

Vale S.A.
Form 6-K
October 26, 2011
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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

October 2011

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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Vale S.A.

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders

Vale S.A.

We have reviewed the accompanying condensed consolidated balance sheet of Vale S.A. and its subsidiaries as of September 30, 2011, and the related condensed consolidated statements of income, of cash flows, of comprehensive income and of stockholders' equity for each of the three-month periods ended September 30 and June 30, 2011 and September 30, 2010 and for the nine-month periods ended September 30, 2011 and September 30, 2010. This interim financial information is the responsibility of the Company's management.

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

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

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet as of December 31, 2010, and the related consolidated statements of income, of cash flows, of comprehensive income and of stockholders' equity for the year then ended (not presented herein), and in our report dated February 24, 2011, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of December 31, 2010, is fairly stated in all material respects in relation to the consolidated balance sheet from which it has been derived.

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PricewaterhouseCoopers
Auditores Independentes

Rio de Janeiro, Brazil
October 26, 2011

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T: (21) 3232-6112, F: (21) 2516-6319, www.pwc.com/br

Table of Contents**Condensed Consolidated Balance Sheets**

Expressed in millions of United States dollars

	September 30, 2011 (unaudited)	December 31, 2010
Assets		
Current assets		
Cash and cash equivalents	7,565	7,584
Short-term investments		1,793
Accounts receivable		
Related parties	274	435
Unrelated parties	8,421	7,776
Loans and advances to related parties	201	96
Inventories	5,056	4,298
Deferred income tax	517	386
Unrealized gains on derivative instruments	835	52
Advances to suppliers	623	188
Recoverable taxes	2,017	1,603
Assets held for sale	61	6,987
Others	1,208	593
	26,778	31,791
Non-current assets		
Property, plant and equipment, net	84,273	83,096
Intangible assets	1,138	1,274
Investments in affiliated companies, joint ventures and others investments	7,837	4,497
Other assets:		
Goodwill on acquisition of subsidiaries	3,005	3,317
Loans and advances		
Related parties	10	29
Unrelated parties	288	165
Prepaid pension cost	1,737	1,962
Prepaid expenses	206	222
Judicial deposits	1,614	1,731
Recoverable taxes	490	361
Deferred income tax	611	
Unrealized gains on derivative instruments	56	301
Tax Incentive / reinvestment	291	144
Others	664	249
	8,972	8,481
Total	128,998	129,139

Table of Contents**Condensed Consolidated Balance Sheets**

Expressed in millions of United States dollars

(Except number of shares)

	September 30, 2011 (unaudited)	(Continued) December 31, 2010
Liabilities and stockholders equity		
Current liabilities		
Suppliers	4,777	3,558
Payroll and related charges	1,088	1,134
Minimum annual remuneration attributed to stockholders	1,779	4,842
Current portion of long-term debt	1,567	2,823
Short-term debt	59	139
Loans from related parties	14	9
Provision for income taxes	1,085	751
Taxes payable and royalties	189	257
Employees postretirement benefits	208	168
Unrealized losses on derivative instruments	6	35
Provisions for asset retirement obligations	54	75
Liabilities associated with assets held for sale	30	3,152
Others	1,118	969
	11,974	17,912
Non-current liabilities		
Employees postretirement benefits	2,126	2,442
Long-term debt	21,355	21,591
Provisions for contingencies (Note 16 (b))	1,909	2,043
Unrealized losses on derivative instruments	547	61
Deferred income tax	5,991	8,085
Provisions for asset retirement obligations	1,219	1,293
Debentures	1,276	1,284
Others	2,161	1,987
	36,584	38,786
Redeemable noncontrolling interest	556	712
Commitments and contingencies (Note 16)		
Stockholders equity		
Preferred class A stock - 7,200,000,000 no-par-value shares authorized and 1,955,824,156 (2010 - 2,108,579,618) issued	16,728	10,370
Common stock - 3,600,000,000 no-par-value shares authorized and 3,183,360,475 (2010 - 3,256,724,482) issued	25,837	16,016

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Treasury stock - 152,755,462 (2010 - 99,649,571) preferred and 73,364,007 (2010 - 47,375,394) common shares	(4,661)	(2,660)
Additional paid-in capital	318	2,188
Mandatorily convertible notes - common shares	290	290
Mandatorily convertible notes - preferred shares	644	644
Other cumulative comprehensive loss	(5,088)	(333)
Undistributed retained earnings	25,685	42,218
Unappropriated retained earnings	17,487	166
Total Company stockholders equity	77,240	68,899
Noncontrolling interests	2,644	2,830
Total stockholders equity	79,884	71,729
Total	128,998	129,139

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

Table of Contents**Condensed Consolidated Statements of Income**

Expressed in millions of United States dollars

(Except per share amounts)

	(unaudited)				
	Three-month period ended		Nine-month period ended		
	September 30, 2011	June 30, 2011	September 30, 2010	September 30, 2011	September 30, 2010
Operating revenues, net of discounts, returns and allowances					
Sales of ores and metals	14,783	13,659	12,350	40,185	26,401
Aluminum products			609	383	1,863
Revenues from logistic services	503	476	408	1,307	1,131
Fertilizer products	1,037	867	802	2,691	1,077
Others	418	343	327	1,068	802
	16,741	15,345	14,496	45,634	31,274
Taxes on revenues	(380)	(356)	(394)	(1,071)	(910)
Net operating revenues	16,361	14,989	14,102	44,563	30,364
Operating costs and expenses					
Cost of ores and metals sold	(4,737)	(4,361)	(3,503)	(13,199)	(9,068)
Cost of aluminum products			(491)	(289)	(1,543)
Cost of logistic services	(391)	(376)	(263)	(1,056)	(755)
Cost of fertilizer products	(788)	(676)	(669)	(2,109)	(882)
Others	(335)	(308)	(187)	(895)	(526)
	(6,251)	(5,721)	(5,113)	(17,548)	(12,774)
Selling, general and administrative expenses	(654)	(434)	(418)	(1,507)	(1,054)
Research and development expenses	(440)	(363)	(216)	(1,145)	(577)
Gain on sale of assets				1,513	
Others	(643)	(724)	(519)	(1,787)	(1,431)
	(7,988)	(7,242)	(6,266)	(20,474)	(15,836)
Operating income	8,373	7,747	7,836	24,089	14,528
Non-operating income (expenses)					
Financial income	188	226	56	579	173
Financial expenses	(822)	(514)	(741)	(1,918)	(1,720)

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Gains (losses) on derivatives, net	(568)	358	500	29	158
Foreign exchange and indexation gains (losses), net	(2,191)	578	257	(1,533)	293
	(3,393)	648	72	(2,843)	(1,096)
Income before discontinued operations, income taxes and equity results	4,980	8,395	7,908	21,246	13,432
Income taxes					
Current	(1,197)	(1,719)	(2,589)	(4,509)	(3,447)
Deferred	846	(688)	443	374	879
	(351)	(2,407)	(2,146)	(4,135)	(2,568)
Equity in results of affiliates, joint ventures and other investments	282	406	305	968	684
Net income from continuing operations	4,911	6,394	6,067	18,079	11,548
Discontinued operations, net of tax			8		(143)
Net income	4,911	6,394	6,075	18,079	11,405
Net income (loss) attributable to noncontrolling interests	(24)	(58)	37	(134)	58
Net income attributable to the Company's stockholders	4,935	6,452	6,038	18,213	11,347
Basic and diluted earnings per share attributable to Company's stockholders					
Earnings per preferred share	0.93	1.21	1.13	3.43	2.12
Earnings per common share	0.93	1.21	1.13	3.43	2.12
Earnings per preferred share linked to mandatorily convertible notes (*)	1.78	1.71	1.35	5.16	3.15
Earnings per common share linked to mandatorily convertible notes (*)	1.79	1.79	1.36	5.32	4.94

(*) Basic earnings per share only, as dilution assumes conversion

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

Table of Contents**Condensed Consolidated Statements of Comprehensive Income (deficit)**

Expressed in millions of United States dollars

	(Unaudited)				
	Three-month period ended		Nine-month period ended		
	September 30, 2011	June 30, 2011	September 30, 2010	September 30, 2011	September 30, 2010
Comprehensive income is comprised as follows:					
Company's stockholders:					
Net income attributable to Company's stockholders	4,935	6,452	6,038	18,213	11,347
Cumulative translation adjustments	(7,486)	1,581	3,352	(4,718)	1,507
Available-for-sale securities					
Gross balance as of the period/year end		(13)	1	(14)	5
Tax (expense) benefit		11		11	(4)
		(2)	1	(3)	1
Surplus (deficit) accrued pension plan					
Gross balance as of the period/year end	(467)	(195)	344	(479)	294
Tax (expense) benefit	150	63	(126)	150	(102)
	(317)	(132)	218	(329)	192
Cash flow hedge					
Gross balance as of the period	123	138	20	275	148
Tax (expense) benefit	26	3	(33)	20	(41)
	149	141	(13)	295	107
Total comprehensive income attributable to Company's stockholders	(2,719)	8,040	9,596	13,458	13,154
Noncontrolling interests:					
Net income attributable to noncontrolling interests	(24)	(58)	37	(134)	58
Cumulative translation adjustments	(269)	40	211	(283)	189

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Pension plan	(1)	5		4	
Cash flow hedge				1	35
Total comprehensive income (deficit) attributable to Noncontrolling interests	(294)	(13)	248	(412)	282
Total comprehensive income	(3,013)	8,027	9,844	13,046	13,436

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

Table of Contents**Condensed Consolidated Statements of Cash Flows**

Expressed in millions of United States dollars

	(Unaudited)				
	Three-month period ended			Nine-month period ended	
	September 30, 2011	June 30, 2011	September 30, 2010	September 30, 2011	September 30, 2010
Cash flows from operating activities:					
Net income	4,911	6,394	6,075	18,079	11,405
Adjustments to reconcile net income to cash from operations:					
Depreciation, depletion and amortization	1,018	979	696	2,954	2,187
Dividends received	240	343	283	833	532
Equity in results of affiliates, joint ventures and other investments	(282)	(406)	(305)	(968)	(684)
Deferred income taxes	(846)	688	(443)	(374)	(879)
Loss on disposal of property, plant and equipment	17	19	229	208	375
Gain on sale of assets available for sale				(1,513)	
Discontinued operations, net of tax			(8)		143
Foreign exchange and indexation gains, net	2,218	257	(150)	2,371	(229)
Unrealized derivative losses (gains), net	642	(230)	(403)	200	63
Unrealized interest (income) expense, net	78	(41)	225	44	230
Others	(37)	(41)	(17)	(115)	84
Decrease (increase) in assets:					
Accounts receivable	(730)	(658)	(776)	(1,277)	(3,161)
Inventories	(324)	(73)	(441)	(1,140)	(829)
Recoverable taxes	(392)	(79)	142	(583)	112
Others	(219)	(280)	(467)	(299)	(402)
Increase (decrease) in liabilities:					
Suppliers	829	246	876	1,232	1,373
Payroll and related charges	212	204	160	60	10
Income taxes	(2,745)	(24)	1,093	(2,293)	1,404

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Others	(379)	(233)	110	(135)	227
Net cash provided by operating activities	4,211	7,065	6,879	17,284	11,961
Cash flows from investing activities:					
Short term investments		540		1,793	3,747
Loans and advances receivable					
Related parties					
Loan proceeds					(28)
Repayments			(1)		
Others	57	(34)	(17)	(120)	(13)
Judicial deposits	(239)	(159)	(27)	(427)	(190)
Investments	(18)	(26)		(159)	(51)
Additions to property, plant and equipment	(3,711)	(3,480)	(3,852)	(10,004)	(7,905)
Proceeds from disposal of investments available for sale				1,081	
Acquisition (sale) of subsidiaries			(1,018)		(6,252)
Net cash used in investing activities	(3,911)	(3,159)	(4,915)	(7,836)	(10,692)
Cash flows from financing activities:					