretations related to revenue recognition. The principle core in that framework is that a company should recognize revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. The adoption will be required from January 1, 2017 and is worth analyzing potential impacts regarding this pronouncement on our financial statements.

Table of Contents**5. Risk Management**

During the period there was no significant change in relation to risk management policies disclosed in the financial statements for the year ended December 31, 2013.

**6. Non-current assets and liabilities held for sale and discontinued operations**

Described below assets and liabilities held for sale and discontinued operations reclassified during the period:

|  | June 30, 2014 (unaudited) |                |            | General Cargo<br>- Logistic | December 31, 2013 |              |
|--|---------------------------|----------------|------------|-----------------------------|-------------------|--------------|
|  | Energy                    | Vale Florestar | Total      |                             | Energy            | Total        |
| <b>Assets held for sale and discontinued operation</b>                             |                           |                |            |                             |                   |              |
| Accounts receivable  |                           |                |            | 141                         |                   | 141          |
| Other current assets   |                           |                |            | 271                         |                   | 271          |
| Investments  | 92                        | 80             | 172        |                             | 79                | 79           |
| Intangible, net  |                           |                |            | 1,687                       |                   | 1,687        |
| Property, plant and equipment, net   | 587                       |                | 587        | 1,027                       | 561               | 1,588        |
| <b>Total assets</b>  | <b>679</b>                | <b>80</b>      | <b>759</b> | <b>3,126</b>                | <b>640</b>        | <b>3,766</b> |
| <b>Liabilities associated with assets held for sale and discontinued operation</b> |                           |                |            |                             |                   |              |
| Suppliers and contractors  |                           |                |            | 85                          |                   | 85           |
| Payroll and related charges  |                           |                |            | 61                          |                   | 61           |
| Other current liabilities  |                           |                |            | 112                         |                   | 112          |
| Other non-current liabilities  |                           |                |            | 190                         |                   | 190          |
| <b>Total liabilities</b>   |                           |                |            | <b>448</b>                  |                   | <b>448</b>   |
| <b>Assets and liabilities from discontinued operation</b>                          | <b>679</b>                | <b>80</b>      | <b>759</b> | <b>2,678</b>                | <b>640</b>        | <b>3,318</b> |

**a) Vale Florestar**

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In June 2014, Vale informed that it has signed an agreement with a subsidiary of Suzano Papel e Celulose (Suzano), a company that produces eucalyptus pulp, for the sale of its entire stake in Vale Florestar Fundo de Investimento em Participações (FIP Vale Florestar) for US\$93.

The completion of this transaction is subject to the fulfillment of conditions precedent and approvals, including by the Conselho Administrativo de Defesa Econômica (CADE).

The loss on this transaction, of US\$18 was recorded in the income statement in the line Results on sale of investments from associates and joint controlled entities .

### **b) Energy Generation Assets**

In December 2013, the company signed agreements with CEMIG Geração e Transmissão S.A. ( CEMIG GT ), as follow : (i) to sell 49% of its stake of 9% is Norte Energia S.A.( Norte Energia ), the company in charge of the construction, operation and exploration of the Belo Monte Hydroelectric ( Belo Monte ) facility , and (ii) to create a joint venture named Aliança Geração de Energia S/A ( Aliança ) to be constituted by Vale and CEMIG through contribution of the holdings to the following power generation assets: Porto Estrela, Igarapava, Funil, Capim Branco I and II, Aimorés and Candonga. No cash will be disbursed as part of the transaction. Vale and CEMIG GT will hold respectively 55% and 45% of the new company, which will supply energy to Vale operations, previously guaranteed by its own generation plant, ensured by a long-term contract.

The operation above is still pending approval from Brazilian Electricity Regulatory Agency ( Agência Nacional de Energia Elétrica or ANEEL ). The assets were transferred to assets held for sale with no impact in the Statement of Income.



Table of Contents**c) General Cargo Logistic**

At the end of 2013, Vale entered to an agreement to dispose of control over its subsidiary VLI S.A. ( VLI ), which aggregates all operations the General cargo logistic segment. As a consequence, beginning on January 1, 2014, the investment in VLI has been accounted as an investment in associate (Note 11).

In April 2013, Vale finalized the sale of its 35,9% of stake in VLI capital to Mitsui & Co and to Fundo de Garantia de tempo de Serviço ( FGTS ) for the amount of US\$1,197 of , which US\$896 was settled through capital contribution directly in VLI. The amount of 26,5% to be received of the Brookfield Asset Management, on amount of US\$908, is recorded on our Balance Sheet as Receivable from sale of investment , awaiting approvals from the relevant government agencies.

**7. Cash and Cash Equivalents**

|                        | June 30, 2014<br>(unaudited) | December 31, 2013 |
|------------------------|------------------------------|-------------------|
| Cash and bank deposits | 2,465                        | 1,558             |
| Short-term investments | 4,600                        | 3,763             |
|                        | <b>7,065</b>                 | <b>5,321</b>      |

Cash and cash equivalents includes cash, immediately redeemable deposits and short-term investments with an insignificant risk of changes in value, part in Brazilian Real, indexed to the Brazilian Interbank Interest rate ( DI Rate or CDI ) and part denominated in US Dollar, mainly time deposits.

**8. Accounts Receivables**

|  | June 30, 2014<br>(unaudited) | December 31, 2013 |
|--|------------------------------|-------------------|
| Denominated in BRL                           | 876                          | 509               |
| Denominated in other currencies, mainly US\$ | 3,388                        | 5,283             |
|  | <b>4,264</b>                 | <b>5,792</b>      |
| Allowance for credit losses                  | (94)                         | (89)              |

Accounts receivable related to the steel sector represented 80.73% and 79.70% of total receivable on June 30, 2014 and December 31, 2013, respectively.

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

The estimated losses related to accounts receivable recorded in the Statement of Income in three-month period ended on June 30, 2014 and June 30, 2013 totaled US\$21 and US\$18 and six-month period ended totaled US\$(2) and US\$23, respectively. Write-offs in three-month period ended at June 30, 2014 and June 30, 2013 totaled US\$44 and US\$9 and six-month period ended totaled US\$0 and US\$20.

Table of Contents**9. Inventories**

Inventories are comprised as follows:

|   | June 30, 2014<br>(unaudited) | December 31, 2013 |
|---|------------------------------|-------------------|
| <b>Inventories of products</b>          |                              |                   |
| <b>Bulk Material</b>                    |                              |                   |
| Iron ore                                | 1,111                        | 646               |
| Pellets                                 | 120                          | 88                |
| Manganese and ferroalloys               | 87                           | 75                |
|   | <b>1,318</b>                 | <b>809</b>        |
| Coal                                    | 245                          | 318               |
|   | <b>1,563</b>                 | <b>1,127</b>      |
| <b>Base Metals</b>                      |                              |                   |
| Nickel and other products               | 1,618                        | 1,398             |
| Copper                                  | 33                           | 23                |
|   | <b>1,651</b>                 | <b>1,421</b>      |
| <b>Fertilizers</b>                      |                              |                   |
| Potash                                  | 7                            | 8                 |
| Phosphates                              | 340                          | 313               |
| Nitrogen                                | 20                           | 19                |
|   | <b>367</b>                   | <b>340</b>        |
| <b>Others products</b>                  | <b>5</b>                     | <b>8</b>          |
| <b>Total of inventories of products</b> | <b>3,586</b>                 | <b>2,896</b>      |
| <b>Inventories of material supplies</b> | <b>1,400</b>                 | <b>1,229</b>      |
| <b>Total</b>                            | <b>4,986</b>                 | <b>4,125</b>      |

On June 30, 2014 and December 31, 2013 balances included a provision to adjust inventories at market value for nickel in the amount of US\$0 and US\$14, respectively; manganese in the amount of US\$1 and US\$1, respectively; and coal in the amount of US\$149 and US\$117, respectively.

|   | (unaudited)              |               |                        |               |
|---|--------------------------|---------------|------------------------|---------------|
|   | Three-month period ended |               | Six-month period ended |               |
|   | June 30, 2014            | June 30, 2013 | June 30, 2014          | June 30, 2013 |
| <b>Inventories of products</b>                |                          |               |                        |               |
| <b>Balance at beginning of the period</b>     | <b>3,446</b>             | <b>3,863</b>  | <b>2,896</b>           | <b>3,597</b>  |
| Production/acquisition                        | 5,327                    | 5,132         | 10,680                 | 9,933         |
| Transfer from inventory of materials supplies | 816                      | 1,014         | 1,626                  | 1,973         |

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|   |              |              |              |              |
|---|--------------|--------------|--------------|--------------|
| Cost of goods sold  | (6,081)      | (6,223)      | (11,671)     | (11,943)     |
| Provision/ reversal of the write-off of lower cost or market value adjustment (a) | (17)         | 21           | (150)        | (102)        |
| Translation adjustments   | 95           | (358)        | 205          | (317)        |
| Net effect of discontinued operation in the period                                |              | 293          |              | 601          |
| <b>Balance at end of the period</b>   | <b>3,586</b> | <b>3,742</b> | <b>3,586</b> | <b>3,742</b> |

(a) Includes provision for market value adjustments

|  | (unaudited)              |               |                        |               |
|--|--------------------------|---------------|------------------------|---------------|
|  | Three-month period ended |               | Six-month period ended |               |
|  | June 30, 2014            | June 30, 2013 | June 30, 2014          | June 30, 2013 |
| <b>Inventory of materials supplies</b>             |                          |               |                        |               |
| <b>Balance at beginning of the period</b>          | <b>1,308</b>             | <b>1,529</b>  | <b>1,229</b>           | <b>1,455</b>  |
| Acquisition  | 871                      | 664           | 1,711                  | 1,872         |
| Transfer to inventories of products                | (816)                    | (1,014)       | (1,626)                | (1,973)       |
| Translation adjustments                            | 37                       | (105)         | 86                     | (97)          |
| Net effect of discontinued operation in the period |                          | 204           |                        | 21            |
| <b>Balance at end of the period</b>                | <b>1,400</b>             | <b>1,278</b>  | <b>1,400</b>           | <b>1,278</b>  |

Table of Contents**10. Recoverable Taxes**

|                                 | June 30, 2014<br>(unaudited) | December 31, 2013 |
|---------------------------------|------------------------------|-------------------|
| Value-added tax                 | 1,341                        | 1,129             |
| Brazilian Federal Contributions | 760                          | 680               |
| Others                          | 45                           | 55                |
| <b>Total</b>                    | <b>2,146</b>                 | <b>1,864</b>      |
| Current                         | 1,788                        | 1,579             |
| Non-current                     | 358                          | 285               |
| <b>Total</b>                    | <b>2,146</b>                 | <b>1,864</b>      |

**11. Investments**

The changes of investments in associates and joint ventures are as follow:

|  | (unaudited)              |               |                        |               |
|--|--------------------------|---------------|------------------------|---------------|
|  | Three-month period ended |               | Six-month period ended |               |
|  | June 30, 2014            | June 30, 2013 | June 30, 2014          | June 30, 2013 |
| <b>Balance at beginning of the period</b>                              | <b>5,315</b>             | <b>6,402</b>  | <b>3,584</b>           | <b>6,384</b>  |
| Additions  | 68                       | 91            | 189                    | 273           |
| Transfer - Control acquisition   |                          |               | 79                     |               |
| Translation adjustment for the period                                  | 115                      | (311)         | 236                    | (419)         |
| Equity results   | 244                      | 53            | 439                    | 225           |
| Equity on other comprehensive income                                   |                          | (5)           | 2                      | (206)         |
| Dividends declared   | (536)                    | (518)         | (578)                  | (545)         |
| Transfers to held for sale/ financial instruments<br>- investments (a) | (98)                     | (1,937)       | (98)                   | (1,937)       |
| Transfers from held for sale (b)                                       |                          |               | 1,255                  |               |
| <b>Balance at end of the period</b>                                    | <b>5,108</b>             | <b>3,775</b>  | <b>5,108</b>           | <b>3,775</b>  |

(a) The transfers to held for sale refers to investments in Vale Florestar of US\$98 in 2014 and refers to investments en Hydro of US\$1,937 in 2013.

(b) The transfers from held for sale refers to investments in VLI of US\$1,255.



Table of Contents**Investments (Continued)**

| Entities  | Location | Relationship  | % ownership | % voting capital | Investments                  |                          | Equity results (unaudited) |               |               |               |     |
|---|----------|---------------|-------------|------------------|------------------------------|--------------------------|----------------------------|---------------|---------------|---------------|-----|
|   |          |               |             |                  | As of                        | Three-month period ended | Six-month period ended     | Th            |               |               |     |
|   |          |               |             |                  | June 30, 2014<br>(unaudited) | December 31, 2013        | June 30, 2014              | June 30, 2013 | June 30, 2014 | June 30, 2013 | Jun |
| <b>Bulk Material</b>  |          |               |             |                  |                              |                          |                            |               |               |               |     |
| <b>Iron Ore and pellets</b>                                   |          |               |             |                  |                              |                          |                            |               |               |               |     |
| Baovale Mineração S.A. - BAOVALE                              | Brazil   | Joint venture | 50.00       | 50.00            | 23                           | 24                       |                            |               | 1             | 3             |     |
| Companhia Nipo-Brasileira de Pelotização - NIBRASCO (c)       | Brazil   | Joint Venture | 51.00       | 51.11            | 179                          | 159                      | 21                         | 3             | 34            | 5             |     |
| Companhia Hispano-Brasileira de Pelotização - HISPANOBRÁS (c) | Brazil   | Joint Venture | 50.89       | 51.00            | 85                           | 83                       | 5                          | 2             | 8             | (2)           |     |
| Companhia Coreano-Brasileira de Pelotização - KOBRASCO        | Brazil   | Joint Venture | 50.00       | 50.00            | 95                           | 91                       | 8                          | 3             | 16            | 4             |     |
| Companhia Ítalo-Brasileira de Pelotização - ITABRASCO (c)     | Brazil   | Joint Venture | 50.90       | 51.00            | 68                           | 62                       | 4                          |               | 8             |               |     |
| MRS Logística S.A. (f)  | Brazil   | Joint Venture | 47.59       | 46.75            | 590                          | 564                      | 21                         | 23            | 35            | 36            |     |
| Minas da Serra Geral S.A. - MSG                               | Brazil   | Joint Venture | 50.00       | 50.00            | 23                           | 22                       | (2)                        |               | (1)           | 1             |     |
| Samarco Mineração S.A. (d)                                    | Brazil   | Joint Venture | 50.00       | 50.00            | 365                          | 437                      | 177                        | 71            | 351           | 232           |     |
| Tecnored Desenvolvimento Tecnológico S.A. (b), (h)            | Brazil   |               |             |                  |                              | 38                       |                            | (3)           | (1)           | (5)           |     |
| Zhuhai YPM Pellet Co  | China    | Associate     | 25.00       | 25.00            | 25                           | 25                       |                            |               |               |               |     |
|   |          |               |             |                  | <b>1,453</b>                 | <b>1,505</b>             | <b>234</b>                 | <b>99</b>     | <b>451</b>    | <b>274</b>    |     |
| <b>Coal</b>   |          |               |             |                  |                              |                          |                            |               |               |               |     |
| Henan Longyu Energy Resources CO., LTD.                       | China    | Associate     | 25.00       | 25.00            | 376                          | 357                      | 8                          | 12            | 20            | 21            |     |
|   |          |               |             |                  | <b>376</b>                   | <b>357</b>               | <b>8</b>                   | <b>12</b>     | <b>20</b>     | <b>21</b>     |     |
| <b>Base Metals</b>  |          |               |             |                  |                              |                          |                            |               |               |               |     |
| <b>Copper</b>   |          |               |             |                  |                              |                          |                            |               |               |               |     |
| Teal Minerals Incorporated                                    | Zambia   | Associate     | 50.00       | 50.00            | 217                          | 228                      | (7)                        | (3)           | (12)          | (6)           |     |

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| <b>Nickel</b>                                       |        |               |       |       |              |              |             |             |             |             |
|---|--------|---------------|-------|-------|--------------|--------------|-------------|-------------|-------------|-------------|
| Korea Nickel Corp                                   | Korea  | Associate     | 25.00 | 25.00 | 21           | 22           |             |             |             | (1)         |
| <b>Others</b>                                       |        |               |       |       |              |              |             |             |             |             |
| <b>General Cargo</b>                                |        |               |       |       |              |              |             |             |             |             |
| <b>Logistic</b>                                     |        |               |       |       |              |              |             |             |             |             |
| VLI S.A. (e)  | Brazil | Associate     | 37.61 | 37.61 | 1,307        |              | 19          |             | 19          |             |
| <b>Bauxite</b>                                      |        |               |       |       |              |              |             |             |             |             |
| Mineração Rio Grande do Norte S.A. - MRN            | Brazil | Associate     | 40.00 | 40.00 | 116          | 111          | 2           | 1           | 8           | 3           |
| <b>Steel</b>  |        |               |       |       |              |              |             |             |             |             |
| California Steel Industries, INC                    | USA    | Joint Venture | 50.00 | 50.00 | 187          | 181          | 6           | 4           | 8           | 10          |
| CSP- Companhia Siderúrgica do PECEM (g)             | Brazil | Joint Venture | 50.00 | 50.00 | 911          | 686          | (6)         | (2)         | (9)         | (3)         |
| Thyssenkrupp CSA Companhia Siderúrgica do Atlântico | Brazil | Associate     | 26.87 | 26.87 | 317          | 321          | (10)        | (46)        | (28)        | (53)        |
|   |        |               |       |       | <b>1,415</b> | <b>1,188</b> | <b>(10)</b> | <b>(44)</b> | <b>(29)</b> | <b>(46)</b> |
| <b>Other associates and joint ventures</b>          |        |               |       |       |              |              |             |             |             |             |
| Norte Energia S.A. Vale Soluções em Energia S.A.    | Brazil | Joint Venture | 4.59  | 4.59  | 95           | 83           |             |             |             |             |
| LOG-IN - Logística Intermodal S/A (a)               | Brazil | Associate     |       |       |              |              | (1)         |             | (11)        |             |
| Others  |        |               |       |       | 72           | 90           | (1)         | (12)        | (7)         | (24)        |
|   |        |               |       |       | <b>203</b>   | <b>173</b>   | <b>(2)</b>  | <b>(12)</b> | <b>(18)</b> | <b>(20)</b> |
|   |        |               |       |       | <b>5,108</b> | <b>3,584</b> | <b>244</b>  | <b>53</b>   | <b>439</b>  | <b>225</b>  |

(a) Company sold in December 2013;

(b) Investment balance includes the amounts of advances for future capital increase;

(c) Although Vale held majority of the voting interest of investees accounted for under the equity method, we do not consolidate due to existing veto rights held by noncontrolling shareholders prevents consolidation;

(d) Main data of Samarco in 2014: total Assets US\$6,558, Liabilities US\$5,828, Operational Result US\$730, Financial Result US\$145, Income tax US\$(175);

(e) Considering the updated interest after the transaction conclusion and the respective shareholders agreement, as described in Note 6.

(f) Main data of MRS in 2014: Total Assets US\$3,077, Liabilities US\$1,837, Operational Result US\$142, Financial Result US\$(27), Income tax US\$(40);

(g) Pre-operational stage; and

(h) Consolidated since March 2014.



Table of Contents**12. Intangible Assets**

|                                | June 30, 2014 (unaudited) |                |              | December 31, 2013 |                |              |
|--------------------------------|---------------------------|----------------|--------------|-------------------|----------------|--------------|
|                                | Cost                      | Amortization   | Net          | Cost              | Amortization   | Net          |
| <b>Indefinite useful life</b>  |                           |                |              |                   |                |              |
| Goodwill                       | 4,285                     |                | 4,285        | 4,140             |                | 4,140        |
| <b>Finite useful life</b>      |                           |                |              |                   |                |              |
| Concessions and subconcessions | 3,580                     | (1,436)        | 2,144        | 3,099             | (1,192)        | 1,907        |
| Right of use                   | 333                       | (92)           | 241          | 328               | (75)           | 253          |
| Others                         | 1,382                     | (839)          | 543          | 1,295             | (724)          | 571          |
|                                | <b>5,295</b>              | <b>(2,367)</b> | <b>2,928</b> | <b>4,722</b>      | <b>(1,991)</b> | <b>2,731</b> |
| <b>Total</b>                   | <b>9,580</b>              | <b>(2,367)</b> | <b>7,213</b> | <b>8,862</b>      | <b>(1,991)</b> | <b>6,871</b> |

Rights of use refers basically to the usufruct contract entered into with noncontrolling stockholders to use the shares of Empreendimentos Brasileiros de Mineração S.A. (owner of MBR shares) and intangible assets identified in business combination of Vale Canada. The amortization of the right of use will expire in 2037 and Vale Canada's intangible will end in September 2046. The concessions and sub-concessions refer to the agreements with the Brazilian government for the exploration and the development of ports and railways.

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

|  | Three-month period ended (unaudited) |                                 |              |            |              |
|--|--------------------------------------|---------------------------------|--------------|------------|--------------|
|  | Goodwill                             | Concessions and Sub-concessions | Right of use | Others     | Total        |
| <b>Balance on March 31, 2013</b>                   | <b>4,600</b>                         | <b>3,887</b>                    | <b>294</b>   | <b>527</b> | <b>9,308</b> |
| Additions  |                                      | 120                             |              | 69         | 189          |
| Disposals  |                                      | (3)                             |              | (2)        | (5)          |
| Amortization                                       |                                      | (46)                            | (6)          | (29)       | (81)         |
| Translation adjustments                            | (304)                                | (373)                           | (14)         | (52)       | (743)        |
| Net effect of discontinued operation in the period |                                      | 23                              |              |            | 23           |
| <b>Balance on June 30, 2013</b>                    | <b>4,296</b>                         | <b>3,608</b>                    | <b>274</b>   | <b>513</b> | <b>8,691</b> |
| <b>Balance on March 31, 2014</b>                   | <b>4,176</b>                         | <b>2,116</b>                    | <b>241</b>   | <b>561</b> | <b>7,094</b> |
| Additions  |                                      | 77                              |              | 1          | 78           |
| Disposals  |                                      |                                 |              |            |              |
| Amortization                                       |                                      | (106)                           | (1)          | (35)       | (142)        |
| Translation adjustments                            | 109                                  | 57                              | 1            | 16         | 183          |
| <b>Balance on June 30, 2014</b>                    | <b>4,285</b>                         | <b>2,144</b>                    | <b>241</b>   | <b>543</b> | <b>7,213</b> |

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|   | Six-month period ended |                                    |              |            |              |
|---|------------------------|------------------------------------|--------------|------------|--------------|
|   | Goodwill               | Concessions and<br>Sub-concessions | Right of use | Others     | Total        |
| <b>Balance on December 31, 2012</b>                   | <b>4,603</b>           | <b>3,757</b>                       | <b>302</b>   | <b>549</b> | <b>9,211</b> |
| Additions   |                        | 245                                |              | 77         | 322          |
| Disposals   |                        | (5)                                |              | (2)        | (7)          |
| Amortization  |                        | (92)                               | (11)         | (66)       | (169)        |
| Translation adjustments                               | (307)                  | (329)                              | (17)         | (45)       | (698)        |
| Net effect of discontinued operation in<br>the period |                        | 32                                 |              |            | 32           |
| <b>Balance on June 30, 2013 (unaudited)</b>           | <b>4,296</b>           | <b>3,608</b>                       | <b>274</b>   | <b>513</b> | <b>8,691</b> |
| <b>Balance on December 31, 2013</b>                   | <b>4,140</b>           | <b>1,907</b>                       | <b>253</b>   | <b>571</b> | <b>6,871</b> |
| Additions   |                        | 261                                |              | 6          | 267          |
| Disposals   |                        | (3)                                |              |            | (3)          |
| Amortization  |                        | (151)                              | (8)          | (49)       | (208)        |
| Translation adjustments                               | 145                    | 130                                | (4)          | 15         | 286          |
| <b>Balance on June 30, 2014 (unaudited)</b>           | <b>4,285</b>           | <b>2,144</b>                       | <b>241</b>   | <b>543</b> | <b>7,213</b> |

Table of Contents**13. Property, plant and equipment**

|                          | June 30, 2014 (unaudited) |                             |               | December 31, 2013 |                             |               |
|--------------------------|---------------------------|-----------------------------|---------------|-------------------|-----------------------------|---------------|
|                          | Cost                      | Accumulated<br>Depreciation | Net           | Cost              | Accumulated<br>Depreciation | Net           |
| Land                     | 1,163                     |                             | 1,163         | 945               |                             | 945           |
| Buildings                | 10,796                    | (2,529)                     | 8,267         | 9,916             | (2,131)                     | 7,785         |
| Facilities               | 17,708                    | (5,316)                     | 12,392        | 15,659            | (4,722)                     | 10,937        |
| Computer equipment       | 697                       | (489)                       | 208           | 679               | (496)                       | 183           |
| Mineral properties       | 22,152                    | (5,804)                     | 16,348        | 21,603            | (5,327)                     | 16,276        |
| Others                   | 29,043                    | (9,266)                     | 19,777        | 27,149            | (8,409)                     | 18,740        |
| Construction in progress | 27,354                    |                             | 27,354        | 26,799            |                             | 26,799        |
|                          | <b>108,913</b>            | <b>(23,404)</b>             | <b>85,509</b> | <b>102,750</b>    | <b>(21,085)</b>             | <b>81,665</b> |

|  | Three-month period ended (unaudited) |              |               |                       |                       |               |                              | Total         |
|--|--------------------------------------|--------------|---------------|-----------------------|-----------------------|---------------|------------------------------|---------------|
|  | Land                                 | Building     | Facilities    | Computer<br>equipment | Mineral<br>properties | Others        | Constructions<br>in progress |               |
| <b>Balance on March 31, 2013</b>                   | <b>866</b>                           | <b>6,384</b> | <b>11,754</b> | <b>368</b>            | <b>17,442</b>         | <b>18,492</b> | <b>31,315</b>                | <b>86,621</b> |
| Additions (i)                                      |                                      |              |               |                       |                       |               | 2,966                        | 2,966         |
| Disposals  |                                      |              | (12)          |                       |                       | (17)          | (34)                         | (63)          |
| Depreciation and amortization                      |                                      | (62)         | (233)         | (19)                  | (200)                 | (315)         |                              | (829)         |
| Translation adjustments                            | (112)                                | (541)        | (863)         | (179)                 | (470)                 | (916)         | (2,125)                      | (5,206)       |
| Transfers  | 162                                  | 514          | 292           | 31                    | 45                    | 565           | (1,609)                      |               |
| Net effect of discontinued operation in the period |                                      |              |               |                       |                       | 134           | (86)                         | 48            |
| <b>Balance on June 30, 2013</b>                    | <b>916</b>                           | <b>6,295</b> | <b>10,938</b> | <b>201</b>            | <b>16,817</b>         | <b>17,943</b> | <b>30,427</b>                | <b>83,537</b> |
| <b>Balance on March 31, 2014</b>                   | <b>1,103</b>                         | <b>8,184</b> | <b>12,514</b> | <b>237</b>            | <b>16,198</b>         | <b>19,289</b> | <b>26,237</b>                | <b>83,762</b> |
| Additions (i)                                      |                                      |              |               |                       |                       |               | 2,812                        | 2,812         |
| Disposals  |                                      | (38)         |               | (1)                   | (30)                  | (2)           | (97)                         | (168)         |
| Depreciation and amortization                      |                                      | (207)        | (47)          | (15)                  | (171)                 | (379)         |                              | (819)         |
| Impairment   |                                      |              | (1)           |                       | (767)                 | (2)           | (4)                          | (774)         |
| Translation adjustments                            | 27                                   | 54           | (490)         | (25)                  | 135                   | (19)          | 1,014                        | 696           |
| Transfers  | 33                                   | 274          | 416           | 12                    | 983                   | 890           | (2,608)                      |               |
| <b>Balance on June 30, 2014</b>                    | <b>1,163</b>                         | <b>8,267</b> | <b>12,392</b> | <b>208</b>            | <b>16,348</b>         | <b>19,777</b> | <b>27,354</b>                | <b>85,509</b> |

|                                     | Six-month period ended |              |               |                       |                       |               | Constructions<br>in progress | Total         |
|-------------------------------------|------------------------|--------------|---------------|-----------------------|-----------------------|---------------|------------------------------|---------------|
|                                     | Land                   | Building     | Facilities    | Computer<br>equipment | Mineral<br>properties | Others        |                              |               |
| <b>Balance on December 31, 2012</b> | <b>676</b>             | <b>6,093</b> | <b>11,756</b> | <b>376</b>            | <b>18,867</b>         | <b>18,178</b> | <b>28,936</b>                | <b>84,882</b> |

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|  |              |              |               |            |               |               |               |               |
|--|--------------|--------------|---------------|------------|---------------|---------------|---------------|---------------|
| Additions (i)                                      |              |              |               |            |               |               | 6,376         | 6,376         |
| Disposals  |              | (49)         | (1)           | (31)       | (18)          |               | (49)          | (148)         |
| Depreciation and amortization                      |              | (123)        | (449)         | (39)       | (444)         | (929)         |               | (1,984)       |
| Translation adjustments                            | (106)        | (507)        | (820)         | (177)      | (1,048)       | (919)         | (2,042)       | (5,619)       |
| Transfers  | 346          | 832          | 500           | 43         | (527)         | 1,382         | (2,576)       |               |
| Net effect of discontinued operation in the period |              |              |               | (1)        |               | 249           | (218)         | 30            |
| <b>Balance on June 30, 2013 (unaudited)</b>        | <b>916</b>   | <b>6,295</b> | <b>10,938</b> | <b>201</b> | <b>16,817</b> | <b>17,943</b> | <b>30,427</b> | <b>83,537</b> |
| <b>Balance on December 31, 2013</b>                | <b>945</b>   | <b>7,785</b> | <b>10,937</b> | <b>183</b> | <b>16,276</b> | <b>18,740</b> | <b>26,799</b> | <b>81,665</b> |
| Additions (i)                                      |              |              |               |            |               |               | 5,021         | 5,021         |
| Disposals  |              | (48)         | (2)           | (3)        | (90)          | (33)          | (116)         | (292)         |
| Depreciation and amortization                      |              | (283)        | (314)         | (29)       | (393)         | (854)         |               | (1,873)       |
| Impairment   |              |              | (1)           |            | (767)         | (2)           | (4)           | (774)         |
| Translation adjustments                            | 127          | 246          | (377)         | (2)        | 39            | 499           | 1,230         | 1,762         |
| Transfers  | 91           | 567          | 2,149         | 59         | 1,283         | 1,427         | (5,576)       |               |
| <b>Balance on June 30, 2014 (unaudited)</b>        | <b>1,163</b> | <b>8,267</b> | <b>12,392</b> | <b>208</b> | <b>16,348</b> | <b>19,777</b> | <b>27,354</b> | <b>85,509</b> |

(i) Total amount of Capital Expenditures recognized as addition of construction in progress for the three-month period ended on June 30, 2014 and June 30, 2013 corresponds to US\$1,596 and US\$2,338 and six-month period ended on June 30, 2014 and June 30, 2013 corresponds to US\$3,327 and US\$5,063, respectively.

Property, plant and equipment (net book value) pledged as guarantees for judicial claims on June 30, 2014 and December 31, 2013 corresponds to US\$76 and US\$77, respectively.

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**14. Impairment**

The Company has identified evidence of impairment in relation to certain operations as follows:

**Coal mine Integra**

In May 2014, the Company announced that is taking the necessary steps to place its Integra Mine Complex in Australia into care and maintenance since the operation is not economically feasible under current market conditions. As a consequence we recognized an impairment of US\$274.

**Guinea Iron ore projects**

Our 51%-owned subsidiary VBG-Vale BSGR Limited ( VBG ) holds iron ore concession rights in Simandou South (Zogota) and iron ore exploration permits in Simandou North (Blocks 1 & 2) in Guinea. On April 25, 2014 the government of Guinea revoked VBG S mining concessions, based on the recommendation of a technical committee established pursuant to Guinean legislation. The decision is based on the allegations of fraudulent conduct in connection with the acquisition of licenses by BSGR (Vale's current partner in VBG) more than one year before Vale had made any investment in VBG. The decision does not indicate any involvement by Vale and therefore does not prohibit Vale to participate in any reallocation of the mining titles.

Vale is actively considering its legal rights towards the Guinean Government and its partner at VBG and addressing options to guarantee the value of both the investments made in Guinea project development as well as the initial investment made in the VBG. Considering the uncertainties in this process for the recoverable of the initial payment related to the acquisition of our participation in VBG, in the amount of US\$500, the Company recognized an impairment of this initial payment. The Company will continue to reassess the net value of the investments depending on the development of the negotiations with Guinea Government.

**15. Loans and Financing**

**a) Total debt**

|  | Current liabilities          |                   | Non-current liabilities      |                   |
|--|------------------------------|-------------------|------------------------------|-------------------|
|  | June 30, 2014<br>(unaudited) | December 31, 2013 | June 30, 2014<br>(unaudited) | December 31, 2013 |
| <b>Debt contracts abroad</b>           |                              |                   |                              |                   |
| <b>Loans and financing in:</b>         |                              |                   |                              |                   |
| United States Dollars                  | 253                          | 334               | 4,851                        | 4,662             |
| Others currencies                      |                              | 2                 | 3                            | 3                 |
| <b>Fixed rates:</b>                    |                              |                   |                              |                   |
| Notes indexed in United States Dollars | 109                          | 12                | 13,435                       | 13,808            |
| Euro                                   |                              |                   | 2,053                        | 2,066             |
| Accrued charges                        | 296                          | 350               |                              |                   |
|  | <b>658</b>                   | <b>698</b>        | <b>20,342</b>                | <b>20,539</b>     |
| <b>Debt contracts in Brazil</b>        |                              |                   |                              |                   |
| <b>Loans and financing in:</b>         |                              |                   |                              |                   |
| Indexed to TJLP, TR, IGP-M and CDI     | 794                          | 750               | 5,145                        | 5,000             |
| Basket of currencies, LIBOR            | 186                          | 175               | 1,298                        | 1,365             |
| Non-convertible debentures             |                              |                   | 882                          | 372               |
| <b>Fixed rates:</b>                    |                              |                   |                              |                   |
| Loans in United States Dollars         | 6                            | 6                 | 77                           | 80                |
| Loans in Reais                         | 53                           | 47                | 317                          | 314               |
| Accrued charges                        | 104                          | 99                |                              |                   |
|  | <b>1,143</b>                 | <b>1,077</b>      | <b>7,719</b>                 | <b>7,131</b>      |
|  | <b>1,801</b>                 | <b>1,775</b>      | <b>28,061</b>                | <b>27,670</b>     |

All securities issued through our 100% finance subsidiary Vale Overseas Limited, are fully and unconditionally guaranteed by Vale.

The long-term portion at June 30, 2014 has maturities as follows:

|              | (unaudited)   |
|--------------|---------------|
| 2015         | 788           |
| 2016         | 2,000         |
| 2017         | 2,438         |
| 2018         | 4,108         |
| 2019 onwards | 18,727        |
|              | <b>28,061</b> |

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At June 30, 2014, the annual interest rates on the long-term debts are as follows:

|                 | (unaudited)   |
|-----------------|---------------|
| Up to 3%        | 6,402         |
| 3,1% to 5% (a)  | 5,816         |
| 5,1% to 7% (b)  | 12,524        |
| 7,1% to 9% (b)  | 1,166         |
| 9,1% to 11% (b) | 81            |
| Over 11% (b)    | 3,767         |
| Variable        | 106           |
|                 | <b>29,862</b> |

(a) Includes Eurobonds. For this we have entered into derivative transactions at a coupon of 4.42% per year in US dollars.

(b) ) Includes Brazilian Real denominated debt that bears interest at the CDI and TJLP, plus spread. For these we have entered into derivative transactions to mitigate our exposure to the floating rate debt denominated in Brazilian Real, totaling US\$6,861 of which US\$6,546 has an original interest rate above 5.1% per year. After entering derivatives transactions the average cost of other than denominated U.S. Dollars debt is 2.47% per year.

| Non-convertible Debentures         | June 30, 2014 (unaudited) |             | Maturity | Interest       | June 30, 2014<br>(unaudited) | Balance           |            |
|------------------------------------|---------------------------|-------------|----------|----------------|------------------------------|-------------------|------------|
|                                    | Issued                    | Outstanding |          |                |                              | December 31, 2013 |            |
| Tranche B - Salobo                 |                           |             | No date  | 6,5%p.a+IGP-DI | 419                          |                   | 372        |
| Infrastructure Debenture 1st serie | Feb/14                    | 600         | Jan/21   | 6,46%p.a+IPCA  | 284                          |                   |            |
| Infrastructure Debenture 2nd serie | Feb/14                    | 150         | Jan/24   | 6,57%p.a+IPCA  | 71                           |                   |            |
| Infrastructure Debenture 3rd serie | Feb/14                    | 100         | Jan/26   | 6,71%p.a+IPCA  | 47                           |                   |            |
| Infrastructure Debenture 4th serie | Feb/14                    | 150         | Jan/29   | 6,78%p.a+IPCA  | 71                           |                   |            |
|                                    |                           |             |          |                | <b>892</b>                   |                   | <b>372</b> |
| Long-term portion                  |                           |             |          |                | 882                          |                   | 372        |
| Accrued charges                    |                           |             |          |                | 10                           |                   |            |
| <b>Total</b>                       |                           |             |          |                | <b>892</b>                   |                   | <b>372</b> |

b) **Revolving credit lines**

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| Type  | Contractual<br>Currency | Date of<br>agreement | Available<br>until | Total amount<br>available to be<br>drawn | Amounts drawn on<br>December 31,<br>2013 |       |
|---|-------------------------|----------------------|--------------------|--|--|-------|
|   |                         |                      |                    |  | June 30, 2014<br>(unaudited)             |       |
| <b>Revolving Credit Lines</b>   |                         |                      |                    |  |  |       |
| Revolving Credit Facility -<br>Vale/ Vale International/ Vale<br>Canada | US\$                    | April 2011           | 5 years            | 3,000                                    |  |       |
| Revolving Credit Facility -<br>Vale/ Vale International/ Vale<br>Canada | US\$                    | July 2013            | 5 years            | 2,000                                    |  |       |
| <b>Credit Lines</b>   |                         |                      |                    |  |  |       |
| Export-Import Bank of China<br>and Bank of China Limited                | US\$                    | September 2010(a)    | 13 years           | 1,229                                    | 985                                      | 985   |
| BNDES   | R\$                     | April 2008(b)        | 10 years           | 3,226                                    | 2,112                                    | 1,975 |
| <b>Financing</b>  |                         |                      |                    |  |  |       |
| BNDES - CLN 150   | R\$                     | September 2012(c)    | 10 years           | 1,716                                    | 1,398                                    | 1,314 |
| BNDES - Investment<br>Sustaining Program ( PSI )<br>3.0%                | R\$                     | June 2013(d)         | 10 years           | 48                                       | 40                                       | 37    |
| BNDES - Tecnores 3.5%   | R\$                     | December 2013(e)     | 8 years            | 60                                       | 9  |       |
| BNDES S11D / CLN S11D   | R\$                     | May 2014(f)          | 10 years           | 2,798                                    |  |       |
| Canadian agency Export<br>Development Canada ( EDC )                    | US\$                    | January 2014(g)      | 5 and 7 years      | 775                                      |  |       |

- (a) Acquisition of twelve large ore carriers from Chinese shipyards.
- (b) Memorandum of understanding signature date, however projects financing term is considered from the signature date of each projects contract amendment.
- (c) Capacitação Logística Norte 150 Project ( CLN 150 ).
- (d) Acquisition of domestic equipment.
- (e) Support to Tecnores investment plan from 2013 to 2015.
- (f) Implementation the iron ore project S11D and CLN S11D.
- (g) General corporate purpose.

Total amounts available and disbursed, different from reporting currency, are affected by exchange rate variation among periods.

**c) Guarantee**

As at June 30, 2014, US\$1,371 of the total aggregate outstanding debt was secured by property, plant and equipment and receivables.



Table of Contents**16. Asset retirement obligation**

The Company applies judgments and assumptions when measuring its obligations related to asset retirement. The accrued amounts of these obligations are not deducted from the potential costs covered by insurance or indemnities.

Long term interest rate used to discount these obligations to present values and to update the provisions on June 30, 2014 and December 31, 2013 was 6.39% p.a. The liability is periodically updated based on this discount rate plus the inflation index (IGPM) for the period.

Changes in the provision for asset retirement obligation are as follows:

|   | June 30, 2014<br>(unaudited) | December 31, 2013 |
|---|------------------------------|-------------------|
| <b>Balance at beginning of the period</b> | <b>2,644</b>                 | <b>2,748</b>      |
| Increase expense (i)                      | 107                          | 201               |
| Settlement in the current period          | (11)                         | (40)              |
| Revisions in estimated cash flows         | 22                           | 15                |
| Translation adjustments                   | 109                          | (276)             |
| Transfer to held for sale                 |                              | (4)               |
| <b>Balance at end of the period</b>       | <b>2,871</b>                 | <b>2,644</b>      |
| Current                                   | 162                          | 96                |
| Non-current                               | 2,709                        | 2,548             |
|   | <b>2,871</b>                 | <b>2,644</b>      |

(i) In six-month ended of 2013, US\$91 in Consolidated.

**17. Provision for litigation**

Vale is party to labor, civil, tax and other ongoing lawsuits and is discussing these issues both administratively and in court. When applicable, these lawsuits are supported by judicial deposits. Provisions for losses resulting from these processes are estimated and updated by the Company, supported by legal advice of the legal board of the Company and by its legal consultants.

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|                                  | Three-month period ended (unaudited) |                  |                  |                          | Total of litigation provision |
|----------------------------------|--------------------------------------|------------------|------------------|--------------------------|-------------------------------|
|                                  | Tax litigation                       | Civil litigation | Labor litigation | Environmental litigation |                               |
| <b>Balance on March 31, 2013</b> | <b>723</b>                           | <b>257</b>       | <b>767</b>       | <b>38</b>                | <b>1,785</b>                  |
| Additions                        | 83                                   | 35               | 32               | 9                        | 159                           |
| Reversals                        | (25)                                 | (2)              | (58)             | (4)                      | (89)                          |
| Payments                         | (65)                                 | (8)              | (47)             | (2)                      | (122)                         |
| Indexation and interest          | 7                                    | (4)              | 9                | 3                        | 15                            |
| Translation adjustment           | (45)                                 | (44)             | (3)              | (3)                      | (95)                          |
| Transfer to held for sale        |                                      |                  | 4                |                          | 4                             |
| <b>Balance on June 30, 2013</b>  | <b>678</b>                           | <b>234</b>       | <b>704</b>       | <b>41</b>                | <b>1,657</b>                  |
| <b>Balance on March 31, 2014</b> | <b>348</b>                           | <b>216</b>       | <b>767</b>       | <b>42</b>                | <b>1,373</b>                  |
| Additions                        | 58                                   | 4                | 56               |                          | 118                           |
| Reversals                        |                                      | (15)             | (34)             |                          | (49)                          |
| Payments                         | (6)                                  | (3)              | (7)              | (2)                      | (18)                          |
| Indexation and interest          |                                      | 18               | 25               |                          | 43                            |
| Translation adjustment           | 6                                    | 5                | 22               | 1                        | 34                            |
| <b>Balance on June 30, 2014</b>  | <b>406</b>                           | <b>225</b>       | <b>829</b>       | <b>41</b>                | <b>1,501</b>                  |

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|   | Six-month period ended |                  |                  |                          |                               |
|---|------------------------|------------------|------------------|--------------------------|-------------------------------|
|   | Tax litigation         | Civil litigation | Labor litigation | Environmental litigation | Total of litigation provision |
| <b>Balance on December 31, 2012</b>         | <b>996</b>             | <b>287</b>       | <b>748</b>       | <b>34</b>                | <b>2,065</b>                  |
| Additions                                   | 54                     | 42               | 175              | 13                       | 284                           |
| Reversals                                   | (46)                   | (44)             | (108)            | (4)                      | (202)                         |
| Payments                                    | (245)                  | (8)              | (53)             | (2)                      | (308)                         |
| Indexation and interest                     | (45)                   | (1)              | 1                | 4                        | (41)                          |
| Translation adjustment                      | (36)                   | (42)             | (56)             | (4)                      | (138)                         |
| Transfer to held for sale                   |                        |                  | 5                |                          | 5                             |
| <b>Balance on June 30, 2013 (unaudited)</b> | <b>678</b>             | <b>234</b>       | <b>712</b>       | <b>41</b>                | <b>1,665</b>                  |
| <b>Balance on December 31, 2013</b>         | <b>330</b>             | <b>209</b>       | <b>709</b>       | <b>28</b>                | <b>1,276</b>                  |
| Additions                                   | 98                     | 13               | 109              | 18                       | 238                           |
| Reversals                                   | (27)                   | (24)             | (58)             | (4)                      | (113)                         |
| Payments                                    | (7)                    | (6)              | (13)             | (2)                      | (28)                          |
| Indexation and interest                     | (4)                    | 20               | 35               | (4)                      | 47                            |
| Translation adjustment                      | 16                     | 13               | 47               | 5                        | 81                            |
| <b>Balance on June 30, 2014 (unaudited)</b> | <b>406</b>             | <b>225</b>       | <b>829</b>       | <b>41</b>                | <b>1,501</b>                  |

**Provisions for tax litigation** - The nature of tax contingencies balances refer basically to discussions on the basis of calculation of the Financial Compensation for Exploiting Mineral Resources ( CFEM ) as well as denials of compensation claims of credits in the settlement of federal taxes in Brazil, and mining taxes at our foreign subsidiaries. The other causes refer to the charges of Additional Port Workers Compensation ( AITP ) and questioning about the location for the purpose of assessment of Service Tax ( ISS ).

**Provisions for civil litigation** Relates to the demands concerning contracts between Vale and unrelated service suppliers companies, requiring differences in amounts due to alleged losses that have occurred due to various economic plans, while other demands are related to accidents, actions damages and other demands.

**Provisions for labor and social security litigation** - Consist of lawsuits filed by employees and service suppliers, from employment relationships. The most recurring claims are related to payment of overtime, hours in itinere, and health and safety. The social security ( INSS ) contingencies are related to legal and administrative disputes between INSS and Vale due to applicability of compulsory social security charges.

In addition to those provisions, there are also judicial deposits. These court-ordered deposits are legally required and are monetarily updated and reported in non-current assets until a judicial decision to draw the deposit occurs, in case of a non-favorable decision to Vale. Judicial deposits are as follows:

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|                           | June 30, 2014<br>(unaudited) | December 31, 2013 |
|---------------------------|------------------------------|-------------------|
| Tax litigations           | 425                          | 433               |
| Civil litigations         | 269                          | 176               |
| Labor litigations         | 937                          | 870               |
| Environmental litigations | 1                            | 11                |
| <b>Total</b>              | <b>1,632</b>                 | <b>1,490</b>      |

The Company discusses, at administrative and judicial levels, claims where the expectation of loss is classified as possible and considers that there is no need to recognize a provision, based on legal support. These possible contingent liabilities are as follows:

|                          | June 30, 2014<br>(unaudited) | December 31, 2013 |
|--------------------------|------------------------------|-------------------|
| Tax litigation           | 3,817                        | 3,789             |
| Civil litigation         | 1,406                        | 1,219             |
| Labor litigation         | 1,649                        | 2,271             |
| Environmental litigation | 1,357                        | 1,343             |
| <b>Total</b>             | <b>8,229</b>                 | <b>8,622</b>      |

The most significant possible loss tax risk relates to the deductibility of social contribution payments on the Income Tax basis of calculation.

Table of Contents**18. Income Taxes Settlement Program ( REFIS )**

In November 2013, The Company elected to participate in a corporate Income Tax Settlement Program ( REFIS ) for payment of amounts relating to income tax and social contribution on the net income of its non-Brazilian subsidiaries and affiliates from 2003 to 2012.

During 2014, we paid US\$246, and on June 30, 2014, the balance of US\$7.519 (US\$525 in current and US\$ 6.994 in non-current) is due in 172 monthly installments, bearing interest at the Selic rate.

**19. Deferred Income Taxes**

We analyze the potential tax impact associated with undistributed earnings of each of our subsidiaries and affiliates. For those subsidiaries in which undistributed earnings are intended to be reinvested indefinitely, no deferred tax is recognized. Undistributed earnings of foreign consolidated subsidiaries and affiliates totaled approximately US\$22,190 on June 30, 2014. As described in Note 18, in 2013 we entered at the Brazilian REFIS program to pay the amounts related to the collection of income taxes on equity gain on foreign subsidiaries and affiliates from 2003 to 2012 and therefore, the repatriation of these earnings would have no Brazilian tax consequences.

The income of the Company is subject to the common system of taxation applicable to companies in general. The net deferred balances were as follows:

|   | Three-month period ended (unaudited) |              | Total        |
|---|--------------------------------------|--------------|--------------|
|   | Assets                               | Liabilities  |              |
| <b>Balance on March 31, 2013</b>                    | <b>4,250</b>                         | <b>3,351</b> | <b>899</b>   |
| Net income effect                                   | 256                                  | (68)         | 324          |
| Translation adjustment for the period               | (334)                                | (72)         | (262)        |
| Other comprehensive income                          | 74                                   | 4            | 70           |
| Net effect of discontinued operations of the period |                                      | (1)          | 1            |
| <b>Balance on June 30, 2013</b>                     | <b>4,246</b>                         | <b>3,214</b> | <b>1,032</b> |
| <b>Balance on March 31, 2014</b>                    | <b>4,690</b>                         | <b>3,210</b> | <b>1,480</b> |
| Net income effect                                   | (396)                                | 56           | (452)        |
| Translation adjustment for the period               | 86                                   | 62           | 24           |
| Other comprehensive income                          | 10                                   | 35           | (25)         |
| <b>Balance on June 30, 2014</b>                     | <b>4,390</b>                         | <b>3,363</b> | <b>1,027</b> |

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|   | Six-month period ended (unaudited) |              |              |
|---|------------------------------------|--------------|--------------|
|   | Assets                             | Liabilities  | Total        |
| <b>Balance on December 31, 2012</b>                 | <b>4,058</b>                       | <b>3,386</b> | <b>672</b>   |
| Net income effect                                   | 412                                | (80)         | 492          |
| Translation adjustment for the period               | (295)                              | (89)         | (206)        |
| Other comprehensive income                          | 71                                 | (1)          | 72           |
| Net effect of discontinued operations of the period |                                    | (2)          | 2            |
| <b>Balance on June 30, 2013</b>                     | <b>4,246</b>                       | <b>3,214</b> | <b>1,032</b> |
| <b>Balance on December 31, 2013</b>                 | <b>4,523</b>                       | <b>3,228</b> | <b>1,295</b> |
| Net income effect                                   | (425)                              | 88           | (513)        |
| Translation adjustment for the period               | 273                                | 3            | 270          |
| Other comprehensive income                          | 19                                 | 44           | (25)         |
| <b>Balance on June 30, 2014</b>                     | <b>4,390</b>                       | <b>3,363</b> | <b>1,027</b> |

Deferred assets arising from tax losses, negative social contribution basis and temporary differences are registered taking into consideration the analysis of future performance, based on economic and financial projections, prepared based on internal assumptions and macroeconomic, trade and tax scenarios that may suffer changes in future.

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

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The total amount presented as income taxes in the income statement is reconciled to the rate established by law, as follows:

|   | (unaudited)              |               |                        |                |
|---|--------------------------|---------------|------------------------|----------------|
|   | Three-month period ended |               | Six-month period ended |                |
|   | June 30, 2014            | June 30, 2013 | June 30, 2014          | June 30, 2013  |
| <b>Net income before income taxes</b>   | <b>2,388</b>             | <b>308</b>    | <b>5,753</b>           | <b>4,343</b>   |
| <b>Income taxes at statutory rates - 34%</b>  | <b>(812)</b>             | <b>(105)</b>  | <b>(1,956)</b>         | <b>(1,477)</b> |
| <b>Adjustments that affect the basis of taxes:</b>  |                          |               |                        |                |
| Income tax benefit from interest on stockholders equity   | 296                      | 303           | 575                    | 617            |
| Tax incentives  | 46                       | (18)          | 179                    | 112            |
| Results of overseas companies taxed by different rates which differs from the parent company rate | (136)                    | (167)         | (418)                  | (87)           |
| Results of equity investments   | 83                       | 18            | 149                    | 77             |
| Undeductible impairment   | (171)                    |               | (171)                  |                |
| Constitution/reversal for tax loss carryforward   | (120)                    | 197           | (113)                  | 165            |
| Other   | (189)                    | (157)         | (237)                  | (263)          |
| <b>Income taxes on the profit for the period</b>  | <b>(1,003)</b>           | <b>71</b>     | <b>(1,992)</b>         | <b>(856)</b>   |

## 20. Employee Benefits Obligations

The Company had announced on its year end 2013 financial statements that it expects to contribute US\$354 to its pension plan during 2014. As of June 30, 2014 it had contributed US\$182. No significant changes are expected in relation to the estimate disclosed in the financial statements for the year ended December 31, 2013.

### a) Pension Plan

#### Reconciliation of assets and liabilities in Balance Sheet

|                             | Consolidated<br>June 30, 2014 (unaudited) |                       |                             | Total<br>Consolidated<br>December 31, 2013 |                       |
|-----------------------------|---|-----------------------|-----------------------------|--|-----------------------|
| Overfunded<br>pension plans | Underfunded<br>pension plans              | Others<br>underfunded | Overfunded<br>pension plans | Underfunded<br>pension plans               | Others<br>underfunded |
|                             |   |                       |                             |  |                       |

|  | pension plans |              | pension plans  |         |              |                |
|--|---------------|--------------|----------------|---------|--------------|----------------|
| <b>Ceiling recognition of an asset (ceiling) / onerous liability</b> |               |              |                |         |              |                |
| <b>Beginning of the period</b>                                       | <b>1,191</b>  |              | <b>844</b>     |         |              |                |
| Interest income  |               |              | 71             |         |              |                |
| Changes in asset ceiling/<br>onerous liability                       | 268           |              | 422            |         |              |                |
| Effect of exchange rate<br>changes                                   | 87            |              | (146)          |         |              |                |
| <b>Ended of the period</b>   | <b>1,546</b>  |              | <b>1,191</b>   |         |              |                |
| <b>Amount recognized in the balance sheet</b>                        |               |              |                |         |              |                |
| Present value of actuarial<br>liabilities                            | (4,458)       | (4,308)      | (1,731)        | (4,080) | (4,406)      | (1,693)        |
| Fair value of assets   | 6,004         | 3,894        |                | 5,271   | 3,804        |                |
| Effect of the asset ceiling  | (1,546)       |              |                | (1,191) |              |                |
| <b>Assets (liabilities) to be<br/>provisioned</b>                    |               | <b>(414)</b> | <b>(1,731)</b> |         | <b>(602)</b> | <b>(1,693)</b> |
| Current liabilities  |               | (8)          | (95)           |         | (9)          | (88)           |
| Non-current liabilities  |               | (406)        | (1,636)        |         | (593)        | (1,605)        |
| <b>Assets (liabilities) to be<br/>provisioned</b>                    |               | <b>(414)</b> | <b>(1,731)</b> |         | <b>(602)</b> | <b>(1,693)</b> |



Table of Contents**Costs recognized in the Income Statements for the period:**

|                                   | June 30, 2014            |                           | Three-month period ended (unaudited) |                          | June 30, 2013             |                                  |
|-----------------------------------|--------------------------|---------------------------|--------------------------------------|--------------------------|---------------------------|----------------------------------|
|                                   | Overfunded pension plans | Underfunded pension plans | Others underfunded pension plans     | Overfunded pension plans | Underfunded pension plans | Others underfunded pension plans |
| Current service cost              | 8                        | 16                        | 8                                    |                          | 31                        | 12                               |
| Interest on actuarial liabilities | 125                      | 52                        | 25                                   | 76                       | 105                       | 25                               |
| Interest income on plan assets    | (165)                    | (39)                      |                                      | (94)                     | (84)                      |                                  |
| Effect of the asset ceiling       | 38                       |                           |                                      | 18                       |                           |                                  |
| <b>Total cost, net</b>            | <b>6</b>                 | <b>29</b>                 | <b>33</b>                            |                          | <b>52</b>                 | <b>37</b>                        |

|                                   | June 30, 2014            |                           | Six-month period ended (unaudited) |                          | June 30, 2013             |                                  |
|-----------------------------------|--------------------------|---------------------------|------------------------------------|--------------------------|---------------------------|----------------------------------|
|                                   | Overfunded pension plans | Underfunded pension plans | Others underfunded pension plans   | Overfunded pension plans | Underfunded pension plans | Others underfunded pension plans |
| Current service cost              | 15                       | 31                        | 16                                 |                          | 65                        | 23                               |
| Interest on actuarial liabilities | 243                      | 105                       | 48                                 | 154                      | 216                       | 51                               |
| Interest income on plan assets    | (285)                    | (77)                      |                                    | (192)                    | (172)                     |                                  |
| Effect of the asset ceiling       | 38                       |                           |                                    | 38                       |                           |                                  |
| <b>Total cost, net</b>            | <b>11</b>                | <b>59</b>                 | <b>64</b>                          |                          | <b>109</b>                | <b>74</b>                        |

**Costs recognized in the Statement of Comprehensive Income for the period**

|  | June 30, 2014            |                           | Three-month period ended (unaudited) |                          | June 30, 2013             |                                  |
|--|--------------------------|---------------------------|--------------------------------------|--------------------------|---------------------------|----------------------------------|
|  | Overfunded pension plans | Underfunded pension plans | Others underfunded pension plans     | Overfunded pension plans | Underfunded pension plans | Others underfunded pension plans |
| <b>Beginning of the period</b>   | <b>(115)</b>             | <b>(355)</b>              | <b>(198)</b>                         | <b>(3)</b>               | <b>(943)</b>              | <b>(383)</b>                     |
| Return on plan assets (excluding interest income)                        | 34                       | 130                       |                                      | (38)                     | (190)                     | 5                                |
| Change of asset ceiling / costly liabilities (excluding interest income) | (43)                     | (39)                      |                                      | 38                       |                           |                                  |
|  | <b>(9)</b>               | <b>91</b>                 |                                      |                          | <b>(190)</b>              | <b>5</b>                         |
| Deferred income tax  | 3                        | (21)                      |                                      |                          | 62                        | (1)                              |

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|   |              |              |              |            |                |              |
|---|--------------|--------------|--------------|------------|----------------|--------------|
| <b>Others comprehensive income</b>            | (6)          | 70           |              |            | (128)          | 4            |
| Conversion Effect                             | (3)          | 1            | (1)          |            | 27             | 12           |
| <b>Accumulated other comprehensive income</b> | <b>(124)</b> | <b>(284)</b> | <b>(199)</b> | <b>(3)</b> | <b>(1,044)</b> | <b>(367)</b> |

|  | Six-month period ended (unaudited) |                           |                                  |                          |                           |                                  |
|--|------------------------------------|---------------------------|----------------------------------|--------------------------|---------------------------|----------------------------------|
|  | June 30, 2014                      |                           | June 30, 2013                    |                          | Others                    |                                  |
|  | Overfunded pension plans           | Underfunded pension plans | Others underfunded pension plans | Overfunded pension plans | Underfunded pension plans | Others underfunded pension plans |
| <b>Beginning of the period</b>   | <b>(94)</b>                        | <b>(395)</b>              | <b>(196)</b>                     | <b>(3)</b>               | <b>(964)</b>              | <b>(381)</b>                     |
| Return on plan assets (excluding interest income)                        | 16                                 | 180                       |                                  | (245)                    | (165)                     | 5                                |
| Change of asset ceiling / costly liabilities (excluding interest income) | (51)                               | (39)                      |                                  | 245                      |                           |                                  |
|  | <b>(35)</b>                        | <b>141</b>                |                                  |                          | <b>(165)</b>              | <b>5</b>                         |
| Deferred income tax  | 12                                 | (33)                      |                                  |                          | 62                        | (1)                              |
| <b>Others comprehensive income</b>                                       | <b>(23)</b>                        | <b>108</b>                |                                  |                          | <b>(103)</b>              | <b>4</b>                         |
| Conversion Effect  | (7)                                | 1                         | (3)                              |                          | 20                        | 12                               |
| <b>Accumulated other comprehensive income</b>                            | <b>(124)</b>                       | <b>(286)</b>              | <b>(199)</b>                     | <b>(3)</b>               | <b>(1,047)</b>            | <b>(365)</b>                     |

Table of Contents**b) Incentive Plan in Results**

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

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

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

|  | (unaudited)              |               |                        |               |
|--|--------------------------|---------------|------------------------|---------------|
|  | Three-month period ended |               | Six-month period ended |               |
|  | June 30, 2014            | June 30, 2013 | June 30, 2014          | June 30, 2013 |
| Operational expenses                     | 8                        | 29            | 48                     | 82            |
| Cost of goods sold and services rendered | 116                      | 90            | 207                    | 186           |
| <b>Total</b>                             | <b>124</b>               | <b>119</b>    | <b>255</b>             | <b>268</b>    |

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

The terms, assumptions, calculation methods and the accounting treatment applied to the Long-term Incentive Plan ( ILP ) is the same as presented in financial statements for the year end December 31, 2013. The total number of shares subject to the Long Term Compensation Plan on June 30, 2014 and December 31, 2013 are 6,109,592 and 6,214,288, and total expense/cost recorded of US\$74 and US\$84, respectively on result.

Table of Contents**21. Classification of financial instruments**

The classification of financial assets and liabilities is as follows:

|                                  | June 30, 2014 (unaudited)    |   |  |                    |               |
|----------------------------------|------------------------------|---|--|--------------------|---------------|
|                                  | Loans and receivables<br>(a) | At fair value through<br>profit or loss (b) | Derivatives designated<br>as hedge (c) | Available for sale | Total         |
| <b>Financial assets</b>          |                              |   |  |                    |               |
| <b>Current</b>                   |                              |   |  |                    |               |
| Cash and cash equivalents        | 7,065                        |   |  |                    | 7,065         |
| Derivative financial instruments |                              | 216   | 13                                     |                    | 229           |
| Accounts receivable              | 4,170                        |   |  |                    | 4,170         |
| Related parties                  | 690                          |   |  |                    | 690           |
| Others                           | 2                            |   |  |                    | 2             |
|                                  | <b>11,927</b>                | <b>216</b>                                  | <b>13</b>                              |                    | <b>12,156</b> |
| <b>Non-current</b>               |                              |   |  |                    |               |
| Related parties                  | 105                          |   |  |                    | 105           |
| Loans and financing agreements   | 237                          |   |  |                    | 237           |
| Derivative financial instruments |                              | 198   |  |                    | 198           |
| Others                           |                              |   |  | 5                  | 5             |
|                                  | <b>342</b>                   | <b>198</b>                                  |  | <b>5</b>           | <b>545</b>    |
| <b>Total of Assets</b>           | <b>12,269</b>                | <b>414</b>                                  | <b>13</b>                              | <b>5</b>           | <b>12,701</b> |
| <b>Financial liabilities</b>     |                              |   |  |                    |               |
| <b>Current</b>                   |                              |   |  |                    |               |
| Suppliers and contractors        | 3,727                        |   |  |                    | 3,727         |
| Derivative financial instruments |                              | 403   | 20                                     |                    | 423           |
| Loans and financing              | 1,801                        |   |  |                    | 1,801         |
| Related parties                  | 219                          |   |  |                    | 219           |
|                                  | <b>5,747</b>                 | <b>403</b>                                  | <b>20</b>                              |                    | <b>6,170</b>  |
| <b>Non-current</b>               |                              |   |  |                    |               |
| Derivative financial instruments |                              | 950   | 4                                      |                    | 954           |
| Loans and financing              | 28,061                       |   |  |                    | 28,061        |
| Related parties                  | 177                          |   |  |                    | 177           |
| Stockholders' Debentures         |                              | 2,182                                       |  |                    | 2,182         |
|                                  | <b>28,238</b>                | <b>3,132</b>                                | <b>4</b>                               |                    | <b>31,374</b> |
| <b>Total of Liabilities</b>      | <b>33,985</b>                | <b>3,535</b>                                | <b>24</b>                              |                    | <b>37,544</b> |

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

(b) Financial instruments for trading in short-term.

(c) See Note 23a.

|                                  | December 31, 2013            |   |  |                    |               |
|----------------------------------|------------------------------|---|--|--------------------|---------------|
|                                  | Loans and receivables<br>(a) | At fair value through<br>profit or loss (b) | Derivatives designated<br>as hedge (c) | Available for sale | Total         |
| <b>Financial assets</b>          |                              |   |  |                    |               |
| <b>Current</b>                   |                              |   |  |                    |               |
| Cash and cash equivalents        | 5,321                        |   |  |                    | 5,321         |
| Derivative financial instruments |                              | 196   | 5                                      |                    | 201           |
| Accounts receivable              | 5,703                        |   |  |                    | 5,703         |
| Related parties                  | 261                          |   |  |                    | 261           |
| Others                           | 3                            |   |  |                    | 3             |
|                                  | <b>11,288</b>                | <b>196</b>                                  | <b>5</b>                               |                    | <b>11,489</b> |
| <b>Non-current</b>               |                              |   |  |                    |               |
| Related parties                  | 108                          |   |  |                    | 108           |
| Loans and financing agreements   | 241                          |   |  |                    | 241           |
| Derivative financial instruments |                              | 140   |  |                    | 140           |
| Others                           |                              |   |  | 5                  | 5             |
|                                  | <b>349</b>                   | <b>140</b>                                  |  | <b>5</b>           | <b>494</b>    |
| <b>Total of Assets</b>           | <b>11,637</b>                | <b>336</b>                                  | <b>5</b>                               | <b>5</b>           | <b>11,983</b> |
| <b>Financial liabilities</b>     |                              |   |  |                    |               |
| <b>Current</b>                   |                              |   |  |                    |               |
| Suppliers and contractors        | 3,772                        |   |  |                    | 3,772         |
| Derivative financial instruments |                              | 199   | 39                                     |                    | 238           |
| Loans and financing              | 1,775                        |   |  |                    | 1,775         |
| Related parties                  | 205                          |   |  |                    | 205           |
|                                  | <b>5,752</b>                 | <b>199</b>                                  | <b>39</b>                              |                    | <b>5,990</b>  |
| <b>Non-current</b>               |                              |   |  |                    |               |
| Derivative financial instruments |                              | 1,480                                       | 12                                     |                    | 1,492         |
| Loans and financing              | 27,670                       |   |  |                    | 27,670        |
| Related parties                  | 5                            |   |  |                    | 5             |
| Stockholders Debentures          |                              | 1,775                                       |  |                    | 1,775         |
|                                  | <b>27,675</b>                | <b>3,255</b>                                | <b>12</b>                              |                    | <b>30,942</b> |
| <b>Total of Liabilities</b>      | <b>33,427</b>                | <b>3,454</b>                                | <b>51</b>                              |                    | <b>36,932</b> |

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

(b) Financial instruments for trading in short-term.

(c) See Note 23a.

Table of Contents**22. Fair Value Estimative**

The Company considered the same assumptions and calculation methods presented on the financial statements of December 31, 2013, to measure the fair value of assets and liabilities for the period.

**a) Assets and liabilities measured and recognized at fair value**

|  | June 30, 2014 (unaudited)<br>Level 2 (i) | December 31, 2013<br>Level 2 (i) |
|--|--|----------------------------------|
| <b>Financial Assets</b>                          |  |                                  |
| <b>Current</b>                                   |  |                                  |
| Derivatives at fair value through profit or loss | 216                                      | 196                              |
| Derivatives designated as hedge                  | 13                                       | 5                                |
|  | <b>229</b>                               | <b>201</b>                       |
| <b>Non-Current</b>                               |  |                                  |
| Derivatives at fair value through profit or loss | 198                                      | 140                              |
|  | <b>198</b>                               | <b>140</b>                       |
| <b>Total of Assets</b>                           | <b>427</b>                               | <b>341</b>                       |
| <b>Financial Liabilities</b>                     |  |                                  |
| <b>Current</b>                                   |  |                                  |
| Derivatives at fair value through profit or loss | 403                                      | 199                              |
| Derivatives designated as hedge                  | 20                                       | 39                               |
|  | <b>423</b>                               | <b>238</b>                       |
| <b>Non-Current</b>                               |  |                                  |
| Derivatives at fair value through profit or loss | 950                                      | 1,480                            |
| Derivatives designated as hedge                  | 4  | 12                               |
| Stockholders debentures                          | 2,182                                    | 1,775                            |
|  | <b>3,136</b>                             | <b>3,267</b>                     |
| <b>Total of Liabilities</b>                      | <b>3,559</b>                             | <b>3,505</b>                     |

(i) No classification according to levels 1 and 3 at June 30, 2014 and December 31, 2013.

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

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

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

|                              | Balance | June 30, 2014 (unaudited) |         |         |
|------------------------------|---------|---------------------------|---------|---------|
|                              |         | Fair value (ii)           | Level 1 | Level 2 |
| <b>Financial liabilities</b> |         |                           |         |         |
| Loans (long term) (i)        | 29,462  | 31,396                    | 17,405  | 13,991  |

---

(i) Net interest of US\$400

(ii) No classification according to level 3.

|                              | Balance | December 31, 2013 |         |         |
|------------------------------|---------|-------------------|---------|---------|
|                              |         | Fair value (ii)   | Level 1 | Level 2 |
| <b>Financial liabilities</b> |         |                   |         |         |
| Loans (long term) (i)        | 28,996  | 30,005            | 15,964  | 14,041  |

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(i) Net interest of US\$449

(ii) No classification according to level 3.

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## 23. Derivatives financial instruments

## a) Derivatives effects on Balance Sheet

|  | June 30, 2014 (unaudited) |             | December 31, 2013 |             |
|--|---------------------------|-------------|-------------------|-------------|
|  | Current                   | Non-current | Current           | Non-current |
| <b>Assets</b>  |                           |             |                   |             |
| <b>Derivatives not designated as hedge</b>               |                           |             |                   |             |
| <b>Foreign exchange and interest rate risk</b>           |                           |             |                   |             |
| CDI & TJLP vs. US\$ fixed and floating rate swap         |                           |             | 174               |             |
| EURO floating rate vs. US\$ fixed rate swap              | 167                       | 4           |                   |             |
| IPCA swap  | 10                        | 18          |                   |             |
| Eurobonds swap   |                           | 122         | 13                | 101         |
| Pre dollar swap  | 5                         |             | 5                 |             |
|  | <b>182</b>                | <b>144</b>  | <b>192</b>        | <b>101</b>  |
| <b>Commodities price risk</b>                            |                           |             |                   |             |
| <b>Nickel:</b>   |                           |             |                   |             |
| Nickel fixed price program                               | 16                        |             | 4                 |             |
| Bunker oil   | 18                        |             |                   |             |
|  | <b>34</b>                 |             | <b>4</b>          |             |
| <b>Warrants</b>  |                           |             |                   |             |
| SLW options (Note 28)                                    |                           | 54          |                   | 39          |
|  |                           | <b>54</b>   |                   | <b>39</b>   |
| <b>Embedded derivatives</b>                              |                           |             |                   |             |
| <b>Derivatives designated as hedge (cash flow hedge)</b> |                           |             |                   |             |
| Bunker Oil   | 13                        |             | 5                 |             |
|  | <b>13</b>                 |             | <b>5</b>          |             |
| <b>Total</b>   | <b>229</b>                | <b>198</b>  | <b>201</b>        | <b>140</b>  |

|  | June 30, 2014 (unaudited) |             | December 31, 2013 |              |
|--|---------------------------|-------------|-------------------|--------------|
|  | Current                   | Non-current | Current           | Non-current  |
| <b>Liabilities</b>                               |                           |             |                   |              |
| <b>Derivatives not designated as hedge</b>       |                           |             |                   |              |
| <b>Foreign exchange and interest rate risk</b>   |                           |             |                   |              |
| CDI & TJLP vs. US\$ fixed and floating rate swap | 378                       | 838         | 185               | 1,369        |
| IPCA swap  |                           | 11          |                   |              |
| Eurobonds swap                                   | 3                         | 10          | 1                 |              |
| Pre dollar swap                                  |                           | 89          | 1                 | 110          |
|  | <b>381</b>                | <b>948</b>  | <b>187</b>        | <b>1,479</b> |
| <b>Commodities price risk</b>                    |                           |             |                   |              |
| <b>Nickel:</b>                                   |                           |             |                   |              |
| Bunker oil                                       | 22                        | 1           | 3                 |              |
|  |                           |             | 9                 |              |
|  | <b>22</b>                 | <b>1</b>    | <b>12</b>         |              |



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**Embedded derivatives**

|          |  |          |  |          |
|----------|--|----------|--|----------|
| Gas Oman |  | 1        |  | 1        |
|          |  | <b>1</b> |  | <b>1</b> |

**Derivatives designated as hedge (cash flow hedge)**

|                  |            |            |            |              |
|------------------|------------|------------|------------|--------------|
| Bunker oil       | 2          |            | 12         |              |
| Foreign exchange | 18         | 4          | 27         | 12           |
|                  | <b>20</b>  | <b>4</b>   | <b>39</b>  | <b>12</b>    |
| <b>Total</b>     | <b>423</b> | <b>954</b> | <b>238</b> | <b>1,492</b> |

Table of Contents**b) Derivatives' effects in the Statement of Income, Cash Flow and Other Comprehensive Income**

|  | Amount of gain or(loss) recognized<br>as financial income (expense) |               | Three-month period ended (unaudited)<br>Financial settlement inflows/<br>(Outflows) |               | Amount of gain (loss) recognized in<br>OCI |               |
|--|---|---------------|---|---------------|--|---------------|
|  | June 30, 2014   | June 30, 2013 | June 30, 2014   | June 30, 2013 | June 30, 2014                              | June 30, 2013 |
| <b>Derivatives not designated as<br/>hedge</b>               |   |               |   |               |  |               |
| <b>Foreign exchange and<br/>interest rate risk</b>           |   |               |   |               |  |               |
| CDI & TJLP vs. US\$ fixed<br>and floating rate swap          | 331   | (809)         | 95  | 93            |  |               |
| IPCA swap  | 9   |               |   |               |  |               |
| Eurobonds swap   | 1   | 41            |   |               |  |               |
| Pre dollar swap  | 22  | (46)          | 3   | 5             |  |               |
|  | <b>363</b>  | <b>(814)</b>  | <b>98</b>   | <b>98</b>     |  |               |
| <b>Commodities price risk</b>                                |   |               |   |               |  |               |
| Nickel:  |   |               |   |               |  |               |
| Nickel fixed price program                                   | (3)   | 1             | 3   | 1             |  |               |
| Bunker oil   | 15  | (105)         |   | (11)          |  |               |
|  | <b>12</b>   | <b>(104)</b>  | <b>3</b>  | <b>(10)</b>   |  |               |
| <b>Warrants</b>  |   |               |   |               |  |               |
| SLW options (Note 28)  | 7   | (48)          |   |               |  |               |
|  | <b>7</b>  | <b>(48)</b>   |   |               |  |               |
| <b>Embedded derivatives</b>                                  |   |               |   |               |  |               |
| Gas Oman   | 1   |               |   |               |  |               |
|  | <b>1</b>  |               |   |               |  |               |
| <b>Derivatives designated as<br/>hedge (cash flow hedge)</b> |   |               |   |               |  |               |
| Bunker Oil   | (6)   | (13)          | (6)   | (13)          | 26   | (35)          |
| Foreign exchange   | (9)   | (4)           | (9)   | (4)           | 21   | (24)          |
|  | <b>(15)</b>   | <b>(17)</b>   | <b>(15)</b>   | <b>(17)</b>   | <b>47</b>                                  | <b>(59)</b>   |
| <b>Total</b>   | <b>368</b>  | <b>(983)</b>  | <b>86</b>   | <b>71</b>     | <b>47</b>                                  | <b>(59)</b>   |

|   | Amount of gain or(loss) recognized<br>as financial income (expense) |               | Six-month period ended (unaudited)<br>Financial settlement inflows/<br>(Outflows) |               | Amount of gain or (loss) recognized<br>in OCI |               |
|---|---|---------------|---|---------------|---|---------------|
|   | June 30, 2014   | June 30, 2013 | June 30, 2014   | June 30, 2013 | June 30, 2014                                 | June 30, 2013 |
| <b>Derivatives not designated as<br/>hedge</b>      |   |               |   |               |   |               |
| <b>Foreign exchange and<br/>interest rate risk</b>  |   |               |   |               |   |               |
| CDI & TJLP vs. US\$ fixed<br>and floating rate swap | 525   | (667)         | 123   | 175           |   |               |
| IPCA swap   | 16  |               |   |               |   |               |
| Eurobonds swap                                      | 7   | 1             | 10  | (5)           |   |               |
| Pre dollar swap                                     | 33  | (38)          | 5   | 10            |   |               |
|   | <b>581</b>  | <b>(704)</b>  | <b>138</b>  | <b>180</b>    |   |               |
| <b>Commodities price risk</b>                       |   |               |   |               |   |               |
| Nickel:   |   |               |   |               |   |               |

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|  |             |              |             |             |           |              |
|--|-------------|--------------|-------------|-------------|-----------|--------------|
| Nickel fixed price program                               | (4)         | 2            | 4           | (2)         |           |              |
| Bunker oil   | 18          | (120)        | (8)         | (10)        |           |              |
|  | <b>14</b>   | <b>(118)</b> | <b>(4)</b>  | <b>(12)</b> |           |              |
| <b>Warrants</b>  |             |              |             |             |           |              |
| SLW options (Note 28)                                    | 15          | (55)         |             |             |           |              |
|  | <b>15</b>   | <b>(55)</b>  |             |             |           |              |
| <b>Embedded derivatives</b>                              |             |              |             |             |           |              |
| Gas Oman   | 1           |              |             |             |           |              |
|  | <b>1</b>    |              |             |             |           |              |
| <b>Derivatives designated as hedge (cash flow hedge)</b> |             |              |             |             |           |              |
| Bunker Oil   | (9)         | (13)         | (9)         | (13)        | 19        | (48)         |
| Strategic nickel   |             | 13           |             | 13          |           | (13)         |
| Foreign exchange   | (22)        |              | (22)        |             | 11        | (41)         |
|  | <b>(31)</b> |              | <b>(31)</b> |             | <b>30</b> | <b>(102)</b> |
| <b>Total</b>   | <b>580</b>  | <b>(877)</b> | <b>103</b>  | <b>168</b>  | <b>30</b> | <b>(102)</b> |

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

|                            | <b>Maturities dates</b> |
|----------------------------|-------------------------|
| Currencies/ Interest Rates | July 2023               |
| Gas Oman                   | April 2016              |
| Nickel                     | July 2016               |
| Copper                     | September 2014          |
| Warrants                   | February 2023           |
| Bunker Oil                 | December 2014           |

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**Additional information about derivative 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 a 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. There was no cash amount subject to margin calls on June 30, 2014.

**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 June 30, 2014, the derivatives positions for Vale and controlled companies with the following information: notional amount, fair value (considering counterparty credit risk)(1), gains or losses in the period, value at risk and the fair value for the remaining years of the operations per each group of instruments.

**Foreign exchange and interest rates derivative positions**

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

- **CDI vs. US\$ 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 BRL linked to CDI to US\$. In those swaps, Vale pays fixed rates in US\$ and receives payments linked to CDI.

- **CDI vs. US\$ 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 BRL linked to CDI to US\$. In those swaps, Vale pays floating rates in US\$ (Libor - London Interbank Offered Rate) and receives payments linked to CDI.

| Flow                                | Notional (\$ million) |                   |         | Average rate | Fair value    |                   | Realized Gain/Loss | Value at Risk | US\$ Million  |               |              |              |             |
|-------------------------------------|-----------------------|-------------------|---------|--------------|---------------|-------------------|--------------------|---------------|---------------|---------------|--------------|--------------|-------------|
|                                     | June 30, 2014         | December 31, 2013 | Index   |              | June 30, 2014 | December 31, 2013 |                    |               | June 30, 2014 | June 30, 2014 | 2014         | 2015         | 2016        |
| <b>CDI vs. fixed rate swap</b>      |                       |                   |         |              |               |                   |                    |               |               |               |              |              |             |
| Receivable                          | R\$ 5,496             | R\$ 5,096         | CDI     | 108.35%      | 2,601         | 2,391             | 180                |               |               |               |              |              |             |
| Payable                             | US\$ 2,768            | US\$ 2,603        | US\$+   | 3.71%        | (2,874)       | (2,799)           | (106)              |               |               |               |              |              |             |
| <b>Net</b>                          |                       |                   |         |              | <b>(273)</b>  | <b>(408)</b>      | <b>74</b>          | <b>32</b>     | <b>35</b>     | <b>(72)</b>   | <b>(189)</b> | <b>(47)</b>  |             |
| <b>Adjusted Net for credit risk</b> |                       |                   |         |              | <b>(276)</b>  | <b>(411)</b>      |                    |               |               | <b>35</b>     | <b>(73)</b>  | <b>(190)</b> | <b>(48)</b> |
| <b>CDI vs. floating rate swap</b>   |                       |                   |         |              |               |                   |                    |               |               |               |              |              |             |
| Receivable                          | R\$ 428               | R\$ 428           | CDI     | 103.50%      | 203           | 190               | 9                  |               |               |               |              |              |             |
| Payable                             | US\$ 250              | US\$ 250          | Libor + | 0.99%        | (253)         | (254)             | (2)                |               |               |               |              |              |             |
| <b>Net</b>                          |                       |                   |         |              | <b>(50)</b>   | <b>(64)</b>       | <b>7</b>           | <b>3</b>      | <b>9</b>      | <b>(59)</b>   |              |              |             |
| <b>Adjusted Net for credit risk</b> |                       |                   |         |              | <b>(50)</b>   | <b>(64)</b>       |                    |               |               | <b>9</b>      | <b>(59)</b>  |              |             |

**Type of contracts:** OTC Contracts

**Protected item:** Debts linked to BRL

The protected items are the debt instruments linked to BRL once the objective of this protection is to transform the obligations linked to BRL into obligations linked to US\$ so as to achieve a currency offset by matching Vale's receivables (mainly linked to US\$) with Vale's payables.

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(1) The Adjusted net/total for credit risk considers the adjustments for credit (counterparty) risk calculated for the instruments, in accordance with International Financial Reporting Standard 13.

Table of Contents**Protection program for the real denominated debt indexed to TJLP**

- **TJLP vs. US\$ 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(2) to US\$. In those swaps, Vale pays fixed rates in US\$ and receives payments linked to TJLP.
- **TJLP vs. US\$ 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 US\$. In those swaps, Vale pays floating rates in US\$ and receives payments linked to TJLP.

| Flow                                    | Notional (\$ million) |                   | Index   | Average rate | Fair value    |                   | Realized Gain/Loss<br>June 30, 2014 | Value at Risk |             | US\$ Million<br>Fair value by year |             |              |  |
|---|-----------------------|-------------------|---------|--------------|---------------|-------------------|-------------------------------------|---------------|-------------|------------------------------------|-------------|--------------|--|
|   | June 30, 2014         | December 31, 2013 |         |              | June 30, 2014 | December 31, 2013 |                                     | June 30, 2014 | 2014        | 2015                               | 2016        | 2017-2023    |  |
| <b>Swap TJLP vs. fixed rate swap</b>    |                       |                   |         |              |               |                   |                                     |               |             |                                    |             |              |  |
| Receivable                              | R\$ 6,305             | R\$ 6,456         | TJLP +  | 1.37%        | 2,508         | 2,401             | 220                                 |               |             |                                    |             |              |  |
| Payable                                 | US\$ 3,214            | US\$ 3,310        | USD +   | 1.98%        | (3,106)       | (3,172)           | (181)                               |               |             |                                    |             |              |  |
| <b>Net</b>                              |                       |                   |         |              | <b>(598)</b>  | <b>(771)</b>      | <b>39</b>                           | <b>95</b>     | <b>(16)</b> | <b>(31)</b>                        | <b>(85)</b> | <b>(466)</b> |  |
| <b>Adjusted Net for credit risk</b>     |                       |                   |         |              | <b>(635)</b>  | <b>(803)</b>      |                                     |               | <b>(17)</b> | <b>(32)</b>                        | <b>(86)</b> | <b>(500)</b> |  |
| <b>Swap TJLP vs. floating rate swap</b> |                       |                   |         |              |               |                   |                                     |               |             |                                    |             |              |  |
| Receivable                              | R\$ 611               | R\$ 615           | TJLP +  | 0.88%        | 235           | 224               | 19                                  |               |             |                                    |             |              |  |
| Payable                                 | US\$ 348              | US\$ 350          | Libor + | -1.15%       | (319)         | (324)             | (13)                                |               |             |                                    |             |              |  |
| <b>Net</b>                              |                       |                   |         |              | <b>(84)</b>   | <b>(100)</b>      | <b>6</b>                            | <b>8</b>      | <b>(34)</b> | <b>3</b>                           | <b>(0)</b>  | <b>(53)</b>  |  |
| <b>Adjusted Net for credit risk</b>     |                       |                   |         |              | <b>(85)</b>   | <b>(102)</b>      |                                     |               | <b>(34)</b> | <b>3</b>                           | <b>(0)</b>  | <b>(54)</b>  |  |

**Type of contracts:** OTC Contracts

**Protected item:** Debts linked to BRL

The protected items are the debt instruments linked to BRL once the objective of this protection is to transform the obligations linked to BRL into obligations linked to US\$ so as to achieve a currency offset by matching Vale's receivables (mainly linked to US\$) with Vale's payables.

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

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

| Flow   | Notional (\$ million) |                   |       | Average rate | Fair value    |                   | Realized Gain/Loss<br>June 30, 2014 | Value at Risk |               | US\$ Million<br>Fair value by year |             |             |           |
|--|-----------------------|-------------------|-------|--------------|---------------|-------------------|-------------------------------------|---------------|---------------|------------------------------------|-------------|-------------|-----------|
|  | June 30, 2014         | December 31, 2013 | Index |              | June 30, 2014 | December 31, 2013 |                                     | June 30, 2014 | June 30, 2014 | 2014                               | 2015        | 2016        | 2017-2023 |
| <b>R\$ fixed rate vs. US\$ fixed rate swap</b> |                       |                   |       |              |               |                   |                                     |               |               |                                    |             |             |           |
| Receivable                                     | R\$ 793               | R\$ 824           | Fix   | 4.49%        | 316           | 309               | 33                                  |               |               |                                    |             |             |           |
| Payable  | US\$ 427              | US\$ 446          | US\$- | -1.14%       | (397)         | (411)             | (28)                                |               |               |                                    |             |             |           |
| <b>Net</b>                                     |                       |                   |       |              | <b>(81)</b>   | <b>(102)</b>      | <b>5</b>                            | <b>9</b>      | <b>4</b>      | <b>(15)</b>                        | <b>(52)</b> | <b>(18)</b> |           |
| <b>Adjusted Net for credit risk</b>            |                       |                   |       |              | <b>(84)</b>   | <b>(106)</b>      |                                     |               | <b>4</b>      | <b>(15)</b>                        | <b>(53)</b> | <b>(20)</b> |           |

**Type of contracts:** OTC Contracts

**Protected item:** Debts linked to BRL

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

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

- **IPCA vs. US\$ 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 BRL linked to IPCA into US\$ on the debenture contracts issued by Vale in 2014 with a notional amount of BRL 1 billion. In those swaps, Vale pays fixed rates in US\$ and receives payments linked to IPCA.

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





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| Flow                                 | Notional (\$ million) |  |                   |        | Fair value   |               | Realized Gain/Loss | Value at Risk | US\$ Million  |           |           |            |      |
|--------------------------------------|-----------------------|--|-------------------|--------|--------------|---------------|--------------------|---------------|---------------|-----------|-----------|------------|------|
|                                      | June 30, 2014         |  | December 31, 2013 | Index  | Average rate | June 30, 2014 | December 31, 2013  | June 30, 2014 | June 30, 2014 | 2014      | 2015      | 2016       | 2017 |
|                                      |                       |  |                   |        |              |               |                    |               |               |           |           |            |      |
| <b>IPCA vs. US\$ fixed rate swap</b> |                       |  |                   |        |              |               |                    |               |               |           |           |            |      |
| Receivable                           | R\$ 1,000             |  |                   | IPCA   | 6.55%        | 488           |                    |               |               |           |           |            |      |
| Payable                              | US\$ 434              |  |                   | US\$ + | 3.98%        | (470)         |                    |               |               |           |           |            |      |
| <b>Net</b>                           |                       |  |                   |        |              | <b>18</b>     |                    |               | <b>89</b>     | <b>10</b> | <b>11</b> | <b>(3)</b> |      |
| <b>Adjusted Net for credit risk</b>  |                       |  |                   |        |              | <b>16</b>     |                    |               |               | <b>10</b> | <b>10</b> | <b>(4)</b> |      |

**Type of contracts:** OTC Contracts

**Protected item:** Debts linked to BRL

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

**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 US\$ linked to fixed rate. This contract was entered into 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 US\$.

| Flow       | Notional (\$ million) |  |                   |       | Fair value   |               | Realized Gain/Loss | Value at Risk | US\$ Million  |            |            |           |
|------------|-----------------------|--|-------------------|-------|--------------|---------------|--------------------|---------------|---------------|------------|------------|-----------|
|            | June 30, 2014         |  | December 31, 2013 | Index | Average rate | June 30, 2014 | December 31, 2013  | June 30, 2014 | June 30, 2014 | 2014       | 2015       | 2016-2023 |
|            |                       |  |                   |       |              |               |                    |               |               |            |            |           |
| Receivable | 1,000                 |  | 1,000             | EUR   | 4.063%       | 1,575         | 1,530              | 786           |               |            |            |           |
| Payable    | US\$ 1,302            |  | US\$ 1,288        | US\$  | 4.511%       | (1,459)       | (1,411)            | (775)         |               |            |            |           |
| <b>Net</b> |                       |  |                   |       |              | <b>116</b>    | <b>119</b>         | <b>11</b>     | <b>27</b>     | <b>(3)</b> | <b>119</b> |           |
|            |                       |  |                   |       |              | <b>109</b>    | <b>113</b>         |               |               | <b>(3)</b> | <b>112</b> |           |

**Adjusted  
Net for  
credit risk**

**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/US\$ exchange rate.

**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 US\$ and the disbursements denominated in Canadian Dollars.

| Flow                                  | Notional (\$ million) |                   |          | Average rate<br>(CAD/USD) | Fair value    |                   | Realized Gain/Loss<br>June 30, 2014 | Value at Risk<br>June 30, 2014 | US\$ Million<br>Fair value by year |      |      |
|---------------------------------------|-----------------------|-------------------|----------|---------------------------|---------------|-------------------|-------------------------------------|--------------------------------|------------------------------------|------|------|
|                                       | June 30, 2014         | December 31, 2014 | Buy/Sell |                           | June 30, 2014 | December 31, 2013 |                                     |                                | 2014                               | 2015 | 2016 |
| Forward                               | CAD 483               | CAD 786           | B        | 1.022                     | (23)          | (38)              |                                     | 3                              | (12)                               | (11) | (0)  |
| <b>Adjusted total for credit risk</b> |                       |                   |          |                           | (23)          | (39)              |                                     |                                | (12)                               | (11) | (0)  |

**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/US\$ exchange rate.

**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:

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**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 or original product sold to our clients, hedging transactions were implemented. The trades are usually implemented by the sale and/or buy of nickel forward or future contracts at LME or over-the-counter operations.

| Flow                                  | Notional (ton) |                   | Buy/ Sell | Average Strike<br>(US\$/ton) | Fair value    |                   | Realized Gain/Loss<br>June 30, 2014 | Value at Risk<br>June 30, 2014 | US\$ Million               |  |               |
|---------------------------------------|----------------|-------------------|-----------|------------------------------|---------------|-------------------|-------------------------------------|--------------------------------|----------------------------|--|---------------|
|                                       | June 30, 2014  | December 31, 2013 |           |                              | June 30, 2014 | December 31, 2013 |                                     |                                | Fair value by year<br>2014 |  |               |
| Nickel Futures                        | 304            | 168               | S         | 18,426                       | (0.32)        | 0.03              | 0.35                                | 0.13                           |                            |  | (0.32)        |
| <b>Adjusted total for credit risk</b> |                |                   |           |                              | <b>(0.32)</b> | <b>0.03</b>       |                                     |                                |                            |  | <b>(0.32)</b> |

**Type of contracts:** LME contracts and OTC contracts

**Protected item:** part of Vale's revenues linked to nickel price.

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

**Nickel fixed price program**

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

| Flow | Notional (ton) |                   | Buy/ Sell | Average Strike<br>(US\$/ton) | Fair value    |                   | Realized Gain/Loss<br>June 30, 2014 | Value at Risk<br>June 30, 2014 | US\$ Million                         |  |  |
|------|----------------|-------------------|-----------|------------------------------|---------------|-------------------|-------------------------------------|--------------------------------|--------------------------------------|--|--|
|      | June 30, 2014  | December 31, 2013 |           |                              | June 30, 2014 | December 31, 2013 |                                     |                                | Fair value by year<br>2014 2015 2016 |  |  |

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|                                       |       |       |   |        |           |            |   |   |           |          |          |
|---------------------------------------|-------|-------|---|--------|-----------|------------|---|---|-----------|----------|----------|
| Nickel Futures                        | 8,072 | 6,317 | B | 17,322 | 16        | (2)        | 8 | 4 | 14        | 2        | 0        |
| <b>Adjusted total for credit risk</b> |       |       |   |        | <b>16</b> | <b>(2)</b> |   |   | <b>14</b> | <b>2</b> | <b>0</b> |

**Type of contracts:** LME contracts and OTC 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.

**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 purchases 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 June 30, 2014 | Value at Risk June 30, 2014 | US\$ Million            |               |
|---------------------------------------|----------------|-------------------|-----------|---------------------------|---------------|-------------------|----------------------------------|-----------------------------|-------------------------|---------------|
|                                       | June 30, 2014  | December 31, 2013 |           |                           | June 30, 2014 | December 31, 2013 |                                  |                             | Fair value by year 2014 |               |
| Forward                               | 357,348        | 1,101,029         | S         | 3.06                      | (0.05)        | (0.14)            | 0.04                             | 0.02                        |                         | (0.05)        |
| <b>Adjusted total for credit risk</b> |                |                   |           |                           | <b>(0.05)</b> | <b>(0.14)</b>     |                                  |                             |                         | <b>(0.05)</b> |

**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.

Table of Contents**Bunker Oil purchase protection program**

In order to reduce the impact of bunker oil price fluctuation on Vale's maritime 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 and *zero cost-collars*.

| Flow                                  | Notional (ton) |                   | Buy/ Sell | Average Strike<br>(US\$/mt) | Fair value    |                   | Realized Gain/Loss<br>June 30, 2014 | Value at Risk<br>June 30, 2014 | US\$ Million               |
|---------------------------------------|----------------|-------------------|-----------|-----------------------------|---------------|-------------------|-------------------------------------|--------------------------------|----------------------------|
|                                       | June 30, 2014  | December 31, 2013 |           |                             | June 30, 2014 | December 31, 2013 |                                     |                                | Fair value by year<br>2014 |
| Forward                               | 813,500        |                   | B         | 591                         | 12            |                   | 5                                   | 6                              | 12                         |
| <b>Adjusted total for credit risk</b> |                |                   |           |                             | 12            |                   |                                     |                                | 12                         |

**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.

**Bunker Oil purchase hedging program**

In order to reduce the impact of bunker oil price fluctuation on Vale's maritime 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.

| Flow                      | Notional (ton) |                   | Buy/ Sell | Average Strike<br>(US\$/mt) | Fair value    |                   | Realized Gain/Loss<br>June 30, 2014 | Value at Risk<br>June 30, 2014 | US\$ Million               |
|---------------------------|----------------|-------------------|-----------|-----------------------------|---------------|-------------------|-------------------------------------|--------------------------------|----------------------------|
|                           | June 30, 2014  | December 31, 2013 |           |                             | June 30, 2014 | December 31, 2013 |                                     |                                | Fair value by year<br>2014 |
| Forward                   | 1,442,500      | 1,590,000         | B         | 599                         | 10            | (3)               | (3)                                 | 10                             | 10                         |
| <b>Adjusted total for</b> |                |                   |           |                             | 10            | (3)               |                                     |                                | 10                         |

credit  
risk

**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.

**Sell of part of future gold production (subproduct) from Vale**

The company has definitive contracts with Silver Wheaton Corp. (SLW), a Canadian company whose shares are listed on the Toronto Stock Exchange and New York Stock Exchange, to sell 25% of gold payable produced as a sub product from the Salobo copper mine during its life and 70% of gold payable produced as a sub product from certain nickel mines in Sudbury over the course of 20 years. For this transaction a payment was received part in cash (US\$ 1.9 billion) and part as 10 million SLW warrants with strike price of US\$ 65 and 10 years term, where this last part is considered an American call option.

| Flow                                  | Notional (\$ million) |                   |          | Average Strike<br>(US\$/stock) | Fair value    |                   | Realized Gain/Loss<br>June 30, 2014 | Value at Risk<br>June 30, 2014 | US\$ Million               |
|---------------------------------------|-----------------------|-------------------|----------|--------------------------------|---------------|-------------------|-------------------------------------|--------------------------------|----------------------------|
|                                       | June 30, 2014         | December 31, 2013 | Buy/Sell |                                | June 30, 2014 | December 31, 2013 |                                     |                                | Fair value by year<br>2013 |
| Call Option                           | US\$ 10               | US\$ 10           | B        | 65                             | 54            | 40                |                                     | 4                              | 54                         |
| <b>Adjusted total for credit risk</b> |                       |                   |          |                                | <b>54</b>     | <b>40</b>         |                                     |                                | <b>54</b>                  |

**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 outstanding as at June 30, 2014:

Table of Contents**Raw material and intermediate products purchase**

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

| Flow            | Notional (ton) |                   | Buy/ Sell | Average Strike<br>(US\$/ton) | Fair value    |                   | Realized Gain/Loss<br>June 30, 2014 | Value at Risk<br>June 30, 2014 | US\$ Million<br>Fair value by year |             |
|-----------------|----------------|-------------------|-----------|------------------------------|---------------|-------------------|-------------------------------------|--------------------------------|------------------------------------|-------------|
|                 | June 30, 2014  | December 31, 2013 |           |                              | June 30, 2014 | December 31, 2013 |                                     |                                | 2014                               | 2014        |
| Nickel Forwards | 3,992          | 2,111             |           | 18,424                       | 0.60          | 0.04              | 10.83                               |                                |                                    | 0.60        |
|                 |                |                   | S         |                              |               |                   |                                     |                                |                                    |             |
| Copper Forwards | 6,341          | 6,277             |           | 6,762                        | 0.10          | 0.35              | (0.96)                              |                                |                                    | 0.10        |
| <b>Total</b>    |                |                   |           |                              | <b>0.70</b>   | <b>0.39</b>       | <b>9.86</b>                         | <b>2.14</b>                    |                                    | <b>0.70</b> |

**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/month) |                   | Buy/ Sell | Average Strike<br>(US\$/ton) | Fair value    |                   | Realized Gain/Loss<br>June 30, 2014 | Value at Risk<br>June 30, 2014 | US\$ Million<br>Fair value by year |       |       |
|--------------|-------------------------|-------------------|-----------|------------------------------|---------------|-------------------|-------------------------------------|--------------------------------|------------------------------------|-------|-------|
|              | June 30, 2014           | December 31, 2013 |           |                              | June 30, 2014 | December 31, 2013 |                                     |                                | 2014                               | 2014  | 2015  |
| Call Options | 746,667                 | 746,667           | S         | 179.36                       | (0.7)         | (1.5)             |                                     | 0.9                            | (0.0)                              | (0.5) | (0.2) |

**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.

## 1. Commodities

## Nickel

| Maturity | Price (US\$/ton) | Maturity | Price (US\$/ton) | Maturity | Price (US\$/ton) |
|----------|------------------|----------|------------------|----------|------------------|
| SPOT     | 18,715.00        | DEC14    | 19,077.71        | JUN15    | 19,025.51        |
| JUL14    | 18,997.28        | JAN15    | 19,072.86        | JUN16    | 18,821.30        |
| AUG14    | 19,023.31        | FEB15    | 19,066.14        | JUN17    | 18,635.40        |
| SEP14    | 19,045.59        | MAR15    | 19,056.71        | JUN18    | 18,514.59        |
| OCT14    | 19,060.71        | APR15    | 19,048.14        |          |                  |
| NOV14    | 19,073.57        | MAY15    | 19,038.36        |          |                  |

## Copper

| Maturity | Price (US\$/lb) | Maturity | Price (US\$/lb) | Maturity | Price (US\$/lb) |
|----------|-----------------|----------|-----------------|----------|-----------------|
| SPOT     | 3.19            | DEC14    | 3.18            | JUN15    | 3.17            |
| JUL14    | 3.19            | JAN15    | 3.18            | JUN16    | 3.15            |
| AUG14    | 3.19            | FEB15    | 3.17            | JUN17    | 3.13            |
| SEP14    | 3.18            | MAR15    | 3.17            | JUN18    | 3.11            |
| OCT14    | 3.18            | APR15    | 3.17            |          |                 |
| NOV14    | 3.18            | MAY15    | 3.17            |          |                 |

## Bunker Oil

| Maturity | Price (US\$/ton) | Maturity | Price (US\$/ton) | Maturity | Price (US\$/ton) |
|----------|------------------|----------|------------------|----------|------------------|
| SPOT     | 610.23           | DEC14    | 603.35           | JUN15    | 598.55           |
| JUL14    | 609.08           | JAN15    | 603.13           | JUN16    | 581.69           |
| AUG14    | 607.89           | FEB15    | 602.91           | JUN17    | 572.81           |
| SEP14    | 605.65           | MAR15    | 602.00           | JUN18    | 569.80           |
| OCT14    | 604.34           | APR15    | 601.06           |          |                  |
| NOV14    | 603.54           | MAY15    | 600.02           |          |                  |



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

| <b>Maturity</b> | <b>Rate (% p.a.)</b> | <b>Maturity</b> | <b>Rate (% p.a.)</b> | <b>Maturity</b> | <b>Rate (% p.a.)</b> |
|-----------------|----------------------|-----------------|----------------------|-----------------|----------------------|
| 08/01/14        | 0.73                 | 10/03/16        | 1.76                 | 04/01/19        | 3.05                 |
| 09/01/14        | 0.45                 | 01/02/17        | 1.88                 | 07/01/19        | 3.16                 |
| 10/01/14        | 0.71                 | 04/03/17        | 2.02                 | 10/01/19        | 3.28                 |
| 01/02/15        | 0.89                 | 07/03/17        | 2.17                 | 01/02/20        | 3.38                 |
| 04/01/15        | 1.01                 | 10/02/17        | 2.30                 | 04/01/20        | 3.49                 |
| 07/01/15        | 1.13                 | 01/02/18        | 2.44                 | 07/01/20        | 3.58                 |
| 10/01/15        | 1.24                 | 04/02/18        | 2.56                 | 01/04/21        | 3.82                 |
| 01/04/16        | 1.38                 | 07/02/18        | 2.70                 | 07/01/21        | 4.02                 |
| 04/01/16        | 1.50                 | 10/01/18        | 2.83                 | 01/03/22        | 4.23                 |
| 07/01/16        | 1.63                 | 01/02/19        | 2.95                 | 01/02/23        | 4.61                 |

**US\$ Interest Rate**

| <b>Maturity</b> | <b>Rate (% p.a.)</b> | <b>Maturity</b> | <b>Rate (% p.a.)</b> | <b>Maturity</b> | <b>Rate (% p.a.)</b> |
|-----------------|----------------------|-----------------|----------------------|-----------------|----------------------|
| 1M              | 0.16                 | 6M              | 0.27                 | 11M             | 0.29                 |
| 2M              | 0.19                 | 7M              | 0.27                 | 12M             | 0.29                 |
| 3M              | 0.23                 | 8M              | 0.28                 | 2Y              | 0.59                 |
| 4M              | 0.25                 | 9M              | 0.28                 | 3Y              | 1.01                 |
| 5M              | 0.26                 | 10M             | 0.28                 | 4Y              | 1.43                 |

**TJLP**

| <b>Maturity</b> | <b>Rate (% p.a.)</b> | <b>Maturity</b> | <b>Rate (% p.a.)</b> | <b>Maturity</b> | <b>Rate (% p.a.)</b> |
|-----------------|----------------------|-----------------|----------------------|-----------------|----------------------|
| 08/01/14        | 5.00                 | 10/03/16        | 5.00                 | 04/01/19        | 5.00                 |
| 09/01/14        | 5.00                 | 01/02/17        | 5.00                 | 07/01/19        | 5.00                 |
| 10/01/14        | 5.00                 | 04/03/17        | 5.00                 | 10/01/19        | 5.00                 |
| 01/02/15        | 5.00                 | 07/03/17        | 5.00                 | 01/02/20        | 5.00                 |
| 04/01/15        | 5.00                 | 10/02/17        | 5.00                 | 04/01/20        | 5.00                 |
| 07/01/15        | 5.00                 | 01/02/18        | 5.00                 | 07/01/20        | 5.00                 |
| 10/01/15        | 5.00                 | 04/02/18        | 5.00                 | 01/04/21        | 5.00                 |
| 01/04/16        | 5.00                 | 07/02/18        | 5.00                 | 07/01/21        | 5.00                 |

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|          |      |          |      |          |      |
|----------|------|----------|------|----------|------|
| 04/01/16 | 5.00 | 10/01/18 | 5.00 | 01/03/22 | 5.00 |
| 07/01/16 | 5.00 | 01/02/19 | 5.00 | 01/02/23 | 5.00 |

**BRL Interest Rate**

| Maturity | Rate (% p.a.) | Maturity | Rate (% p.a.) | Maturity | Rate (% p.a.) |
|----------|---------------|----------|---------------|----------|---------------|
| 08/01/14 | 10.81         | 10/03/16 | 11.51         | 04/01/19 | 11.94         |
| 09/01/14 | 10.81         | 01/02/17 | 11.54         | 07/01/19 | 11.96         |
| 10/01/14 | 10.79         | 04/03/17 | 11.62         | 10/01/19 | 11.97         |
| 01/02/15 | 10.78         | 07/03/17 | 11.68         | 01/02/20 | 11.98         |
| 04/01/15 | 10.82         | 10/02/17 | 11.74         | 04/01/20 | 12.02         |
| 07/01/15 | 10.91         | 01/02/18 | 11.79         | 07/01/20 | 12.06         |
| 10/01/15 | 11.05         | 04/02/18 | 11.84         | 01/04/21 | 12.06         |
| 01/04/16 | 11.17         | 07/02/18 | 11.88         | 07/01/21 | 12.09         |
| 04/01/16 | 11.31         | 10/01/18 | 11.92         | 01/03/22 | 12.12         |
| 07/01/16 | 11.41         | 01/02/19 | 11.93         | 01/02/23 | 12.18         |

**Implicit Inflation (IPCA)**

| Maturity | Rate (% p.a.) | Maturity | Rate (% p.a.) | Maturity | Rate (% p.a.) |
|----------|---------------|----------|---------------|----------|---------------|
| 08/01/14 | 6.03          | 10/03/16 | 6.01          | 04/01/19 | 5.89          |
| 09/01/14 | 6.03          | 01/02/17 | 5.95          | 07/01/19 | 5.88          |
| 10/01/14 | 6.01          | 04/03/17 | 5.95          | 10/01/19 | 5.86          |
| 01/02/15 | 6.00          | 07/03/17 | 5.94          | 01/02/20 | 5.84          |
| 04/01/15 | 6.04          | 10/02/17 | 5.94          | 04/01/20 | 5.86          |
| 07/01/15 | 6.12          | 01/02/18 | 5.94          | 07/01/20 | 5.87          |
| 10/01/15 | 6.07          | 04/02/18 | 5.94          | 01/04/21 | 5.83          |
| 01/04/16 | 6.06          | 07/02/18 | 5.93          | 07/01/21 | 5.83          |
| 04/01/16 | 6.05          | 10/01/18 | 5.93          | 01/03/22 | 5.82          |
| 07/01/16 | 6.03          | 01/02/19 | 5.91          | 01/02/23 | 5.82          |

**EUR Interest Rate**

| Maturity | Rate (% p.a.) | Maturity | Rate (% p.a.) | Maturity | Rate (% p.a.) |
|----------|---------------|----------|---------------|----------|---------------|
| 1M       | 0.09          | 6M       | 0.25          | 11M      | 0.29          |
| 2M       | 0.13          | 7M       | 0.26          | 12M      | 0.29          |
| 3M       | 0.18          | 8M       | 0.27          | 2Y       | 0.31          |
| 4M       | 0.21          | 9M       | 0.28          | 3Y       | 0.39          |
| 5M       | 0.24          | 10M      | 0.28          | 4Y       | 0.51          |

**CAD Interest Rate**

| Maturity | Rate (% p.a.) | Maturity | Rate (% p.a.) | Maturity | Rate (% p.a.) |
|----------|---------------|----------|---------------|----------|---------------|
| 1M       | 1.25          | 6M       | 1.38          | 11M      | 1.30          |
| 2M       | 1.25          | 7M       | 1.35          | 12M      | 1.29          |
| 3M       | 1.27          | 8M       | 1.33          | 2Y       | 1.43          |
| 4M       | 1.33          | 9M       | 1.32          | 3Y       | 1.63          |

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|    |      |     |      |    |      |
|----|------|-----|------|----|------|
| 5M | 1.36 | 10M | 1.31 | 4Y | 1.84 |
|----|------|-----|------|----|------|

**Currencies - Ending rates**

|          |        |          |        |          |        |
|----------|--------|----------|--------|----------|--------|
| CAD/US\$ | 0.9364 | US\$/BRL | 2.2025 | EUR/US\$ | 1.3690 |
|----------|--------|----------|--------|----------|--------|

Table of Contents**Sensitivity analysis(3)**

We present below the sensitivity analysis for all derivative positions outstanding as of June 30, 2014 given predefined scenarios for market risk factors behavior. The scenarios were defined as follows:

- Fair Value: the fair value of the instruments as at June 30, 2014;
- Scenario I: Potential change in fair value of Vale's financial instruments positions considering a 25% deterioration of market curves for underlying market risk factors;
- Scenario II: Potential change in fair value of Vale's financial instruments positions considering a 25% increase of market curves for underlying market risk factors;
- Scenario III: Potential change in fair value of Vale's financial instruments positions considering a 50% deterioration of market curves for underlying market risk factors;
- Scenario IV: Potential change in fair value of Vale's financial instruments positions considering a 50% increase of market curves for underlying market risk factors;

**Sensitivity analysis - summary of the US\$/BRL fluctuation - debt, cash investments and derivatives****Sensitivity analysis - Summary of the US\$/BRL fluctuation***Amounts in US\$ million*

|                         |   |                        |         |       |         |       |
|-------------------------|---|------------------------|---------|-------|---------|-------|
| <b>Funding</b>          | <b>Debt denominated in BRL</b>            | <b>BRL fluctuation</b> |         |       |         |       |
| <b>Cash Investments</b> | <b>Cash denominated in BRL</b>            | <b>BRL fluctuation</b> |         |       |         |       |
| <b>Derivatives*</b>     | <b>Consolidated derivatives portfolio</b> | <b>BRL fluctuation</b> | (1,855) | 1,855 | (3,710) | 3,710 |

(\*) Detailed information of derivatives block is described below.

Sensitivity analysis consolidated derivative position

Sensitivity analysis - Foreign Exchange and Interest Rate Derivative Positions

Amounts in US\$ 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. US\$fixed rate swap                        | BRL fluctuation                           |            | (719)      | 719         | (1,437)      | 1,437       |
|  |  | USD interest rate inside Brazil variation | (276)      | (18)       | 18          | (37)         | 35          |
|  |  | Brazilian interest rate fluctuation       |            | (10)       | 9           | (20)         | 17          |
|  |  | USD Libor variation                       |            | (0.04)     | 0.05        | (0.1)        | 0.1         |
|  | CDI vs. US\$floating rate swap                     | BRL fluctuation                           |            | (63)       | 63          | (126)        | 126         |
|  |  | Brazilian interest rate fluctuation       | (50)       | (0.1)      | 0.1         | (0.2)        | 0.2         |
|  | Protected Items - Real denominated debt            | USD Libor variation                       |            | (0.01)     | 0.01        | (0.02)       | 0.02        |
|  | Protected Items - Real denominated debt            | BRL fluctuation                           | n.a.       |            |             |              |             |
| Protection program for the Real denominated debt indexed to TJLP             | TJLP vs. US\$fixed rate swap                       | BRL fluctuation                           |            | (776)      | 776         | (1,553)      | 1,553       |
|  |  | USD interest rate inside Brazil variation | (635)      | (47)       | 45          | (98)         | 87          |
|  |  | Brazilian interest rate fluctuation       |            | 165        | (146)       | 353          | (276)       |
|  |  | TJLP interest rate fluctuation            |            | (78)       | 76          | (157)        | 150         |
|  | TJLP vs. US\$floating rate swap                    | BRL fluctuation                           |            | (80)       | 80          | (160)        | 160         |
|  |  | USD interest rate inside Brazil variation |            | (5)        | 5           | (10)         | 9           |
|  |  | Brazilian interest rate fluctuation       | (85)       | 13         | (11)        | 28           | (21)        |
|  |  | TJLP interest rate fluctuation            |            | (6)        | 6           | (12)         | 12          |
|  | Protected Items - Real denominated debt            | USD Libor variation                       |            | 3          | (3)         | 6            | (6)         |
|  | Protected Items - Real denominated debt            | BRL fluctuation                           | n.a.       |            |             |              |             |
| Protection program for the Real denominated fixed rate debt                  | BRL fixed rate vs. US\$ fixed rate swap            | BRL fluctuation                           |            | (99)       | 99          | (198)        | 198         |
|  |  | USD interest rate inside Brazil variation | (84)       | (4)        | 4           | (8)          | 8           |
|  | Protected Items - Real denominated debt            | Brazilian interest rate fluctuation       |            | 16         | (15)        | 35           | (28)        |
|  | Protected Items - Real denominated debt            | BRL fluctuation                           | n.a.       |            |             |              |             |
| Protection program for the Real denominated debt indexed to IPCA             | IPCA vs. US\$fixed rate swap                       | BRL fluctuation                           |            | (118)      | 118         | (235)        | 235         |
|  |  | USD interest rate inside Brazil variation |            | (11)       | 10          | (24)         | 20          |
|  |  | Brazilian interest rate fluctuation       | 16         | 68         | (58)        | 150          | (106)       |
|  |  | IPCA index fluctuation                    |            | (31)       | 34          | (61)         | 69          |
|  | Protected Items - Real denominated debt            | USD Libor variation                       |            | (4)        | 4           | (8)          | 7           |
|  |  | BRL fluctuation                           | n.a.       |            |             |              |             |
| Protection Program for the Euro denominated debt                             | EUR fixed rate vs. US\$fixed rate swap             | EUR fluctuation                           |            | (394)      | 394         | (788)        | 788         |
|  |  | EUR Libor variation                       | 109        | 20         | (19)        | 40           | (36)        |
|  |  | USD Libor variation                       |            | (31)       | 29          | (66)         | 55          |
|  | Protected Items - Euro denominated debt            | EUR fluctuation                           | n.a.       | 394        | (394)       | 788          | (788)       |
| Foreign Exchange hedging program for disbursements in Canadian dollars (CAD) | CAD Forward  | CAD fluctuation                           |            | (118)      | 118         | (236)        | 236         |
|  |  | CAD Libor variation                       | (23)       | 1          | (1)         | 2            | (2)         |
|  |  | USD Libor variation                       |            | (0.2)      | 0.2         | (0.5)        | 0.5         |
|  | Protected Items - Disbursement in Canadian dollars | CAD fluctuation                           | n.a.       | 118        | (118)       | 236          | (236)       |

(3) The deterioration scenario of BRL fluctuation on the tables of this section means the depreciation of BRL against the USD. The same is applicable for the other currencies fluctuations as risk factors. Specifically on Sensitivity analysis - cash investments in other currencies table, we have the depreciation of each currency as a risk factor against another currencies in general, not only USD.



Table of Contents**Sensitivity analysis - Commodity Derivative Positions***Amounts in US\$ million*

| Program   | Instrument  | Risk                         | Fair Value | Scenario I | Scenario II | Scenario III | Scenario IV |
|---|---|------------------------------|------------|------------|-------------|--------------|-------------|
| Nickel purchase protection program                            | Purchase / sale of nickel future/forward contracts                          | Nickel price fluctuation     |            | 1          | (1)         | 3            | (3)         |
|   |   | Libor USD fluctuation        | (0.32)     |            |             |              |             |
|   |   | CAD fluctuation              |            | (0.1)      | 0.1         | (0.2)        | 0.2         |
|   | Protected Item: Part of Vale's revenues linked to Nickel price              | Nickel price fluctuation     | n.a.       | (1)        | 1           | (3)          | 3           |
| Nickel fixed price program                                    | Purchase of nickel future/forward contracts                                 | Nickel price fluctuation     |            | (38)       | 38          | (77)         | 77          |
|   |   | Libor USD fluctuation        | 16         | (0.05)     | 0.05        | (0.1)        | 0.1         |
|   |   | CAD fluctuation              |            | 4          | (4)         | 8            | (8)         |
|   | Protected Item: Part of Vale's nickel revenues from sales with fixed prices | Nickel price fluctuation     | n.a.       | 38         | (38)        | 77           | (77)        |
| Copper Scrap Purchase Protection Program                      | Sale of copper future/forward contracts                                     | Copper price fluctuation     |            | 0.3        | (0.3)       | 0.6          | (0.6)       |
|   |   | Libor USD fluctuation        | (0.05)     |            |             |              |             |
|   |   | CAD fluctuation              |            | (0.01)     | 0.01        | (0.03)       | 0.03        |
|   | Protected Item: Part of Vale's revenues linked to Copper price              | Copper price fluctuation     | n.a.       | (0.3)      | 0.3         | (0.6)        | 0.6         |
| Bunker Oil Protection Program                                 | Bunker Oil forward  | Bunker Oil price fluctuation |            | (123)      | 123         | (246)        | 246         |
|   |   | Libor USD fluctuation        | 12         | (0.1)      | 0.1         | (0.2)        | 0.2         |
|   | Protected Item: part of Vale's costs linked to Bunker Oil price             | Bunker Oil price fluctuation | n.a.       | 123        | (123)       | 246          | (246)       |
| Bunker Oil Hedge Program                                      | Bunker Oil forward  | Bunker Oil price fluctuation |            | (218)      | 218         | (437)        | 437         |
|   |   | Libor USD fluctuation        | 10         | (0.1)      | 0.1         | (0.3)        | 0.3         |
|   | Protected Item: part of Vale's costs linked to Bunker Oil price             | Bunker Oil price fluctuation | n.a.       | 218        | (218)       | 437          | (437)       |
| Sell of part of future gold production (subproduct) from Vale | 10 million of SLW warrants  | SLW stock price fluctuation  |            | (24)       | 28          | (42)         | 61          |
|   |   | Libor USD fluctuation        | 54         | (3)        | 3           | (5)          | 5           |
|   |   | SLW stock price fluctuation  |            |            |             |              |             |
|   | Sell of part of future gold production (subproduct) from Vale               | SLW stock price fluctuation  | n.a.       | 24         | (28)        | 42           | (61)        |

**Sensitivity analysis - Embedded Derivative Positions***Amounts in US\$ 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 | 0.60       | 19         | (19)        | 38           | (38)        |
|   |  | CAD fluctuation          |            | 0.6        | (0.6)       | 1.1          | (1.1)       |

|   |  |   |       |           |               |         |             |
|---|--|---|-------|-----------|---------------|---------|-------------|
| Embedded derivatives - Raw material purchase (Copper)       | Embedded derivatives - Raw material purchase | Copper price fluctuation<br>CAD fluctuation | 0.10  | 11<br>0.4 | (11)<br>(0.4) | 22<br>1 | (22)<br>(1) |
| Embedded derivatives - Gas purchase for Pelletizing Company | Embedded derivatives - Gas purchase          | Pellet price fluctuation                    | (0.7) | 0.6       | (1.6)         | 0.7     | (4.7)       |

#### Sensitivity analysis - cash investments in other currencies

The Company's cash investments linked to other currencies that not US\$ are also subjected to the volatility of foreign exchange currencies.

#### Sensitivity analysis - Cash Investments (Other currencies)

*Amounts in US\$ million*

| Program          | Instrument                           | Risk   | Scenario I | Scenario II | Scenario III | Scenario IV |
|------------------|--------------------------------------|--------|------------|-------------|--------------|-------------|
| Cash Investments | Cash denominated in EUR              | EUR    | (13)       | 13          | (25)         | 25          |
| Cash Investments | Cash denominated in CAD              | CAD    | (0.003)    | 0.003       | (0.01)       | 0.01        |
| Cash Investments | Cash denominated in GBP              | GBP    | (7)        | 7           | (13)         | 13          |
| Cash Investments | Cash denominated in AUD              | AUD    | (0.2)      | 0.2         | (0.4)        | 0.4         |
| Cash Investments | Cash denominated in Other Currencies | Others | (31)       | 31          | (62)         | 62          |

#### 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 June 30, 2014.



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| Vale's Counterparty                   | Moody's* | S&P* |
|---------------------------------------|----------|------|
| ANZ Australia and New Zealand Banking | Aa2      | AA-  |
| Banco Amazônia SA                     |          |      |
| Banco Bradesco                        | Baa2     | BBB- |
| Banco de Credito del Peru             | Baa1     | BBB+ |
| Banco do Brasil                       | Baa2     | BBB- |
| Banco do Nordeste                     | Baa3     | BBB- |
| Banco Safra                           | Baa2     | BBB- |
| Banco Santander                       | Baa2     | BBB- |
| Banco Votorantim                      | Baa2     | BB+  |
| Bank of America                       | Baa2     | A-   |
| Bank of Nova Scotia                   | Aa2      | A+   |
| Banpara                               | Ba3      | BB   |
| Barclays                              | A3       | A-   |
| BNP Paribas                           | A1       | A+   |
| BTG Pactual                           | Baa3     | BB+  |
| Caixa Economica Federal               | Baa2     | BBB- |
| Citigroup                             | (P)Baa2  | A-   |
| Credit Agricole                       | A2       | A    |
| Deutsche Bank                         | A2       | A    |
| Goldman Sachs                         | Baa1     | A-   |
| HSBC                                  | Aa3      | A+   |
| Itau Unibanco                         | Baa2     | BBB- |
| JP Morgan Chase & Co                  | A3       | A    |
| Morgan Stanley                        | Baa2     | A-   |
| Royal Bank of Canada                  | Aa3      | AA-  |
| Societe Generale                      | A2       | A    |
| Standard Chartered                    | A2       | A+   |
| Intesa Sanpaolo Spa                   | Baa2     | BBB  |

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\* Long Term Rating / LT Foreign Issuer Credit

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

Stockholders Equity is represented by common shares ( 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 election of members of the Board of Directors. The Board of Directors may, regardless of changes to bylaws, issue new shares (authorized capital), including the capitalization of profits and reserves to the extent authorized.

In May 2014, the Stockholders approved, at the Extraordinary General Shareholders Meeting, the proposed increase in capital, without issuance of shares, in the total amount of US\$1,036, by the capitalization of revenue reserves.

On June 30, 2014, the capital was US\$61,614 corresponding to 5,244,316,120 shares without par value.

| Stockholders                                    | June 30, 2014 (unaudited) |                      |                      |
|---|---------------------------|----------------------|----------------------|
|   | ON                        | PNA                  | Total                |
| Valepar S.A.                                    | 1,716,435,045             | 20,340,000           | 1,736,775,045        |
| Brazilian Government (Golden Share)             |                           | 12                   | 12                   |
| Foreign investors - ADRs                        | 731,862,132               | 603,005,411          | 1,334,867,543        |
| FMP - FGTS                                      | 85,030,848                |                      | 85,030,848           |
| PIBB - BNDES                                    | 1,600,906                 | 2,381,836            | 3,982,742            |
| BNDESPar  | 206,378,882               | 66,185,272           | 272,564,154          |
| Foreign institutional investors in local market | 260,717,289               | 531,509,487          | 792,226,776          |
| Institutional investors                         | 132,954,512               | 331,111,088          | 464,065,600          |
| Retail investors in Brazil                      | 50,673,386                | 413,188,820          | 463,862,206          |
| Treasury stock                                  | 31,535,402                | 59,405,792           | 90,941,194           |
| <b>Total</b>                                    | <b>3,217,188,402</b>      | <b>2,027,127,718</b> | <b>5,244,316,120</b> |

**b) Treasury stocks**

In May 2014, the Stockholders approved, at the Extraordinary General Shareholders Meeting, the proposed cancellation of 39,536,080 common shares and 81,452,900 preferred shares class A issued by Vale and held in treasury, arising from the buy-back program approved in June 2011.

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On June 30, 2014, there were 90,941,194 treasury stocks, in the total amount of US\$1,477, as follows:

|   | Preferred          | Classes of Shares<br>Common | Total              |
|---|--------------------|-----------------------------|--------------------|
| <b>Balance on December 31, 2012</b>         | <b>140,857,692</b> | <b>71,071,482</b>           | <b>211,929,174</b> |
| Addition                                    |                    |                             |                    |
| Reduction                                   |                    |                             |                    |
| <b>Balance on December 31, 2013</b>         | <b>140,857,692</b> | <b>71,071,482</b>           | <b>211,929,174</b> |
| Addition                                    |                    |                             |                    |
| Reduction                                   | (81,451,900)       | (39,536,080)                | (120,987,980)      |
| <b>Balance on June 30, 2014 (unaudited)</b> | <b>59,405,792</b>  | <b>31,535,402</b>           | <b>90,941,194</b>  |

Table of Contentsc) **Basic and diluted earnings per share**

Basic and diluted earnings per share were calculated as follows:

|   | (unaudited)                               |                  | (unaudited)                             |                  |
|---|---|------------------|---|------------------|
|   | Three-month period ended<br>June 30, 2014 | June 30, 2013    | Six-month period ended<br>June 30, 2014 | June 30, 2013    |
| <b>Net income from continuing operations attributable to the Company's stockholders</b> | <b>1,428</b>                              | <b>413</b>       | <b>3,943</b>                            | <b>3,578</b>     |
| <b>Basic and diluted earnings per share:</b>  |   |                  |   |                  |
| Income available to preferred stockholders  | 546                                       | 158              | 1,506                                   | 1,366            |
| Income available to common stockholders   | 882                                       | 255              | 2,437                                   | 2,212            |
| <b>Total</b>  | <b>1,428</b>                              | <b>413</b>       | <b>3,943</b>                            | <b>3,578</b>     |
| Weighted average number of shares outstanding (thousands of shares) - preferred shares  |   |                  |   |                  |
|   | 1,967,722                                 | 1,967,722        | 1,967,722                               | 1,967,722        |
| Weighted average number of shares outstanding (thousands of shares) - common shares     |   |                  |   |                  |
|   | 3,185,653                                 | 3,185,653        | 3,185,653                               | 3,185,653        |
| <b>Total</b>  | <b>5,153,375</b>                          | <b>5,153,375</b> | <b>5,153,375</b>                        | <b>5,153,375</b> |
| <b>Basic and diluted earnings per share from continuing operations</b>                  |   |                  |   |                  |
| Basic earnings per preferred share  | 0.28                                      | 0.09             | 0.77                                    | 0.70             |
| Basic earnings per common share   | 0.28                                      | 0.09             | 0.77                                    | 0.70             |
| <b>Loss from discontinuing operations attributable to the Company's stockholders</b>    |   |                  |   |                  |
|   |   | <b>11</b>        |   | <b>(45)</b>      |
| <b>Basic and diluted earnings per share:</b>  |   |                  |   |                  |
| Loss available to preferred stockholders  |   | 4                |   | (17)             |
| Loss available to common stockholders   |   | 7                |   | (28)             |
| <b>Total</b>  |   | <b>11</b>        |   | <b>(45)</b>      |
| Weighted average number of shares outstanding (thousands of shares) - preferred shares  |   |                  |   |                  |
|   | 1,967,722                                 | 1,967,722        | 1,967,722                               | 1,967,722        |
|   | 3,185,653                                 | 3,185,653        | 3,185,653                               | 3,185,653        |

|   |                  |                  |                  |                  |
|---|------------------|------------------|------------------|------------------|
| Weighted average number of shares outstanding (thousands of shares) - common shares |                  |                  |                  |                  |
| <b>Total</b>  | <b>5,153,375</b> | <b>5,153,375</b> | <b>5,153,375</b> | <b>5,153,375</b> |

**Basic and diluted earnings per share from discontinuing operations**

|                                    |  |  |  |        |
|------------------------------------|--|--|--|--------|
| Basic earnings per preferred share |  |  |  | (0.01) |
| Basic earnings per common share    |  |  |  | (0.01) |

|  |                          |               |                        |               |
|--|--------------------------|---------------|------------------------|---------------|
|  | (unaudited)              |               |                        |               |
|  | Three-month period ended |               | Six-month period ended |               |
|  | June 30, 2014            | June 30, 2013 | June 30, 2014          | June 30, 2013 |
| <b>Net income attributable to the Company's stockholders</b> | <b>1,428</b>             | <b>424</b>    | <b>3,943</b>           | <b>3,533</b>  |

**Basic and diluted earnings per share:**

|  |              |            |              |              |
|--|--------------|------------|--------------|--------------|
| Income available to preferred stockholders | 546          | 162        | 1,506        | 1,349        |
| Income available to common stockholders    | 882          | 262        | 2,437        | 2,184        |
| <b>Total</b>                               | <b>1,428</b> | <b>424</b> | <b>3,943</b> | <b>3,533</b> |

|  |                  |                  |                  |                  |
|--|------------------|------------------|------------------|------------------|
| Weighted average number of shares outstanding (thousands of shares) - preferred shares | 1,967,722        | 1,967,722        | 1,967,722        | 1,967,722        |
| Weighted average number of shares outstanding (thousands of shares) - common shares    | 3,185,653        | 3,185,653        | 3,185,653        | 3,185,653        |
| <b>Total</b>   | <b>5,153,375</b> | <b>5,153,375</b> | <b>5,153,375</b> | <b>5,153,375</b> |

**Basic and diluted earnings per share**

|                                    |      |      |      |      |
|------------------------------------|------|------|------|------|
| Basic earnings per preferred share | 0.28 | 0.09 | 0.77 | 0.69 |
| Basic earnings per common share    | 0.28 | 0.09 | 0.77 | 0.69 |

**d) Remuneration of stockholders**

The amounts paid to stockholders, by nature of remuneration, are as follows:

|  |   |                     |              |  |
|--|---|---------------------|--------------|--|
|  | Remuneration attributed to Stockholders |                     |              |  |
|  | Dividends                               | Interest on capital | Total        | Amount per outstanding preferred or common share |
| <b>Amounts paid on the 1st half-year of 2013</b> |   |                     |              |  |
| First installment - April                        | 400                                     | 1,850               | 2,250        | 0.436607084                                      |
|  | <b>400</b>                              | <b>1,850</b>        | <b>2,250</b> |  |
| <b>Amounts paid on the 1st half-year of 2014</b> |   |                     |              |  |
| First installment - April                        |   | 2,100               | 2,100        | 0.407499945                                      |
|  |   | <b>2,100</b>        | <b>2,100</b> |  |

Table of Contents**25. Information by Business Segment and Consolidated Revenues by Geographic Area**

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

**a) Results by segment**

|   | Three-month period ended (unaudited) |              |             |             | Total        |
|---|--------------------------------------|--------------|-------------|-------------|--------------|
|   | Bulk Materials                       | Basic Metals | Fertilizers | Others      |              |
| <b>June 30, 2014</b>  |                                      |              |             |             |              |
| <b>Results</b>  |                                      |              |             |             |              |
| Net operating revenue   | 7,140                                | 1,889        | 614         | 259         | 9,902        |
| Cost and expenses   | (3,898)                              | (1,280)      | (542)       | (286)       | (6,006)      |
| Impairment of assets  | (774)                                |              |             |             | (774)        |
| Depreciation, depletion and amortization                          | (409)                                | (367)        | (116)       | (9)         | (901)        |
| <b>Operating income (loss)</b>                                    | <b>2,059</b>                         | <b>242</b>   | <b>(44)</b> | <b>(36)</b> | <b>2,221</b> |
| Financial results, net  | 8                                    | (68)         | 7           | (6)         | (59)         |
| Results on sale of investments from associates and joint ventures |                                      |              |             | (18)        | (18)         |
| Equity results from associates and joint ventures                 | 242                                  | (6)          |             | 8           | 244          |
| Income taxes  | (934)                                | (63)         | 7           | (13)        | (1,003)      |
| <b>Net income (loss)</b>  | <b>1,375</b>                         | <b>105</b>   | <b>(30)</b> | <b>(65)</b> | <b>1,385</b> |
| Loss attributable to noncontrolling interests                     | (22)                                 | (11)         | (2)         | (8)         | (43)         |
| <b>Income (loss) attributable to the company's stockholders</b>   | <b>1,397</b>                         | <b>116</b>   | <b>(28)</b> | <b>(57)</b> | <b>1,428</b> |
| <b>Sales classified by geographic area:</b>                       |                                      |              |             |             |              |
| America, except United States                                     | 183                                  | 257          | 12          | 12          | 464          |
| United States of America  |                                      | 263          |             | 108         | 371          |
| Europe  | 1,033                                | 687          | 25          | 6           | 1,751        |
| Middle East/Africa/Oceania  | 416                                  | 42           |             |             | 458          |
| Japan   | 761                                  | 231          |             | 3           | 995          |
| China   | 3,390                                | 165          |             |             | 3,555        |
| Asia, except Japan and China                                      | 584                                  | 242          | 12          |             | 838          |
| Brazil  | 773                                  | 2            | 565         | 130         | 1,470        |
| <b>Net operating revenue</b>                                      | <b>7,140</b>                         | <b>1,889</b> | <b>614</b>  | <b>259</b>  | <b>9,902</b> |

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Three-month period ended (unaudited)  
June 30, 2013

|   | Bulk<br>Materials | Basic Metals | Fertilizers | Others       | Total of<br>continued<br>operations | Discontinued<br>operations<br>(General Cargo) | Total         |
|---|-------------------|--------------|-------------|--------------|-------------------------------------|---|---------------|
| <b>Results</b>  |                   |              |             |              |                                     |   |               |
| Net operating revenue   | 7,926             | 1,688        | 760         | 289          | 10,663                              | 369   | 11,032        |
| Cost and expenses   | (3,592)           | (1,292)      | (727)       | (426)        | (6,037)                             | (311)   | (6,348)       |
| Depreciation, depletion and<br>amortization                             | (482)             | (446)        | (105)       | (9)          | (1,042)                             | (40)  | (1,082)       |
| <b>Operating income (loss)</b>  | <b>3,852</b>      | <b>(50)</b>  | <b>(72)</b> | <b>(146)</b> | <b>3,584</b>                        | <b>18</b>                                     | <b>3,602</b>  |
| Financial results, net  | (3,405)           | 36           | 5           | 35           | (3,329)                             | 2   | (3,327)       |
| Equity results from associates<br>and joint ventures                    | 106               | (3)          |             | (50)         | 53                                  |   | 53            |
| Income taxes  | 1                 | 24           | 61          | (15)         | 71                                  | (9)   | 62            |
| <b>Net income (loss)</b>  | <b>554</b>        | <b>7</b>     | <b>(6)</b>  | <b>(176)</b> | <b>379</b>                          | <b>11</b>                                     | <b>390</b>    |
| Net loss attributable to<br>noncontrolling interests                    | (5)               | (4)          | (5)         | (20)         | (34)                                |   | (34)          |
| <b>Income (loss) attributable<br/>to the company's<br/>stockholders</b> | <b>559</b>        | <b>11</b>    | <b>(1)</b>  | <b>(156)</b> | <b>413</b>                          | <b>11</b>                                     | <b>424</b>    |
| <b>Sales classified by<br/>geographic area:</b>                         |                   |              |             |              |                                     |   |               |
| America, except United<br>States  | 189               | 238          | 14          | 10           | 451                                 |   | 451           |
| United States of America  |                   | 277          |             | 83           | 360                                 |   | 360           |
| Europe  | 1,369             | 606          | 36          |              | 2,011                               |   | 2,011         |
| Middle East/Africa/Oceania  | 500               | 21           | 4           |              | 525                                 |   | 525           |
| Japan   | 1,047             | 149          |             |              | 1,196                               |   | 1,196         |
| China   | 3,366             | 186          |             |              | 3,552                               |   | 3,552         |
| Asia, except Japan and China  | 725               | 167          | 6           |              | 898                                 |   | 898           |
| Brazil  | 730               | 44           | 700         | 196          | 1,670                               | 369   | 2,039         |
| <b>Net operating revenue</b>  | <b>7,926</b>      | <b>1,688</b> | <b>760</b>  | <b>289</b>   | <b>10,663</b>                       | <b>369</b>                                    | <b>11,032</b> |

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|   | Six-month period ended (unaudited) |              |              |             |               |
|---|------------------------------------|--------------|--------------|-------------|---------------|
|   | June 30, 2014                      |              |              |             |               |
|   | Bulk Materials                     | Basic Metals | Fertilizers  | Others      | Total         |
| <b>Results</b>  |                                    |              |              |             |               |
| Net operating revenue   | 14,095                             | 3,617        | 1,147        | 546         | 19,405        |
| Cost and expenses   | (7,422)                            | (2,459)      | (1,040)      | (541)       | (11,462)      |
| Impairment of assets  | (774)                              |              |              |             | (774)         |
| Depreciation, depletion and amortization                          | (901)                              | (796)        | (216)        | (14)        | (1,927)       |
| <b>Operating income (loss)</b>                                    | <b>4,998</b>                       | <b>362</b>   | <b>(109)</b> | <b>(9)</b>  | <b>5,242</b>  |
| Financial results, net  | 295                                | (199)        | 9            | (15)        | 90            |
| Results on sale of investments from associates and joint ventures |                                    |              |              | (18)        | (18)          |
| Equity results from associates and joint ventures                 | 471                                | (12)         |              | (20)        | 439           |
| Income taxes  | (1,905)                            | (97)         | 26           | (16)        | (1,992)       |
| <b>Net income (loss)</b>  | <b>3,859</b>                       | <b>54</b>    | <b>(74)</b>  | <b>(78)</b> | <b>3,761</b>  |
| Loss attributable to noncontrolling interests                     | (42)                               | (124)        | (7)          | (9)         | (182)         |
| <b>Income (loss) attributable to the company's stockholders</b>   | <b>3,901</b>                       | <b>178</b>   | <b>(67)</b>  | <b>(69)</b> | <b>3,943</b>  |
| <b>Sales classified by geographic area:</b>                       |                                    |              |              |             |               |
| America, except United States                                     | 386                                | 605          | 22           | 12          | 1,025         |
| United States of America  | 2                                  | 525          |              | 232         | 759           |
| Europe  | 2,221                              | 1,280        | 52           | 6           | 3,559         |
| Middle East/Africa/Oceania  | 865                                | 77           |              |             | 942           |
| Japan   | 1,476                              | 396          |              | 3           | 1,875         |
| China   | 6,448                              | 320          |              |             | 6,768         |
| Asia, except Japan and China                                      | 1,172                              | 411          | 15           |             | 1,598         |
| Brazil  | 1,525                              | 3            | 1,058        | 293         | 2,879         |
| <b>Net operating revenue</b>                                      | <b>14,095</b>                      | <b>3,617</b> | <b>1,147</b> | <b>546</b>  | <b>19,405</b> |

|   | Six-month period ended (unaudited) |              |              |              |                               |                         |              |
|---|------------------------------------|--------------|--------------|--------------|-------------------------------|-------------------------|--------------|
|   | June 30, 2013                      |              |              |              |                               |                         |              |
|   | Bulk Materials                     | Basic Metals | Fertilizers  | Others       | Total of continued operations | General cargo logistics | Total        |
| <b>Results</b>                                    |                                    |              |              |              |                               |                         |              |
| Net operating revenue                             | 15,820                             | 3,530        | 1,481        | 478          | 21,309                        | 658                     | 21,967       |
| Cost and expenses                                 | (7,075)                            | (2,437)      | (1,366)      | (589)        | (11,467)                      | (614)                   | (12,081)     |
| Depreciation, depletion and amortization          | (896)                              | (909)        | (224)        | (20)         | (2,049)                       | (79)                    | (2,128)      |
| <b>Operating income (loss)</b>                    | <b>7,849</b>                       | <b>184</b>   | <b>(109)</b> | <b>(131)</b> | <b>7,793</b>                  | <b>(35)</b>             | <b>7,758</b> |
| Financial results, net                            | (3,731)                            | 75           | (3)          | (16)         | (3,675)                       | 3                       | (3,672)      |
| Equity results from associates and joint ventures | 286                                | (7)          |              | (54)         | 225                           |                         | 225          |



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|   |               |              |              |              |               |             |               |
|---|---------------|--------------|--------------|--------------|---------------|-------------|---------------|
| Income taxes  | (894)         | (1)          | 63           | (24)         | (856)         | (13)        | (869)         |
| <b>Net income (loss)</b>  | <b>3,510</b>  | <b>251</b>   | <b>(49)</b>  | <b>(225)</b> | <b>3,487</b>  | <b>(45)</b> | <b>3,442</b>  |
| Loss attributable to noncontrolling interests                   | (29)          | (32)         |              | (30)         | (91)          |             | (91)          |
| <b>Income (loss) attributable to the company's stockholders</b> | <b>3,539</b>  | <b>283</b>   | <b>(49)</b>  | <b>(195)</b> | <b>3,578</b>  | <b>(45)</b> | <b>3,533</b>  |
| <b>Sales classified by geographic area:</b>                     |               |              |              |              |               |             |               |
| America, except United States                                   | 374           | 549          | 25           | 10           | 958           |             | 958           |
| United States of America  | 3             | 565          |              | 108          | 676           |             | 676           |
| Europe  | 2,784         | 1,226        | 69           |              | 4,079         |             | 4,079         |
| Middle East/Africa/Oceania                                      | 935           | 38           | 11           | 7            | 991           |             | 991           |
| Japan   | 1,409         | 285          |              |              | 1,694         |             | 1,694         |
| China   | 7,557         | 437          |              |              | 7,994         |             | 7,994         |
| Asia, except Japan and China                                    | 1,301         | 383          | 19           |              | 1,703         |             | 1,703         |
| Brazil  | 1,457         | 47           | 1,357        | 353          | 3,214         | 658         | 3,872         |
| <b>Net operating revenue</b>                                    | <b>15,820</b> | <b>3,530</b> | <b>1,481</b> | <b>478</b>   | <b>21,309</b> | <b>658</b>  | <b>21,967</b> |

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Three-month period ended (unaudited)  
June 30, 2014

|  | Net operating<br>revenues | Cost           | Expenses     | Research and<br>evaluation | Pre operating<br>and stoppage<br>operation | Operating<br>profit (loss) | Depreciation,<br>depletion and<br>amortization | Impairment   | Operating<br>income | Property, plant<br>and<br>equipment<br>and intangible | Additions to<br>property, plant<br>and<br>equipment<br>and intangible |
|--|---------------------------|----------------|--------------|----------------------------|--|----------------------------|--|--------------|---------------------|---|---|
| <b>Bulk Material</b>                             |                           |                |              |                            |  |                            |  |              |                     |   |   |
| <b>Ferrous minerals</b>                          |                           |                |              |                            |  |                            |  |              |                     |   |   |
| Iron ore   | 5,351                     | (2,359)        | (212)        | (68)                       | (33)                                       | 2,679                      | (304)  | (500)        | 1,875               | 38,640  | 1,141   |
| Pellets  | 1,254                     | (623)          | (15)         |                            | (6)  | 610                        | (56)   |              | 554                 | 1,919   | 33  |
| Ferroalloys<br>and<br>manganese                  | 109                       | (67)           | (8)          |                            | (8)  | 26                         | (10)   |              | 16                  | 299   | 7   |
| Others<br>ferrous<br>products<br>and<br>services | 226                       | (149)          | 4            |                            |  | 81                         | (25)   |              | 56                  | 358   | 18  |
|  | <b>6,940</b>              | <b>(3,198)</b> | <b>(231)</b> | <b>(68)</b>                | <b>(47)</b>                                | <b>3,396</b>               | <b>(395)</b>                                   | <b>(500)</b> | <b>2,501</b>        | <b>41,216</b>   | <b>1,199</b>  |
| Coal   | 200                       | (302)          | (41)         | (2)                        | (9)  | (154)                      | (14)   | (274)        | (442)               | 6,031   | 798   |
|  | <b>7,140</b>              | <b>(3,500)</b> | <b>(272)</b> | <b>(70)</b>                | <b>(56)</b>                                | <b>3,242</b>               | <b>(409)</b>                                   | <b>(774)</b> | <b>2,059</b>        | <b>47,247</b>   | <b>1,997</b>  |
| <b>Base Metals</b>                               |                           |                |              |                            |  |                            |  |              |                     |   |   |
| Nickel and other products (a)                    |                           |                |              |                            |  |                            |  |              |                     |   |   |
|  | 1,538                     | (937)          | 16           | (34)                       | (145)                                      | 438                        | (333)  |              | 105                 | 29,385  | 351   |
| Copper (b)                                       | 351                       | (176)          |              | (1)                        | (3)  | 171                        | (34)   |              | 137                 | 4,029   | 107   |
|  | <b>1,889</b>              | <b>(1,113)</b> | <b>16</b>    | <b>(35)</b>                | <b>(148)</b>                               | <b>609</b>                 | <b>(367)</b>                                   |              | <b>242</b>          | <b>33,414</b>   | <b>458</b>  |
| <b>Fertilizers</b>                               |                           |                |              |                            |  |                            |  |              |                     |   |   |
| Potash   | 34                        | (35)           | (2)          | (4)                        | (3)  | (10)                       | (9)  |              | (19)                | 168   |   |
| Phosphates                                       | 468                       | (399)          | (16)         | (12)                       | (8)  | 33                         | (95)   |              | (62)                |   |   |
| Nitrogen   | 86                        | (57)           | (1)          | (3)                        | (2)  | 23                         | (12)   |              | 11                  | 7,651   | 19  |
| Others<br>fertilizers<br>products                | 26                        |                |              |                            |  | 26                         |  |              | 26                  |   |   |
|  | <b>614</b>                | <b>(491)</b>   | <b>(19)</b>  | <b>(19)</b>                | <b>(13)</b>                                | <b>72</b>                  | <b>(116)</b>                                   |              | <b>(44)</b>         | <b>7,819</b>  | <b>19</b>   |
| <b>Others</b>                                    | <b>259</b>                | <b>(175)</b>   | <b>(75)</b>  | <b>(36)</b>                |  | <b>(27)</b>                | <b>(9)</b>                                     |              | <b>(36)</b>         | <b>4,242</b>  | <b>238</b>  |
| <b>Total</b>                                     | <b>9,902</b>              | <b>(5,279)</b> | <b>(350)</b> | <b>(160)</b>               | <b>(217)</b>                               | <b>3,896</b>               | <b>(901)</b>                                   | <b>(774)</b> | <b>2,221</b>        | <b>92,722</b>   | <b>2,712</b>  |

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

(b) Includes copper concentrate and does not include the copper by-product of nickel.

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| Three-month period ended (unaudited)<br>June 30, 2013      |                           |                |              |                            |  |                            |  |                     |  |  |            |
|--|---------------------------|----------------|--------------|----------------------------|--|----------------------------|--|---------------------|--|--|------------|
|  | Net operating<br>revenues | Cost           | Expenses     | Research and<br>evaluation | Pre operating<br>and stoppage<br>operation | Operating profit<br>(loss) | Depreciation,<br>depletion and<br>amortization | Operating<br>income | Property, plant<br>and equipment<br>and intangible | Additions to<br>property, plant<br>and equipment<br>and intangible | Investment |
| <b>Bulk</b>  |                           |                |              |                            |  |                            |  |                     |  |  |            |
| <b>Material</b>  |                           |                |              |                            |  |                            |  |                     |  |  |            |
| <b>Ferrous minerals</b>                                    |                           |                |              |                            |  |                            |  |                     |  |  |            |
| Iron ore   | 5,992                     | (2,094)        | (245)        | (69)                       | (76)                                       | 3,508                      | (343)  | 3,165               | 37,080   | 1,741  |            |
| Pellets  | 1,461                     | (579)          | (38)         | (3)                        | (34)                                       | 807                        | (47)   | 760                 | 1,930  | 38   |            |
| Ferroalloys<br>and<br>manganese                            | 96                        | (79)           | 2            |                            |  | 19                         | (5)  | 14                  | 274  | 5  |            |
| Others<br>ferrous<br>products and<br>services              | 123                       | (50)           | 2            |                            |  | 75                         | (39)   | 36                  | 573  | 7  |            |
|  | <b>7,672</b>              | <b>(2,802)</b> | <b>(279)</b> | <b>(72)</b>                | <b>(110)</b>                               | <b>4,409</b>               | <b>(434)</b>                                   | <b>3,975</b>        | <b>39,857</b>                                      | <b>1,791</b>   |            |
| Coal   | 254                       | (257)          | (57)         | (6)                        | (9)  | (75)                       | (48)   | (123)               | 3,810  | 266  |            |
|  | <b>7,926</b>              | <b>(3,059)</b> | <b>(336)</b> | <b>(78)</b>                | <b>(119)</b>                               | <b>4,334</b>               | <b>(482)</b>                                   | <b>3,852</b>        | <b>43,667</b>                                      | <b>2,057</b>   |            |
| <b>Base Metals</b>   |                           |                |              |                            |  |                            |  |                     |  |  |            |
| Nickel and<br>other<br>products (a)                        | 1,367                     | (860)          | 96           | (37)                       | (190)                                      | 376                        | (403)  | (27)                | 29,496   | 646  |            |
| Copper (b)   | 321                       | (266)          | (15)         | (18)                       | (2)  | 20                         | (43)   | (23)                | 4,084  | 111  |            |
| Others   | <b>1,688</b>              | <b>(1,126)</b> | <b>81</b>    | <b>(55)</b>                | <b>(192)</b>                               | <b>396</b>                 | <b>(446)</b>                                   | <b>(50)</b>         | <b>33,580</b>                                      | <b>757</b>   |            |
| <b>Fertilizers</b>   |                           |                |              |                            |  |                            |  |                     |  |  |            |
| Potash   | 47                        | (33)           | (13)         | (2)                        | (76)                                       | (77)                       | (5)  | (82)                | 2,357  | 51   |            |
| Phosphates   | 564                       | (446)          | (18)         | (3)                        | (7)  | 90                         | (76)   | 14                  | 7,700  | 114  |            |
| Nitrogen   | 127                       | (115)          | (12)         |                            | (2)  | (2)                        | (24)   | (26)                |  |  |            |
| Others<br>fertilizers<br>products                          | 22                        |                |              |                            |  | 22                         |  | 22                  | 301  |  |            |
|  | <b>760</b>                | <b>(594)</b>   | <b>(43)</b>  | <b>(5)</b>                 | <b>(85)</b>                                | <b>33</b>                  | <b>(105)</b>                                   | <b>(72)</b>         | <b>10,358</b>                                      | <b>165</b>   |            |
| <b>Others</b>  | <b>289</b>                | <b>(203)</b>   | <b>(205)</b> | <b>(18)</b>                |  | <b>(137)</b>               | <b>(9)</b>                                     | <b>(146)</b>        | <b>2,119</b>                                       | <b>136</b>   |            |
| <b>Loss on sale<br/>of assets</b>                          |                           |                |              |                            |  |                            |  |                     |  |  |            |
| <b>Total of<br/>continued<br/>operations</b>               | <b>10,663</b>             | <b>(4,982)</b> | <b>(503)</b> | <b>(156)</b>               | <b>(396)</b>                               | <b>4,626</b>               | <b>(1,042)</b>                                 | <b>3,584</b>        | <b>89,724</b>                                      | <b>3,115</b>   |            |
| <b>Discontinued<br/>operations<br/>(General<br/>Cargo)</b> | <b>369</b>                | <b>(266)</b>   | <b>(43)</b>  | <b>(2)</b>                 |  | <b>58</b>                  | <b>(40)</b>                                    | <b>18</b>           | <b>2,504</b>                                       | <b>277</b>   |            |
| <b>Total</b>   | <b>11,032</b>             | <b>(5,248)</b> | <b>(546)</b> | <b>(158)</b>               | <b>(396)</b>                               | <b>4,684</b>               | <b>(1,082)</b>                                 | <b>3,602</b>        | <b>92,228</b>                                      | <b>3,392</b>   |            |

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

(b) Includes copper concentrate and does not include the copper by-product of nickel.



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|  | Six-month period ended (unaudited)<br>June 30, 2014 |                |              |                            |  |                            |  |              |                     |   |  |
|--|---|----------------|--------------|----------------------------|--|----------------------------|--|--------------|---------------------|---|--|
|  | Net operating<br>revenues                           | Cost           | Expenses     | Research and<br>evaluation | Pre operating<br>and stoppage<br>operation | Operating<br>profit (loss) | Depreciation,<br>depletion and<br>amortization | Impairment   | Operating<br>income | Property,<br>plant and<br>equipment<br>and intangible | Additions to<br>property, plant<br>and equipment<br>and intangible |
| <b>Bulk</b>                                      |   |                |              |                            |  |                            |  |              |                     |   |  |
| <b>Material</b>                                  |   |                |              |                            |  |                            |  |              |                     |   |  |
| <b>Ferrous<br/>minerals</b>                      |   |                |              |                            |  |                            |  |              |                     |   |  |
| Iron ore   | 10,473  | (4,298)        | (536)        | (129)                      | (57)                                       | 5,453                      | (670)  | (500)        | 4,283               | 38,640  | 2,457  |
| Pellets  | 2,685   | (1,235)        | (18)         |                            | (28)                                       | 1,404                      | (107)  |              | 1,297               | 1,919   | 108  |
| Ferroalloys<br>and<br>manganese                  | 178   | (122)          | (10)         |                            | (13)                                       | 33                         | (16)   |              | 17                  | 299   | 35   |
| Others<br>ferrous<br>products<br>and<br>services | 422   | (328)          | 5            |                            |  | 99                         | (55)   |              | 44                  | 358   | 31   |
|  | <b>13,758</b>                                       | <b>(5,983)</b> | <b>(559)</b> | <b>(129)</b>               | <b>(98)</b>                                | <b>6,989</b>               | <b>(848)</b>                                   | <b>(500)</b> | <b>5,641</b>        | <b>41,216</b>   | <b>2,631</b>   |
| Coal   | 337   | (539)          | (94)         | (3)                        | (17)                                       | (316)                      | (53)   | (274)        | (643)               | 6,031   | 1,194  |
|  | <b>14,095</b>                                       | <b>(6,522)</b> | <b>(653)</b> | <b>(132)</b>               | <b>(115)</b>                               | <b>6,673</b>               | <b>(901)</b>                                   | <b>(774)</b> | <b>4,998</b>        | <b>47,247</b>   | <b>3,825</b>   |
| <b>Base</b>                                      |   |                |              |                            |  |                            |  |              |                     |   |  |
| <b>Metals</b>                                    |   |                |              |                            |  |                            |  |              |                     |   |  |
| Nickel and<br>other<br>products (a)              | 2,938   | (1,746)        | (9)          | (65)                       | (260)                                      | 858                        | (724)  |              | 134                 | 29,385  | 619  |
| Copper (b)                                       | 679   | (378)          | 7            | (1)                        | (7)  | 300                        | (72)   |              | 228                 | 4,029   | 217  |
|  | <b>3,617</b>  | <b>(2,124)</b> | <b>(2)</b>   | <b>(66)</b>                | <b>(267)</b>                               | <b>1,158</b>               | <b>(796)</b>                                   |              | <b>362</b>          | <b>33,414</b>   | <b>836</b>   |
| <b>Fertilizers</b>                               |   |                |              |                            |  |                            |  |              |                     |   |  |
| Potash   | 70  | (65)           | (2)          | (8)                        | (10)                                       | (15)                       | (14)   |              | (29)                | 168   |  |
| Phosphates                                       | 871   | (742)          | (36)         | (23)                       | (30)                                       | 40                         | (178)  |              | (138)               |   |  |
| Nitrogen   | 164   | (113)          | (3)          | (5)                        | (3)  | 40                         | (24)   |              | 16                  | 7,651   | 99   |
| Others<br>fertilizers<br>products                | 42  |                |              |                            |  | 42                         |  |              | 42                  |   |  |
|  | <b>1,147</b>  | <b>(920)</b>   | <b>(41)</b>  | <b>(36)</b>                | <b>(43)</b>                                | <b>107</b>                 | <b>(216)</b>                                   |              | <b>(109)</b>        | <b>7,819</b>  | <b>99</b>  |
| <b>Others</b>                                    | <b>546</b>  | <b>(362)</b>   | <b>(108)</b> | <b>(71)</b>                |  | <b>5</b>                   | <b>(14)</b>                                    |              | <b>(9)</b>          | <b>4,242</b>  | <b>335</b>   |
| <b>Total</b>                                     | <b>19,405</b>                                       | <b>(9,928)</b> | <b>(804)</b> | <b>(305)</b>               | <b>(425)</b>                               | <b>7,943</b>               | <b>(1,927)</b>                                 | <b>(774)</b> | <b>5,242</b>        | <b>92,722</b>   | <b>5,095</b>   |

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

(b) Includes copper concentrate and does not include the copper by-product of nickel.

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| Six-month period ended (unaudited)<br>June 30, 2013 |                           |                 |              |                            |  |                            |  |                     |  |  |            |
|---|---------------------------|-----------------|--------------|----------------------------|--|----------------------------|--|---------------------|--|--|------------|
|   | Net operating<br>revenues | Cost            | Expenses     | Research and<br>evaluation | Pre operating<br>and stoppage<br>operation | Operating profit<br>(loss) | Depreciation,<br>depletion and<br>amortization | Operating<br>income | Property, plant<br>and equipment<br>and intangible | Additions to<br>property, plant<br>and equipment<br>and intangible | Investment |
| <b>Bulk Material</b>                                |                           |                 |              |                            |  |                            |  |                     |  |  |            |
| <b>Ferrous minerals</b>                             |                           |                 |              |                            |  |                            |  |                     |  |  |            |
| Iron ore  | 12,058                    | (4,035)         | (593)        | (129)                      | (126)                                      | 7,175                      | (638)  | 6,537               | 37,080   | 3,506  |            |
| Pellets   | 2,870                     | (1,040)         | (38)         | (6)                        | (70)                                       | 1,716                      | (86)   | 1,630               | 1,930  | 108  |            |
| Ferroalloys<br>and<br>manganese                     | 213                       | (155)           | (21)         |                            |  | 37                         | (10)   | 27                  | 274  | 16   |            |
| Others<br>ferrous<br>products and<br>services       | 214                       | (96)            |              |                            |  | 118                        | (72)   | 46                  | 573  | 13   |            |
|   | <b>15,355</b>             | <b>(5,326)</b>  | <b>(652)</b> | <b>(135)</b>               | <b>(196)</b>                               | <b>9,046</b>               | <b>(806)</b>                                   | <b>8,240</b>        | <b>39,857</b>                                      | <b>3,643</b>   |            |
| Coal  | 465                       | (518)           | (212)        | (16)                       | (20)                                       | (301)                      | (90)   | (391)               | 3,810  | 386  |            |
|   | <b>15,820</b>             | <b>(5,844)</b>  | <b>(864)</b> | <b>(151)</b>               | <b>(216)</b>                               | <b>8,745</b>               | <b>(896)</b>                                   | <b>7,849</b>        | <b>43,667</b>                                      | <b>4,029</b>   |            |
| <b>Base Metals</b>                                  |                           |                 |              |                            |  |                            |  |                     |  |  |            |
| <b>Nickel and other</b>                             |                           |                 |              |                            |  |                            |  |                     |  |  |            |
| products (a)  | 2,948                     | (1,721)         | 47           | (84)                       | (380)                                      | 810                        | (824)  | (14)                | 29,496   | 1,415  |            |
| Copper (b)  | 582                       | (464)           | (44)         | (31)                       | (4)  | 39                         | (85)   | (46)                | 4,084  | 295  |            |
| Others  |                           |                 | 244          |                            |  | 244                        |  | 244                 |  |  |            |
|   | <b>3,530</b>              | <b>(2,185)</b>  | <b>247</b>   | <b>(115)</b>               | <b>(384)</b>                               | <b>1,093</b>               | <b>(909)</b>                                   | <b>184</b>          | <b>33,580</b>                                      | <b>1,710</b>   |            |
| <b>Fertilizers</b>                                  |                           |                 |              |                            |  |                            |  |                     |  |  |            |
| Potash  | 98                        | (61)            | (10)         | (3)                        | (83)                                       | (59)                       | (24)   | (83)                | 2,357  | 270  |            |
| Phosphates  | 1,046                     | (828)           | (75)         | (6)                        | (20)                                       | 117                        | (148)  | (31)                | 7,700  | 189  |            |
| Nitrogen  | 298                       | (259)           | (13)         | (2)                        | (4)  | 20                         | (52)   | (32)                |  |  |            |
| Others<br>fertilizers<br>products                   | 39                        |                 |              | (2)                        |  | 37                         |  | 37                  | 301  | 459  |            |
|   | <b>1,481</b>              | <b>(1,148)</b>  | <b>(98)</b>  | <b>(13)</b>                | <b>(107)</b>                               | <b>115</b>                 | <b>(224)</b>                                   | <b>(109)</b>        | <b>10,358</b>                                      | <b>459</b>   |            |
| <b>Others</b>                                       | <b>478</b>                | <b>(321)</b>    | <b>(220)</b> | <b>(48)</b>                |  | <b>(111)</b>               | <b>(20)</b>                                    | <b>(131)</b>        | <b>2,119</b>                                       | <b>265</b>   |            |
| <b>Total of<br/>continued<br/>operations</b>        | <b>21,309</b>             | <b>(9,498)</b>  | <b>(935)</b> | <b>(327)</b>               | <b>(707)</b>                               | <b>9,842</b>               | <b>(2,049)</b>                                 | <b>7,793</b>        | <b>89,724</b>                                      | <b>6,463</b>   |            |
| <b>Discontinued operations</b>                      |                           |                 |              |                            |  |                            |  |                     |  |  |            |
| <b>(General Cargo)</b>                              |                           |                 |              |                            |  |                            |  |                     |  |  |            |
|   | 658                       | (543)           | (64)         | (7)                        |  | 44                         | (79)   | (35)                | 2,504  | 476  |            |
| <b>Total</b>  | <b>21,967</b>             | <b>(10,041)</b> | <b>(999)</b> | <b>(334)</b>               | <b>(707)</b>                               | <b>9,886</b>               | <b>(2,128)</b>                                 | <b>7,758</b>        | <b>92,228</b>                                      | <b>6,939</b>   |            |

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

(b) Includes copper concentrate and does not include the copper by-product of nickel.



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26. **Cost of goods sold and services rendered, and Sales and Administrative Expenses and Other Operational Expenses (Income), net, by Nature**

a) **Costs of goods sold and services rendered**

|                            | (unaudited)              |               |                        |               |
|----------------------------|--------------------------|---------------|------------------------|---------------|
|                            | Three-month period ended |               | Six-month period ended |               |
|                            | June 30, 2014            | June 30, 2013 | June 30, 2014          | June 30, 2013 |
| Personnel                  | 668                      | 797           | 1,345                  | 1,545         |
| Material                   | 816                      | 1,001         | 1,626                  | 1,952         |
| Fuel oil and gas           | 439                      | 455           | 855                    | 883           |
| Outsourcing services       | 1,057                    | 945           | 1,959                  | 1,779         |
| Energy                     | 133                      | 149           | 279                    | 308           |
| Acquisition of products    | 435                      | 412           | 856                    | 697           |
| Depreciation and depletion | 802                      | 936           | 1,743                  | 1,825         |
| Freight                    | 895                      | 679           | 1,587                  | 1,282         |
| Others                     | 836                      | 543           | 1,421                  | 1,050         |
| <b>Total</b>               | <b>6,081</b>             | <b>5,917</b>  | <b>11,671</b>          | <b>11,321</b> |

b) **Selling and administrative expenses**

|  | (unaudited)              |               |                        |               |
|--|--------------------------|---------------|------------------------|---------------|
|  | Three-month period ended |               | Six-month period ended |               |
|  | June 30, 2014            | June 30, 2013 | June 30, 2014          | June 30, 2013 |
| Personnel  | 100                      | 128           | 210                    | 271           |
| Services (consulting, infrastructure and others) | 48                       | 62            | 92                     | 131           |
| Advertising and publicity                        | 6                        | 13            | 11                     | 20            |
| Depreciation                                     | 52                       | 40            | 96                     | 94            |
| Travel expenses                                  | 9                        | 8             | 11                     | 13            |
| Taxes and rents                                  | 3                        | 9             | 9                      | 17            |
| Selling  | 16                       | 28            | 58                     | 63            |
| Others   | 3                        | 24            | 32                     | 55            |
| <b>Total</b>                                     | <b>237</b>               | <b>312</b>    | <b>519</b>             | <b>664</b>    |

c) **Others operational expenses (incomes), net**

(unaudited)



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|   | Three-month period ended |               | Six-month period ended |               |
|---|--------------------------|---------------|------------------------|---------------|
|   | June 30, 2014            | June 30, 2013 | June 30, 2014          | June 30, 2013 |
| Provision for litigation                        | 69                       | 70            | 125                    | 82            |
| Provision for loss with VAT credits (ICMS)      | 36                       | 32            | 81                     | 83            |
| Provision for profit sharing                    | 8                        | 29            | 48                     | 82            |
| Vale do Rio Doce Foundation ( FVRD )            | 4                        |               | 4                      |               |
| Provision for disposal of materials/inventories | 21                       | 15            | 41                     | 157           |
| Goldstream transaction                          |                          |               |                        | (244)         |
| Other   | 27                       | 86            | 83                     | 207           |
| <b>Total</b>                                    | <b>165</b>               | <b>232</b>    | <b>382</b>             | <b>367</b>    |

Table of Contents**27. Financial result**

The financial results, by nature, are as follows:

|  | (unaudited)              |                |                        |                |
|--|--------------------------|----------------|------------------------|----------------|
|  | Three-month period ended |                | Six-month period ended |                |
|  | June 30, 2014            | June 30, 2013  | June 30, 2014          | June 30, 2013  |
| <b>Financial expenses</b>                                |                          |                |                        |                |
| Interest   | (400)                    | (334)          | (784)                  | (667)          |
| Labor, tax and civil contingencies                       | (35)                     | (45)           | (42)                   | (62)           |
| Derivatives  | (22)                     | (1,026)        | (41)                   | (1,099)        |
| Indexation and exchange rate variation (a)               | (262)                    | (2,617)        | (751)                  | (2,915)        |
| Stockholders' debentures                                 | (268)                    | (84)           | (290)                  | (256)          |
| Net expenses of REFIS                                    | (175)                    |                | (336)                  |                |
| Others   | (105)                    | (73)           | (213)                  | (152)          |
|  | <b>(1,267)</b>           | <b>(4,179)</b> | <b>(2,457)</b>         | <b>(5,151)</b> |
| <b>Financial income</b>                                  |                          |                |                        |                |
| Derivatives  | 390                      | 43             | 621                    | 222            |
| Indexation and exchange rate variation (b)               | 746                      | 652            | 1,751                  | 1,031          |
| Others   | 72                       | 155            | 175                    | 223            |
|  | <b>1,208</b>             | <b>850</b>     | <b>2,547</b>           | <b>1,476</b>   |
| <b>Financial results, net</b>                            | <b>(59)</b>              | <b>(3,329)</b> | <b>90</b>              | <b>(3,675)</b> |
| <b>Summary of indexation and exchange rate variation</b> |                          |                |                        |                |
| Loans and financing                                      | 639                      | (2,452)        | 1,495                  | (2,152)        |
| Related parties  | (3)                      | 7              | 1                      | 11             |
| Others   | (152)                    | 480            | (496)                  | 257            |
| <b>Net (a) + (b)</b>                                     | <b>484</b>               | <b>(1,965)</b> | <b>1,000</b>           | <b>(1,884)</b> |

**28. Gold stream transaction**

In February 2013, the Company entered into a gold stream transaction with Silver Wheaton Corp. ( SLW ) to sell 25% of the gold extracted during the life of the mine as a by-product of Salobo copper mine and 70% of the gold extracted during the next 20 years as a by-product of the Sudbury nickel mines.

In March 2013, we received up-front cash proceeds of US\$1.9 billion, plus ten million warrants of SLW with an exercise price of US\$65 exercisable in the next ten years, which fair value was determined to be US\$100. The amount of US\$1,330 was received for Salobo transaction

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and US\$570 plus the ten million warrants of SLW were received for the Sudbury transaction.

As the gold is delivered to SLW, Vale will receive a payment equal to the lesser of: (i) US\$400 per ounce of refined gold delivered, subject to an annual increase of 1% per year commencing on January 1, 2016 and each January 1 thereafter; and (ii) the reference market price on the date of delivery.

This transaction was bifurcated into two identifiable components: (i) the sale of the mineral rights for US\$337 and, (ii) the services for gold extraction on the portion in which Vale operates as an agent for SLW gold extraction.

The result of the sale of the mineral rights of US\$244 was recognized in the income statement under Other operating expenses, net, while the portion related to the provision of future services for gold extraction, was estimated at US\$1,393 and is recorded as deferred revenue (liability) and will be recognized in the statement of income as the service is rendered and the gold extracted. During the three-month period ended on June 30, 2014 and 2013, the Company recognized US\$24 and US\$10, respectively, and six-month period ended on June 30, 2014 and 2013 the amount of US\$46 and US\$27, respectively, in Statement of Income related to rendered services.

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**29. Commitments**

**a) Nickel projects**

There have been no material changes to commitments and contingencies disclosed in our financial statements as at March 31, 2014, except for letters of credit and guarantees in the amount of US\$1 billion that we have provided and 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.

**b) Participative stockholders debentures**

During the period, there was no issuance of new debentures, or any change in the par value or the indicators affecting debentures issued.

On June 30, 2014 and December 31, 2013 the value of the debentures at fair value totaled US\$2,182 and US\$1,775, respectively. The Company paid on March 2014 the amount of US\$52 as semi-annual compensation.

**c) Operating lease - Pelletizing Operations**

Vale has operating lease agreements with its joint ventures Nibrasco, Itabasco, and Kobrasco, in which Vale leases its pelletizing plants. These renewable operating lease agreements have last between 3 and 10 years.

The total amount of operational leasing expenses related to pelletizing operations on June 30, 2014 and 2013 were US\$174 and US\$38, respectively.

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

The contractual basis and deadlines for completion of concessions railways and port terminals are unchanged in the period.

e) **Guarantee issued to affiliates**

The Company provided corporate guarantees, within the limits of its interest, a credit line acquired by its associate Norte Energia S.A. from BNDES, Caixa Econômica Federal and Banco BTG Pactual. On June 30, 2014 the amount guaranteed by Vale was US\$510. After the conclusion of the transaction of our Energy Generations Assets (Note 6) our guarantee will be shared with CEMIG GT.

On June 30, 2014, the total amount guaranteed by the Company to CSP's bridge loan equals to US\$450, within its threshold.

Table of Contents**30. Related parties**

Transactions with related parties are made by the Company at arm's-length, observing the price and usual market conditions and therefore do not generate any undue benefit to their counterparties or loss to the Company.

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

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

|   | June 30, 2014 (unaudited) |                 | December 31, 2013 |                 |
|---|---------------------------|-----------------|-------------------|-----------------|
|   | Customers                 | Related parties | Customers         | Related parties |
| Baovale Mineração S.A.                                    | 5                         | 4               | 4                 |                 |
| Companhia Coreano-Brasileira de Pelotização - KOBRASCO    |                           | 9               |                   |                 |
| Companhia Hispano-Brasileira de Pelotização - HISPANOBRÁS | 1                         |                 | 1                 |                 |
| Minas da Serra Geral S.A.                                 |                           | 1               |                   | 1               |
| Mineração Rio do Norte S.A.                               |                           | 10              |                   |                 |
| Mitsui Co.  | 63                        |                 | 47                |                 |
| MRS Logística S.A.  | 6                         | 19              | 6                 | 6               |
| Samarco Mineração S.A.                                    | 59                        | 471             | 29                | 162             |
| Teal Minerals Incorporated                                |                           | 200             |                   | 175             |
| VLI Multimodal S.A.                                       | 190                       |                 |                   |                 |
| VLI S.A.  | 34                        | 64              |                   |                 |
| VLI Operações Portuárias S.A.                             | 24                        |                 |                   |                 |
| Others  | 116                       | 17              | 29                | 25              |
| <b>Total</b>  | <b>498</b>                | <b>795</b>      | <b>116</b>        | <b>369</b>      |
| Current   | 498                       | 690             | 116               | 261             |
| Non-current   |                           | 105             |                   | 108             |
| <b>Total</b>  | <b>498</b>                | <b>795</b>      | <b>116</b>        | <b>369</b>      |

|                                 | June 30, 2014 (unaudited) | December 31, 2013 |
|---------------------------------|---------------------------|-------------------|
| <b>Consolidated Liabilities</b> |                           |                   |

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|   | Suppliers  | Related parties | Suppliers | Related parties |
|---|------------|-----------------|-----------|-----------------|
| Baovale Mineração S.A.                                    | 10         |                 | 15        |                 |
| Companhia Coreano-Brasileira de Pelotização - KOBRASCO    | 51         | 26              | 2         | 59              |
| Companhia Hispano-Brasileira de Pelotização - HISPANOBRÁS | 31         |                 | 15        |                 |
| Companhia Ítalo-Brasileira de Pelotização - ITABRASCO     | 28         | 8               | 2         | 16              |
| Companhia Nipo-Brasileira de Pelotização - NIBRASCO       | 80         | 66              |           | 128             |
| Ferovia Centro-Atlântica S.A.                             | 12         | 165             |           |                 |
| Minas da Serra Geral S.A.                                 |            |                 | 7         |                 |
| Mitsui Co.  |            |                 | 2         |                 |
| MRS Logística S.A.  | 52         |                 | 22        |                 |
| Samarco Mineração S.A.                                    |            |                 | 1         |                 |
| VLI Multimodal S.A.                                       |            | 96              |           |                 |
| VLI S.A.  |            | 4               |           |                 |
| Others  | 11         | 31              |           | 7               |
| <b>Total</b>  | <b>275</b> | <b>396</b>      | <b>66</b> | <b>210</b>      |
| Current   | 275        | 219             | 66        | 205             |
| Non-current   |            | 177             |           | 5               |
| <b>Total</b>  | <b>275</b> | <b>396</b>      | <b>66</b> | <b>210</b>      |

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|   | Three-month period ended (unaudited) |               |               |               |
|---|--------------------------------------|---------------|---------------|---------------|
|   | June 30, 2014                        |               | June 30, 2013 |               |
|   | Income                               | Cost/ expense | Income        | Cost/ expense |
| Baovale Mineração S.A.                                    |                                      | (5)           |               | (5)           |
| California Steel Industries                               | 88                                   |               | 83            |               |
| Companhia Siderúrgica do Atlântico                        |                                      | (99)          |               | (93)          |
| Companhia Coreano-Brasileira de Pelotização - KOBRASCO    |                                      | (23)          |               | (9)           |
| Companhia Hispano-Brasileira de Pelotização - HISPANOBRÁS |                                      | (13)          |               | (3)           |
| Companhia Ítalo-Brasileira de Pelotização - ITABRASCO     |                                      | (13)          |               | (10)          |
| Companhia Nipo-Brasileira de Pelotização - NIBRASCO       |                                      | (35)          |               | (1)           |
| Ferrovía Centro Atlântica S.A.                            | 19                                   | (12)          |               |               |
| Ferrovía Norte-Sul S.A.                                   | 5                                    |               |               |               |
| Mitsui & Co Ltd   | 20                                   | (3)           | 27            | (12)          |
| MRS Logística S.A.  |                                      | (110)         |               | (179)         |
| Samarco Mineração S.A.                                    | 61                                   |               | 138           |               |
| Vale Austrália Pty Ltd.                                   |                                      |               | 2             |               |
| VLI Multimodal S.A.                                       | 46                                   |               |               |               |
| VLI S.A.  | 53                                   |               |               |               |
| Others  | 24                                   | (1)           | 10            | (8)           |
| <b>Total</b>  | <b>316</b>                           | <b>(314)</b>  | <b>260</b>    | <b>(320)</b>  |

|   | Six-month period ended (unaudited) |               |               |               |
|---|------------------------------------|---------------|---------------|---------------|
|   | June 30, 2014                      |               | June 30, 2013 |               |
|   | Income                             | Cost/ expense | Income        | Cost/ expense |
| Baovale Mineração S.A.                                    |                                    | (10)          |               | (11)          |
| California Steel Industries                               | 183                                |               | 108           |               |
| Companhia Siderúrgica do Atlântico                        |                                    | (215)         |               | (121)         |
| Companhia Coreano-Brasileira de Pelotização - KOBRASCO    |                                    | (48)          |               | (14)          |
| Companhia Hispano-Brasileira de Pelotização - HISPANOBRÁS |                                    | (29)          |               | (4)           |
| Companhia Ítalo-Brasileira de Pelotização - ITABRASCO     |                                    | (23)          |               | (14)          |
| Companhia Nipo-Brasileira de Pelotização - NIBRASCO       |                                    | (74)          |               | (6)           |
| Ferrovía Centro Atlântica S.A.                            | 34                                 | (28)          |               |               |
| Ferrovía Norte-Sul S.A.                                   | 8                                  |               |               |               |
| Log-in S.A.   |                                    |               |               | (2)           |
| Mitsui & Co Ltd   | 64                                 | (3)           | 54            | (35)          |
| MRS Logística S.A.  |                                    | (248)         | 3             | (323)         |
| Samarco Mineração S.A.                                    | 123                                |               | 217           |               |
| Vale Austrália Pty Ltd.                                   |                                    |               | 11            |               |
| VLI Multimodal S.A.                                       | 130                                |               |               |               |
| VLI S.A.  | 59                                 |               |               |               |



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|              |            |              |            |              |
|--------------|------------|--------------|------------|--------------|
| Others       | 45         | (17)         | 23         | (8)          |
| <b>Total</b> | <b>646</b> | <b>(695)</b> | <b>416</b> | <b>(538)</b> |

Three-month period ended (unaudited)

|  | June 30, 2014 |               | June 30, 2013 |               |
|--|---------------|---------------|---------------|---------------|
|  | Income        | Cost/ expense | Income        | Cost/ expense |
| Sales/Cost of iron ore and pellets       | 61            | (89)          | 138           | (28)          |
| Revenues/ expense from logistic services | 118           | (122)         |               | (180)         |
| Sales/ Cost of steel products            | 124           | (101)         | 110           | (105)         |
| Financial income/ expenses               | 6             |               |               |               |
| Others                                   | 7             | (2)           | 12            | (7)           |
|  | <b>316</b>    | <b>(314)</b>  | <b>260</b>    | <b>(320)</b>  |

Annex A

Six-month period ended (unaudited)

|  | June 30, 2014 |               | June 30, 2013 |               |
|--|---------------|---------------|---------------|---------------|
|  | Income        | Cost/ expense | Income        | Cost/ expense |
| Sales/Cost of iron ore and pellets       | 123           | (184)         | 217           | (49)          |
| Revenues/ expense from logistic services | 231           | (276)         | 3             | (325)         |
| Sales/ Cost of steel products            | 247           | (215)         | 54            | (35)          |
| Financial income/ expenses               | 19            |               | 11            |               |
| Others                                   | 26            | (20)          | 131           | (129)         |
|  | <b>646</b>    | <b>(695)</b>  | <b>416</b>    | <b>(538)</b>  |

Remuneration of key management personnel:

|                                | (unaudited)              |               |                        |               |
|--------------------------------|--------------------------|---------------|------------------------|---------------|
|                                | Three-month period ended |               | Six-month period ended |               |
|                                | June 30, 2014            | June 30, 2013 | June 30, 2014          | June 30, 2013 |
| <b>Short-term benefits:</b>    | <b>4</b>                 | <b>4</b>      | <b>22</b>              | <b>19</b>     |
| Wages or pro-labor             | 3                        | 3             | 6                      | 6             |
| Direct and indirect benefits   | 1                        | 1             | 5                      | 4             |
| Bonus                          |                          |               | 11                     | 9             |
| <b>Long-term benefits:</b>     |                          |               | <b>1</b>               | <b>1</b>      |
| Based on stock                 |                          |               | 1                      | 1             |
| <b>Termination of position</b> |                          |               |                        | <b>1</b>      |
|                                | <b>4</b>                 | <b>4</b>      | <b>23</b>              | <b>21</b>     |

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**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**

Hiroyuki Kato

João Batista Cavaglieri

José Mauro Mettrau Carneiro da Cunha

Luciano Galvão Coutinho

Marcel Juvinião Barros

Oscar Augusto de Camargo Filho

Paulo Rogério Caffarelli

Robson Rocha

Sérgio Alexandre Figueiredo Clemente

**Alternate**

Laura Bedeschi Rego de Mattos

Eduardo de Oliveira Rodrigues Filho

Eduardo Fernando Jardim Pinto

Francisco Ferreira Alexandre

Hayton Jurema da Rocha

Isao Funaki

Luiz Carlos de Freitas

Luiz Maurício Leuzinger

Marco Geovanne Tobias da Silva

Sandro Kohler Marcondes

**Advisory Committees of the Board of Directors**

**Controlling Committee**

Eduardo Cesar Pasa

Luiz Carlos de Freitas

Paulo Roberto Ferreira de Medeiros

**Executive Development Committee**

Laura Bedeschi Rego de Mattos

Luiz Maurício Leuzinger

Marcel Juvinião Barros

Oscar Augusto de Camargo Filho

**Governance and Sustainability Committee**

Gilmar Dalilo Cezar Wanderley

Luiz Maurício Leuzinger

Ricardo Simonsen

Tatiana Boavista Barros Heil

**Fiscal Council**

Marcelo Amaral Moraes

**Chairman**

Aníbal Moreira dos Santos

Arnaldo José Vollet

Dyogo Henrique de Oliveira

**Alternate**

Oswaldo Mário Pêgo de Amorim Azevedo

Paulo Fontoura Valle

Valeriano Durval Guimarães Gomes

**Executive Officers**

Murilo Pinto de Oliveira Ferreira

**Chief Executive Officer**

Vânia Lucia Chaves Somavilla

**Executive Officer (Human Resources, Health & Safety, Sustainability and Energy)**

Luciano Siani Pires

**Chief Financial Officer and Investors Relations**

Roger Allan Downey

**Executive Officer (Fertilizers and Coal)**

José Carlos Martins

**Executive Officer (Ferrous and Strategy)**

Galib Abrahão Chaim

**Executive Officer (Capital Projects Implementation)**

Humberto Ramos de Freitas

**Executive Officer (Logistics and Mineral Research)**

**Strategic Committee**

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

Gerd Peter Poppinga

**Executive Officer (Base Metals and Information Technology)**

**Finance Committee**

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

Marcelo Botelho Rodrigues

**Global Controller Director**

Marcus Vinicius Dias Severini

**Chief Accounting Officer**

**CRC-RJ - 093982/O-3**

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**Signatures**

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

Date: July 31, 2014

By:

Vale S.A.  
(Registrant)

/s/ Rogerio T. Nogueira  
Rogerio T. Nogueira  
Director of Investor Relations

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